

File No. 161146

Committee Item No. _____

Board Item No. 30

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Board of Supervisors Meeting

Date: May 9, 2017

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input type="checkbox"/>	<input type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Introduction Form
<input type="checkbox"/>	<input type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
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<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Public Correspondence

OTHER

(Click the text below for a direct link to the document)

<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Appeal letter - October 21, 2016</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Project Sponsor letter - Received May 4, 2017</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Planning appeal response letter - Received May 4, 2017</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Planning appeal response letter - Received April 17, 2017</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Project sponsor letter - Received April 17, 2017</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Appellant letter - Received April 17, 2017</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Appellant letter 2 - Received April 17, 2017</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Project Sponsor letter - Received April 14, 2017</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Project Sponsor letter - Received March 20, 2017</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Project Sponsor letter - Received March 17, 2017</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Project Sponsor supplemental info - Received March 17, 2017</u>
		<u>External link to LRC - LARGE FILE</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Project Sponsor letter - Received March 14, 2017</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Planning appeal response letter - Received March 12, 2017</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Planning appeal response letter - Received November 28, 2016</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Appellant supplemental appeal letter - November 18, 2016</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Hearing notice and clerical documents</u>

Prepared by: John Carroll
Prepared by: 1205

Date: May 4, 2017
Date: _____

West Bay Law
Law Office of J. Scott Weaver

October 21, 2016

RECEIVED
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Clerk, San Francisco Board of Supervisors
Environmental Review Officer, Bill Wycko
#1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

**Re: Case No. 2014-000601 CUA, 2014-000601ENX- 2675 Folsom Street
Appeal of the September 22, 2016 Planning Commission Decisions**

Dear Members of the Board of Supervisors and Bill Wycko:

The Calle 24 Latino Cultural District Community Council appeals the following decisions of the Planning Commission made on August 11, 2016 regarding the project proposed for 2675 Folsom Street ("Proposed Project" hereafter) proposed by applicant Muhammed Nadhiri of Axis Development Group Company.

- 1) Adoption of a Community Plan Exemption and CEQA findings under Section 15183 of the CEQA guidelines and Public Resources Code Section 21083.3.1

The Final Motion for the relevant appeals is attached as **Exhibit A**. Evidence in support of the appeals is attached as **Exhibits B-D** and is also contained in the letters submitted to the Planning Department objecting to the approval of the Project and the Community Plan Exemption, incorporated here by reference.

1. Appeal of the adoption of the Community Plan Exemption and CEQA Findings

The appeal of the adoption of the Community Plan Exemption and CEQA Findings are filed on the following bases.

- The CEQA findings did not take into account the potential impacts of the Proposed Project on the Calle 24 Latino Cultural District (LCD), which was not designated at the time the PEIR was prepared. Potential impacts due to gentrification and displacement to businesses, residents, and nonprofits within the LCD, including impacts to cultural, aesthetic, and historic resources, health and safety and increased traffic due to increased automobile ownership and reverse commutes and shuttle busses have not been considered.
- The Proposed Project does not qualify for a Community Plan Exemption under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3 because the approval is based upon an out of date 2008 EIR prepared for the Eastern Neighborhoods Area Plan and the EIR's analysis and determination can no longer be relied upon to support the claimed exemption in the areas of, *inter alia*, direct, indirect, and cumulative impacts to: land use, consistency with Mission Area Plans and policies, land use, recreation and open space, traffic and circulation, transit and transportation, health and safety, and impacts relative to the Calle 24 Latino Cultural District.
- The PEIR's projections for housing, including this project and those in the pipeline, have been exceeded when cumulative impacts are considered, i.e., "past, present, and reasonably foreseeable probable future projects." (Guidelines, § 15355) The amount of housing development and the pace of that development were not envisioned in the Eastern Neighborhoods Plan EIR neither for the Eastern Neighborhoods in general nor the Mission Area Plan in particular.
- The claimed community benefits of the Eastern Neighborhoods Area Plan, outlined in the 2008 PEIR, its approvals and the Statement of Overriding Considerations have not been fully funded, implemented, or are underperforming and the determinations and findings for the proposed Project that rely on the claimed benefits to override impacts outlined in the PEIR are not supported. The City should have conducted Project level review based upon up to date data and the actual community benefits that have accrued since the adoption of the 2008 plan and did not.

- Substantial changes in circumstances require major revisions to the Eastern Neighborhoods Area Plan EIR due to the involvement of new significant environmental effects and an increase in the severity of previously identified significant impacts; there is new information of substantial importance that would change the conclusions set forth in said EIR and the requirements of the Mitigation Monitoring and Reporting Report.
- The CEQA findings are inadequate and incomplete and are not supported by substantial evidence.
- The Proposed Project is inconsistent with the General Plan and the Mission Area Plan.

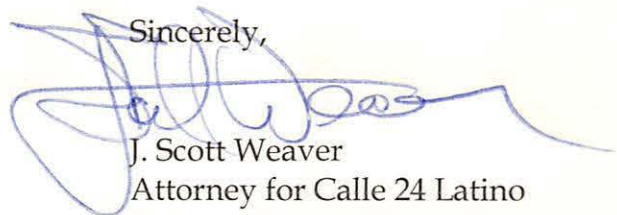
2. Pattern and Practice

The City is engaging in a pattern and practice of approving residential projects in the Mission based upon a Community Plan Exemption that improperly tiers off of an out of date Eastern Neighborhoods Area Plan EIR instead of conducting project level environmental review. This results in the approval of projects with unexamined environmental affects to the detriment of Mission residents.

2. Exhibits (Attached)

- Exhibit A:** Planning Commission Motion Nos. 19744, 19745
- Exhibit B:** Link to Video of August 4, 2016 and September 22, 2016 Planning Commission hearings.
- Exhibit C:** Link to Eastern Neighborhoods Plan EIR, Motion 17661 of the Planning Commission, which adopted CEQA findings for the Plan EIR.
- Exhibit D:** Evidence in support of the Appeal

Sincerely,



J. Scott Weaver
Attorney for Calle 24 Latino
Cultural District Council

EXHIBIT A

EXHIBIT A

EXHIBIT A



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

☒ Affordable Housing (Sec. 415)

☐ Jobs Housing Linkage Program (Sec. 413)

☐ Downtown Park Fee (Sec. 412)

☒ First Source Hiring (Admin. Code)

☒ Child Care Requirement (Sec. 414A)

☒ Other (EN Impact Fees, Sec 423; TSF. Sec 411A)

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Planning Commission Motion No. 19744

HEARING DATE: SEPTEMBER 22, 2016

Case No.: 2014-000601ENX
Project Address: 2675 FOLSOM STREET
Zoning: UMU (Urban Mixed Use) Zoning District;
RH-2 (Residential, House, Two-Family) Zoning District;
RH-3 (Residential, House, Three-Family) Zoning District
40-X Height and Bulk District
Block/Lot: 3639/006, 007 and 024
Project Sponsor: Muhammed Nadhiri, Axis Development Group
580 California Street, 16th Floor
San Francisco, CA 94104
Staff Contact: Richard Sucre – (415) 575-9108
richard.sucre@sfgov.org

ADOPTING FINDINGS RELATING TO A LARGE PROJECT AUTHORIZATION PURSUANT TO PLANNING CODE SECTION 329, TO ALLOW EXCEPTIONS TO 1) REAR YARD PURSUANT TO PLANNING CODE SECTION 134, 2) DWELLING UNIT EXPOSURE PURSUANT TO PLANNING CODE 140, 3) STREET FRONTAGE PURSUANT TO PLANNING CODE SECTION 145.1, 4) OFF-STREET LOADING PURSUANT TO PLANNING CODE SECTION 152.1, AND, 5) HORIZONTAL MASS REDUCTION PURSUANT TO PLANNING CODE SECTION 270.1, AND TO ALLOW CONSTRUCTION OF A NEW FOUR-STORY, 40-FT TALL, RESIDENTIAL BUILDING (APPROXIMATELY 109,917 SQUARE FEET) WITH 117 DWELLING UNITS (CONSISTING OF 24 STUDIOS, 46 1-BEDROOM UNITS, 45 2-BEDROOM UNITS, AND 2 3-BEDROOM UNITS) AND 66 OFF-STREET PARKING SPACES, LOCATED AT 2675 FOLSOM STREET, LOTS 006, 007 AND 024 IN ASSESSOR'S BLOCK 3639, WITHIN THE UMU (URBAN MIXED-USE), RH-2 (RESIDENTIAL, HOUSE, TWO-FAMILY), AND RH-3 (RESIDENTIAL, HOUSE, THREE-FAMILY) ZONING DISTRICTS AND A 40-X HEIGHT AND BULK DISTRICT, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

PREAMBLE

On April 30, 2015, Muhammed Nadhiri of Axis Development Group (hereinafter "Project Sponsor") filed Application No. 2014-000601ENX (hereinafter "Application") with the Planning Department (hereinafter "Department") for a Large Project Authorization to construct a new four-story, 40-ft tall, residential

building with 117 dwelling units at 2675 Folsom Street (Block 3639 Lots 006, 007 and 024) in San Francisco, California.

The environmental effects of the Project were determined by the San Francisco Planning Department to have been fully reviewed under the Eastern Neighborhoods Area Plan Environmental Impact Report (hereinafter "EIR"). The EIR was prepared, circulated for public review and comment, and, at a public hearing on August 7, 2008, by Motion No. 17661, certified by the Commission as complying with the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et seq., (hereinafter "CEQA"). The Commission has reviewed the Final EIR, which has been available for this Commissions review as well as public review.

The Eastern Neighborhoods EIR is a Program EIR. Pursuant to CEQA Guideline 15168(c)(2), if the lead agency finds that no new effects could occur or no new mitigation measures would be required of a proposed project, the agency may approve the project as being within the scope of the project covered by the program EIR, and no additional or new environmental review is required. In approving the Eastern Neighborhoods Plan, the Commission adopted CEQA Findings in its Motion No. 17661 and hereby incorporates such Findings by reference.

Additionally, State CEQA Guidelines Section 15183 provides a streamlined environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site. Section 15183 specifies that examination of environmental effects shall be limited to those effects that (a) are peculiar to the project or parcel on which the project would be located, (b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent, (c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR, or (d) are previously identified in the EIR, but which are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for that project solely on the basis of that impact.

On September 20, 2016, the Department determined that the proposed application did not require further environmental review under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3. The Project is consistent with the adopted zoning controls in the Eastern Neighborhoods Area Plan and was encompassed within the analysis contained in the Eastern Neighborhoods Final EIR. Since the Eastern Neighborhoods Final EIR was finalized, there have been no substantial changes to the Eastern Neighborhoods Area Plan and no substantial changes in circumstances that would require major revisions to the Final EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Final EIR. The file for this project, including the Eastern Neighborhoods Final EIR and the Community Plan Exemption certificate, is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

Planning Department staff prepared a Mitigation Monitoring and Reporting Program (MMRP) setting forth mitigation measures that were identified in the Eastern Neighborhoods Plan EIR that are applicable to the project. These mitigation measures are set forth in their entirety in the MMRP attached to the draft Motion as Exhibit C.

The Planning Department Commission Secretary is the custodian of records, located in the File for Case No. 2014-000601ENX at 1650 Mission Street, Fourth Floor, San Francisco, California.

On September 22, 2016, the Planning Commission ("Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Large Project Authorization Application No. 2014-000601ENX.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Large Project Authorization requested in Application No. 2014-000601ENX, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Site Description and Present Use.** The Project is located on three lots (with a lot area of approximately 35,734 square feet), which have approximately 242-ft of frontage along Folsom Street and 40-ft of frontage along Treat Avenue. The project site contains three existing buildings: a two-story industrial building, a one-story industrial building, and a one-story temporary building. Collectively, these three buildings measure 21,599 square feet. Realizing Our Youth as Leaders, aka "Royal, Inc.", a non-profit organization, recently vacated the second floor of the two-story industrial building. Currently, the existing buildings are occupied by Charyn Auctions, a reseller of food service equipment.
3. **Surrounding Properties and Neighborhood.** The project site is located within the UMU Zoning Districts in the Mission Area Plan. The immediate context is mixed in character with residential, industrial, and institutional uses. The immediate neighborhood includes two-to-three-story residential development to the north, Cesar Chavez Elementary School to the west, a series of one-to-two-story industrial properties to the east across Treat Avenue, and a public park (Parque Ninos Unidos) to the south. Parque Ninos Unidos occupies the entire block face on the north side of 23rd Street between Folsom Street and Treat Avenue. The project site is located within the boundaries of the Proposed Calle 24 Special Use District, which was established as part of the interim controls by the Board of Supervisors per Ordinance No. 133-15, and the Calle 24 Latino

Cultural District, which was established by Board of Supervisors Resolution, File No. 140421 in May 2014. Other zoning districts in the vicinity of the project site include: P (Public), NC-3 (Neighborhood Commercial-Moderate Scale), and the 24th-Mission NCT (Neighborhood Commercial Transit) Zoning District.

4. **Project Description.** The proposed Project includes demolition of the three existing buildings on the project site, and new construction of a four-story, 40-ft tall, residential building (approximately 109,917 gross square feet) with 117 dwelling units, approximately 5,291 square feet of PDR use, 65 below-grade off-street parking spaces, 1 car-share parking space, 160 Class 1 bicycle parking spaces, and 14 Class 2 bicycle parking spaces. The Project includes a dwelling unit mix consisting of 2 three-bedroom units, 45 two-bedroom units, 46 one-bedroom units, and 24 studio units. The Project includes 4,775 square feet of public open space, 5,209 square feet of common open space via ground floor courtyard and roof deck, and 3,356 square feet of private open space via balconies and terraces. The Project would also include a lot merger of Lots 006, 007 and 024 on Block 3639.
5. **Public Comment.** The Department has received a few public correspondences regarding the proposed project. This correspondence has primarily expressed opposition to the project, though the Department has received a few letters in support.

From Lucia Bogatay, the Department received correspondence expressing positive sentiment for the architecture of the Project.

From Ronald Charyn of Charyn Auctions (existing tenant), the Department received a letter in support of the project. They noted that the Project Sponsor (Axis Development) has provided them with in-kind and financial assistance to relocate the existing business.

From Emily Kuehler, the Department received correspondence questioning the location of the garage entrance on Treat Avenue.

From the Mission Kids Co-Op, the Department received correspondence, which advocated for childcare, rather than a local artist galley, particularly in this location given its proximity to a public park.

From Juliana Sloane, the Department received correspondence expressing concern over parking and traffic.

From Edward Stiel, the Department received correspondence, which requesting a full Environmental Impact Report (EIR) for the Project. This correspondence stated that the Project would cast additional shadow on Parque Ninos Unidos and Cesar Chavez Elementary School, increase traffic and vehicle emissions, and have a wind tunnel effect. In addition, this letter stated that the development would lead to further involuntary displace with increased no fault evictions and landlord harassment.

From J. Scott Weaver on behalf the Calle 24 Latino Cultural District (LCD), the Department received a letter expressing concern over the project and its impact on the existing businesses, residents, and non-profits within the Calle 24 LCD. This letter noted that the proposed market rate housing, along with the other development occurring in the Mission, will affect the neighborhood and create a climate of gentrification. This letter also questions the Community Plan Exemption (CPE) published for the Project, and requests additional environmental review of the project's impacts. Finally, the letter concludes with a request to analyze the project, both individually and cumulatively, with respect to the potential impacts of market rate development on the Calle 24 Latino Cultural District.

In addition, the Department has engaged with on-going dialogue between community members and the Project Sponsors to review the various aspects of the project, including the inclusion of on-site PDR space, the amount of affordable housing, and the project's larger public benefits.

6. **Planning Code Compliance:** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:

- A. **Permitted Uses in UMU Zoning Districts.** Planning Code Section 843.20 states that residential use is a principally permitted use within the UMU Zoning District.

The Project would construct new residential use within the UMU Zoning District; therefore, the Project complies with Planning Code Sections 843.20.

- B. **Rear Yard.** Planning Code Section 134 requires a minimum rear yard equal to 25 percent of the total lot depth of the lot to be provided at every residential level. Given the irregular condition of the project site, the required rear yard would measure 9,024 sq ft.

Currently, the Project is designed to have full lot coverage on the ground floor level and does not provide a rear yard at the lowest level containing a dwelling unit. The Project provides open space through a publically-accessible mid-block alley, an interior courtyard and a roof terrace. The Project provides a total of 13,340 sq ft of Code-complying open space. This amount of open space, which would have been provided through the required rear yard, is thus exceeded. Since the Project does not provide a Code-complying rear yard, the Project is seeking an exception to the rear yard requirement as part of the Large Project Authorization.

The Project is located on a block bounded by Treat Avenue, 22nd, Folsom and 23rd Streets. The subject block does possess a pattern of mid-block open space, since the adjacent buildings to the north are residential. By providing for an interior courtyard, the Project maintains the pattern of mid-block open space on the subject block, and provides sufficient dwelling unit exposure for all dwelling units facing onto this courtyard.

- C. **Useable Open Space.** Planning Code Section 135 requires a minimum of 80 sq ft of open space per dwelling unit, if not publically accessible, or 54 sq ft of open space per dwelling unit, if publically accessible. Private useable open space shall have a minimum horizontal dimension of six feet and a minimum area of 36 sq ft is located on a deck, balcony, porch or

roof, and shall have a minimum horizontal dimension of 10 feet and a minimum area of 100 sq ft if located on open ground, a terrace or the surface of an inner or outer court. Common useable open space shall be at least 15 feet in every horizontal dimension and shall be a minimum area of 300 sq ft. Further, inner courts may be credited as common useable open space if the enclosed space is not less than 20 feet in every horizontal dimension and 400 sq ft in area, and if the height of the walls and projections above the court on at least three sides is such that no point on any such wall or projection is higher than one foot for each foot that such point is horizontally distant from the opposite side of the clear space in the court.

The Project provides a publically-accessible mid-block alley, which measures 4,775 sq ft; thus, the Project addresses the open space requirement for 88 dwelling units by providing public open space. For the remaining 29 dwelling units, the Project is required to provide 2,320 sq ft of open space. The Project meets and exceeds this open space requirement by providing for an courtyard that measures 5,209 sq ft, as well as private open space (balconies and terraces) collectively measuring 3,356 sq ft. Therefore, the Project complies with Planning Code Section 135.

- D. **Streetscape and Pedestrian Improvements.** Planning Code Section 138.1 requires a streetscape plan, which includes elements from the Better Streets Plan, for new construction on a lot greater than a half-acre in size.

The Project includes the new construction of a four-story residential building on a lot with approximately 242-ft of frontage along Folsom Street, and 40-ft of frontage along Treat Avenue. Currently, the Project includes new streetscape elements, such as new concrete sidewalks, linear planters along the street edge, and new street trees. Therefore, the Project complies with Planning Code Section 138.1.

- E. **Bird Safety.** Planning Code Section 139 outlines the standards for bird-safe buildings, including the requirements for location-related and feature-related hazards.

The project site is not located in close proximity to an Urban Bird Refuge. The Project meets the requirements of feature-related standards and does not include any unbroken glazed segments 24-sq ft and larger in size; therefore, the Project complies with Planning Code Section 139.

- F. **Dwelling Unit Exposure.** Planning Code Section 140 requires that at least one room of all dwelling units face onto a public street, rear yard or other open area that meets minimum requirements for area and horizontal dimensions. To meet exposure requirements, a public street, public alley at least 20-ft wide, side yard or rear yard must be at least 25 ft in width, or an open area (either an inner court or a space between separate buildings on the same lot) must be no less than 25 ft in every horizontal dimension for the floor at which the dwelling unit is located.

The Project organizes the dwelling units to have exposure either on one of the public streets (Folsom Street or Treat Avenue), the public mid-block alley, which ranges in width from 24-ft to 27-ft, within Code-complying courtyard or facing the south lot line towards the public park (Parque Ninos Unidos).

Since 44 out of 117 dwelling units face the south lot line, the Project is seeking an exception to the dwelling unit exposure requirements as part of the Large Project Authorization.

- G. **Street Frontage in Mixed Use Districts.** Planning Code Section 145.1 requires off-street parking at street grade on a development lot to be set back at least 25 feet on the ground floor; that no more than one-third of the width or 20 feet, whichever is less, of any given street frontage of a new structure parallel to and facing a street shall be devoted to parking and loading ingress or egress; that space for active uses be provided within the first 25 feet of building depth on the ground floor; that non-residential uses have a minimum floor-to-floor height of 17 feet; that the floors of street-fronting interior spaces housing non-residential active uses and lobbies be as close as possible to the level of the adjacent sidewalk at the principal entrance to these spaces; and that frontages with active uses that are not residential or PDR be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level.

The Project meets the requirements of Planning Code Section 145.1. All off-street parking is located below-grade. The Project has only one 12-ft wide garage entrance along Treat Avenue accessed via a 10-ft wide curb cut. The Project features active uses on the ground floor with residential amenities, the entryway to the mid-block alley, and walk-up dwelling units with direct, individual pedestrian access to a public sidewalk. Finally, the Project features appropriate street-facing ground level spaces, as well as the ground level transparency and fenestration requirements.

Since the Project includes a non-residential use along Folsom Street, which does not possess a 17-ft ground floor ceiling height for the entirety of the space, the Project is seeking an exception from the street frontage requirements as part of the Large Project Authorization.

- H. **Off-Street Parking.** Planning Code Section 151 requires one off-street parking space per dwelling unit in the RH-2 & RH-3 Zoning Districts.

Planning Section 151.1 of the Planning Code allows off-street parking at a maximum ratio of .75 per dwelling unit in the UMU Zoning District.

The Project would construct 108 dwelling units in the UMU Zoning District, 7 dwelling units in the RH-3 Zoning District, and 2 dwelling units in the RH-2 Zoning District. Therefore, for the 117 dwelling units, the Project is allowed to have a maximum of 90 off-street parking spaces. Of these 90 off-street parking spaces, the Project provides 54 off-street parking spaces via mechanical lifts, 3 ADA parking spaces, 1 ADA van spaces have been identified, and 8 standard parking spaces (which include five spaces for electrical vehicles). Therefore, the Project complies with Planning Code Section 151.1.

- I. **Off-Street Freight Loading.** Planning Section 152.1 of the Planning Code requires one off-street freight loading space for apartment use between 100,001 and 200,000 gsf.

The Project includes approximately 127,081 square feet of residential use; thus, the Project requires at one off-street freight loading space. The Project is proposing one on-street loading space along Folsom Street, and does not possess any off-street freight loading within the below-grade garage. Therefore, the

Project is seeking an exception to the off-street freight loading requirement as part of the Large Project Authorization.

- J. **Bicycle Parking.** For projects with over 100 dwelling units, Planning Code Section 155.2 requires at least 100 Class 1 bicycle parking spaces plus one Class 1 bicycle parking space for every four dwelling units above 100, and one Class 2 bicycle parking spaces for every 20 dwelling units.

The Project includes 117 dwelling units; therefore, the Project is required to provide 104 Class 1 bicycle parking spaces and 6 Class 2 bicycle parking spaces. The Project will provide 160 Class 1 bicycle parking spaces and 14 Class 2 bicycle parking spaces. Therefore, the Project complies with Planning Code Section 155.2.

- K. **Car Share Requirements.** Planning Code Section 166 requires one car-share parking space for projects with 50 to 200 residential units.

Since the Project includes 117 dwelling units, it is required to provide a minimum of one car-share parking space. The Project provides one car-share parking space. Therefore, the Project complies with Planning Code Section 166.

- L. **Unbundled Parking.** Planning Code Section 167 requires that all off-street parking spaces accessory to residential uses in new structures of 10 dwelling units or more be leased or sold separately from the rental or purchase fees for dwelling units for the life of the dwelling units.

The Project is providing off-street parking that is accessory to the dwelling units. These spaces will be unbundled and sold and/or leased separately from the dwelling units; therefore, the Project meets this requirement.

- M. **Dwelling Unit Mix.** Planning Code Section 207.6 requires that no less than 40 percent of the total number of proposed dwelling units contain at least two bedrooms, or no less than 30 percent of the total number of proposed dwelling units contain at least three bedrooms.

For the 117 dwelling units, the Project is required to provide at least 47 two-bedroom units or 36 three-bedroom units. The Project provides 24 studios, 46 one-bedroom units and 45 two-bedroom units, and 2 three-bedroom units. Therefore, the Project meets the requirements for dwelling unit mix.

- N. **Horizontal Mass Reduction.** Planning Code Section 270.1 outlines the requirements for horizontal mass reduction on large lots within the Eastern Neighborhoods Mixed Use Districts. For projects with street frontage greater than 200-ft in length, one or more mass reduction breaks must be incorporated to reduce the horizontal scale of the building into discrete sections not more than 200-ft in length. Specifically, the mass reduction must 1) be not less than 30-ft in width; 2) be not less than 60-ft in depth from the street-facing building façade; 3) extend up to the sky from a level not higher than 25-ft above grade or the third

story, whichever is lower; and, 4) result in discrete building sections with a maximum plan length along the street frontage not greater than 200-ft.

Since the overall frontage is 242-ft along Folsom Street, the Project is required to provide a single horizontal mass break along Bryant and Florida Streets, which is not less than 30-ft wide by 60-ft deep, and extends from the third-story up to the sky. Per the Planning Code, this mass break must result in discrete building sections along the street frontage of not greater than 200-ft.

The Project uses the publically-accessible mid-block alley to provide for horizontal mass reduction. Along Treat Avenue, the Project incorporates a mass break, which measures 25-ft wide by 42-ft long by 40-ft tall at the ground floor and extending upward on all levels. Since the provided horizontal mass reduction does not meet the dimensional requirements of the Planning Code, the Project is seeking an exception to the horizontal mass reduction requirements as part of the Large Project Authorization.

- O. Mid-Block Alley.** Planning Code Section 270.2 outlines the requirements for mid-block alleys on large lots within the Eastern Neighborhoods Mixed Use Districts. This requirement applies to all new construction on parcels that have one or more street frontages of over 200 linear feet on a block face longer than 400-ft between intersections.

The Project provides a publically-accessible mid-block alley from Folsom Street to Treat Avenue, which measures 25-ft along Folsom Street and 11-ft along Treat Avenue. This mid-block alley meets the design and performance standards of Planning Code Section 270.2(e), since it is: located as close to the middle portion of the subject block face as possible; is perpendicular to the subject frontage; provides pedestrian access and no vehicular access; has a minimum width of 20-ft from building face to building face; provides a minimum clear walking width of 10-ft free of any obstructions; is at least 60% open to the sky; and, features appropriate paving, furniture, and amenities. Therefore, the Project complies with Planning Code Section 270.2.

- P. Transportation Sustainability Fee.** Planning Code Section 411A is applicable to new development that results in more than twenty dwelling units.

The Project includes approximately 92,072 gsf of new residential use. This square footage shall be subject to the Transportation Sustainability Fee, as outlined in Planning Code Section 411A. The Project shall receive a prior use credit for the 21,060 sq ft of existing PDR space.

- Q. Residential Child-Care Impact Fee.** Planning Code Section 414A is applicable to new development that results in at least one net new residential unit.

The Project includes approximately 92,072 gsf of new residential use associated with the new construction of 117 dwelling units. This square footage shall be subject to the Residential Child-Care Impact Fee, as outlined in Planning Code Section 411A.

- R. Inclusionary Affordable Housing Program.** Planning Code Section 415 sets forth the requirements and procedures for the Inclusionary Affordable Housing Program. Under Planning Code Section 415.3, these requirements apply to projects that consist of 10 or more

units. The applicable percentage is dependent on the number of units in the project, the zoning of the property, and the date that the project submitted a complete Environmental Evaluation Application. A complete Environmental Evaluation Application was submitted on January 10, 2015; therefore, pursuant to Planning Code Section 415.3 the Inclusionary Affordable Housing Program requirement for the On-site Affordable Housing Alternative is to provide 16.4% of the proposed dwelling units as affordable.

The Project Sponsor has demonstrated that it is eligible for the On-Site Affordable Housing Alternative under Planning Code Section 415.5 and 415.6, and has submitted an 'Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415,' to satisfy the requirements of the Inclusionary Affordable Housing Program by providing the affordable housing on-site instead of through payment of the Affordable Housing Fee. In order for the Project Sponsor to be eligible for the On-Site Affordable Housing Alternative, the Project Sponsor must submit an 'Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415,' to the Planning Department stating that any affordable units designated as on-site units shall be sold as ownership units and will remain as ownership units for the life of the project or submit to the Department a contract demonstrating that the project's on- or off-site units are not subject to the Costa Hawkins Rental Housing Act, California Civil Code Section 1954.50 because, under Section 1954.52(b), the Project Sponsor has entered into an agreement with a public entity in consideration for a direct financial contribution or any other form of assistance specified in California Government Code Sections 65915 et seq. and submits an Affidavit of such to the Department. All such contracts entered into with the City and County of San Francisco must be reviewed and approved by the Mayor's Office Housing and Community Development and the City Attorney's Office. The Project Sponsor has indicated the intention to enter into an agreement with the City to qualify for a waiver from the Costa-Hawkins Rental Housing Act based upon the proposed density bonus and concessions provided by the City and approved herein. The Project Sponsor submitted such Affidavit on February 3, 2016. The applicable percentage is dependent on the total number of units in the project, the zoning of the property, and the date that the project submitted a complete Environmental Evaluation Application. A complete Environmental Evaluation Application was submitted on January 10, 2015; therefore, pursuant to Planning Code Section 415.3 the Inclusionary Affordable Housing Program requirement for the On-site Affordable Housing Alternative is to provide 16.4% of the total proposed dwelling units as affordable. 19 units (4 studios, 8, one-bedroom, 7 two-bedroom) of the total 117 units provided will be affordable units. If the Project becomes ineligible to meet its Inclusionary Affordable Housing Program obligation through the On-site Affordable Housing Alternative, it must pay the Affordable Housing Fee with interest, if applicable.

- S. **Eastern Neighborhood Infrastructure Impact Fees.** Planning Code Section 423 is applicable to any development project within the MUO (Mixed Use Office) Zoning District that results in the addition of gross square feet of non-residential space.

The Project includes approximately 109,917 square feet of new development consisting of approximately 92,072 sq ft of residential use, 5,291 sq ft of PDR use, and 12,554 sq ft of garage space. Excluding the square footage dedicated to the garage, the other uses are subject to Eastern Neighborhood Infrastructure Impact Fees, as outlined in Planning Code Section 423. These fees must be paid prior to the issuance of the building permit application.

7. **Large Project Authorization in Eastern Neighborhoods Mixed Use District.** Planning Code Section 329(c) lists nine aspects of design review in which a project must comply; the Planning Commission finds that the project is compliant with these nine aspects as follows:

A. Overall building mass and scale.

The Project is designed as a four-story, 40-ft tall, residential development, which incorporates sunken residential entryways along Folsom Street, as well as massing setbacks. This massing is appropriate given the larger neighborhood context, which includes one-and-two-story industrial buildings, and two-and-three-story residential buildings. The surrounding neighborhood is extremely varied with many examples of smaller-scale residential properties along Folsom Street and larger-scale industrial properties to the east of Treat Avenue. The Project's overall mass and scale are further refined by the building modulation, which incorporates projecting bays and sunken entryways. In addition, the Project incorporates a 25-ft wide publically-accessible mid-block alley, which provides an appropriate mass break and entry court. Overall, these features provide variety in the building design and scale, while providing for features that strongly complement the neighborhood context. Thus, the Project is appropriate and consistent with the mass and scale of the surrounding neighborhood.

B. Architectural treatments, facade design and building materials:

The Project's architectural treatments, façade design and building materials include a fiber cement board horizontal lap siding in two tones, metal siding, aluminum storefront, iron railings and gates, and dark bronze frame aluminum windows. The Project is distinctly contemporary in its character. The Project incorporates a simple, yet elegant, architectural language that is accentuated by contrasts in the exterior materials. Overall, the Project offers a high quality architectural treatment, which provides for unique and expressive architectural design that is consistent and compatible with the surrounding neighborhood.

C. The design of lower floors, including building setback areas, commercial space, townhouses, entries, utilities, and the design and siting of rear yards, parking and loading access;

The Project incorporates a courtyard, which assists in continuing the pattern of mid-block open space evident on the subject block. Along the lower floors, the Project provides for a publically-accessible mid-block alley, residential amenities (entry lobby, leasing office/art gallery, and resident lounge/kitchen), and walk-up dwelling units with individual pedestrian access on Folsom Street. These dwelling units and amenities will provide for activity on the street level. The Project minimizes the impact to pedestrian by providing one 12-ft wide garage entrance on Treat Avenue. In addition, off-street parking is located below grade.

D. The provision of required open space, both on- and off-site. In the case of off-site publicly accessible open space, the design, location, access, size, and equivalence in quality with that otherwise required on-site;

The Project provides exceeds the open space requirement by constructing a publically-accessible mid-block, a ground floor courtyard, a roof terrace, and private balconies/terraces.

- E. The provision of mid-block alleys and pathways on frontages between 200 and 300 linear feet per the criteria of Section 270, and the design of mid-block alleys and pathways as required by and pursuant to the criteria set forth in Section 270.2;

The Project provides a code-complying mid-block alley, which meets the criteria of Planning Code Section 270.2.

- F. Streetscape and other public improvements, including tree planting, street furniture, and lighting.

In compliance with Planning Code Section 138.1, the Project includes new streetscape elements, such as new concrete sidewalks, linear planters along the street edge, and new street trees. These improvements would vastly improve the public realm and surrounding streetscape.

- G. Circulation, including streets, alleys and mid-block pedestrian pathways;

The Project provides ample circulation in and around the project site through the streetscape improvement and construction of a publically-accessible mid-block alley. Automobile access is limited to the one entry/exit on Treat Avenue. An off-street loading zone is provided along Folsom Street. The Project incorporates an interior courtyard, which is accessible to residents.

- H. Bulk limits;

The Project is within an 'X' Bulk District, which does not restrict bulk.

- I. Other changes necessary to bring a project into conformance with any relevant design guidelines, Area Plan or Element of the General Plan;

The Project, on balance, meets the Objectives and Policies of the General Plan. See Below.

8. **Large Project Authorization Exceptions.** Proposed Planning Code Section 329 allows exceptions for Large Projects in the Eastern Neighborhoods Mixed Use Districts:

- A. Rear Yard: Exception for rear yards, pursuant to the requirements of Section 134(f);

Modification of Requirements in the Eastern Neighborhoods Mixed Use Districts. The rear yard requirement in Eastern Neighborhoods Mixed Use Districts may be modified or waived by the Planning Commission pursuant to Section 329...provided that:

- (1) A comparable, but not necessarily equal amount of square footage as would be created in a code conforming rear yard is provided elsewhere within the development;

The Project provides for a comparable amount of open space, in lieu of the required rear yard. Overall, the Project will be located on a lot measuring 35,734 sq ft in size, and would be required to provide a rear yard measuring 9,024 sq ft. The Project provides common open space for the 117 dwelling units through a publically-accessible mid-block alley, a ground floor courtyard, a roof terrace, and a series of private balconies and terraces. In total, the Project provides approximately 13,340 sq ft of Code-complying open space, thus exceeding the amount of space, which would have been provided in a code-conforming rear yard.

(2) The proposed new or expanding structure will not significantly impede the access to light and air from adjacent properties or adversely affect the interior block open space formed by the rear yards of adjacent properties; and

The Project does not impede access to light and air for the adjacent properties. To the south, the Project abuts a public park. To the north, the Project incorporates a courtyard, which extends the pattern of mid-block open space for the subject block. Therefore, the Project continues the pattern of rear yards, which are evident within the properties to the north.

(3) The modification request is not combined with any other residential open space modification or exposure variance for the project, except exposure modifications in designated landmark buildings under Section 307(h)(1).

The Project is seeking an exception to dwelling unit exposure requirements, since the Project includes dwelling units, which face onto the south lot line. Given the overall quality of the Project and its design, the Commission supports the exception to the rear yard requirement, since the proposed units would not be afforded undue access to light and air. Overall, the Project meets the intent of exposure and open space requirements defined in Planning Code Sections 135 and 140; therefore, the modification of the rear yard is deemed acceptable.

- B. Off-Street Loading: Exception from satisfaction of loading requirements per Section 152.1 pursuant to the criteria contained therein.

For projects in the Eastern Neighborhoods Mixed Use Districts that are subject to Section 329, the Planning Commission may waive these requirements per the procedures of Section 329 if it finds that the design of the project, particularly ground floor frontages, would be improved and that such loading could be sufficiently accommodated on adjacent streets and alleys.

The Project would provide one on-street loading parking spaces on Folsom Street. The on-street loading would meet the residential loading needs of the Project. By providing on-street loading, the Project is able to limit the access to the below-grade garage through one entry/exit measuring 12-ft wide, which is located on Treat Avenue. Overall, the Project's proposed loading assists in improving the ground floor street frontage and would improve character of the streets.

- C. Horizontal Mass Reduction: Modification of the horizontal massing breaks required by Section 270.1 in light of any equivalent reduction of horizontal scale, equivalent volume of

reduction, and unique and superior architectural design, pursuant to the criteria of Section 270.1(d).

The Planning Commission may modify or waive this requirement through the process set forth in Section 329. When considering any such application, the Commission shall consider the following criteria:

- 1) no more than 50% of the required mass is reduced unless special circumstances are evident;

The Project incorporates a horizontal mass break from the ground floor up to the sky, which is 25-ft in width and 42-ft deep. Therefore, the Project exceeds the required amount of mass that would have been reduced under a Code-complying mass reduction.

- 2) the depth of any mass reduction breaks provided is not less than 15 feet from the front facade, unless special circumstances are evident;

The Project incorporates a mass break, which is more than 15-ft deep from the front façade.

- 3) the proposed building envelope can be demonstrated to achieve a distinctly superior effect of reducing the apparent horizontal dimension of the building; and

Through the incorporation of the publically-accessible mid-block alley and horizontal mass break, the Project achieves a distinctly superior building form, which results in two masses measuring 169-ft and 32-ft wide. This massing continues the pattern on the subject block, particularly along Folsom Street, and allows for projections and recesses within the subject lots.

- 4) the proposed building achieves unique and superior architectural design.

The Project achieves a unique and superior architectural design that is contemporary in character with a curated material palette. The Project's massing and scale is appropriate given the neighborhood context. Overall, the Project provides finer grain details, which are appropriate given the Project's design and style.

- D. Where not specified elsewhere in Planning Code Section 329(d), modification of other Code requirements which could otherwise be modified as a Planned Unit Development (as set forth in Section 304), irrespective of the zoning district in which the property is located;

In addition to the modification of the requirements for rear yard, off-street loading, and horizontal mass reduction, the Project is seeking modifications of the requirements for street frontage (Planning Code Section 145.1) and dwelling unit exposure (Planning Code Section 140).

Under Planning Code Section 145.1(c)(4), the ground floor ceiling height for non-residential uses is required to be a minimum of 17-ft in the UMU Zoning District. Currently, the Project includes non-residential use on the ground floor (PDR use), which does not possess a full 17-ft ground floor ceiling

height. Although portions of the Project meets the ground floor ceiling height, the entire non-residential ground floor space does not meet the requirements of the Planning Code. Despite the lower floor levels, the Project includes an architectural expression along the street frontage, which is beneficial to the public realm and adjacent sidewalks and which reinforces the concept of a tall ground floor. The Commission supports this exception, due to the overall quality of design and the streetscape improvements along Folsom Street and Treat Avenue.

Under Planning Code Section 140, all dwelling units must face onto a public street, public alley or an open area, which is at least 25-wide. The Project organizes the dwelling units to have exposure either on one of the public streets (Folsom Street or Treat Avenue), the public mid-block alley, which ranges in width from 24-ft to 27-ft, within Code-complying courtyard or facing the south lot line towards the public park (Parque Ninos Unidos). Currently, forty-four dwelling units do not face onto a street, alley or open area, which meet the dimensional requirements of the Planning Code. These dwelling units still face onto an open area, since the public park is located directly adjacent to the project site; therefore, these units are still afforded sufficient access to light and air. Given the overall design and composition of the Project, the Commission is in support of this exception, due to the Project's high quality of design and amount of open space/open areas.

8. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

Objectives and Policies

OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

Policy 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

Policy 1.2

Focus housing growth and infrastructure necessary to support growth according to community plans. Complete planning underway in key opportunity areas such as Treasure Island, Candlestick Park and Hunter's Point Shipyard.

Policy 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

The Project is a higher density residential development, which provides up to 117 new dwelling units in a mixed-use area. The Project abuts residential uses and one-to-two-story industrial buildings, as well as a public park. The project site was recently rezoned as part of a long range planning goal to create a cohesive residential and mixed-use neighborhood. The Project includes 19 on-site affordable housing units for rent,

which assist in meeting the City's affordable housing goals. The Project is also in proximity to public transportation options.

OBJECTIVE 4

FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

Policy 4.1

Develop new housing, and encourage the remodeling of existing housing, for families with children.

Policy 4.4

Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

Policy 4.5

Ensure that new permanently affordable housing is located in all of the City's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

The Project meets the affordable housing requirements for the UMU Zoning District by providing for 19 on-site BMR units for rent. The Project will provide 117 dwelling units into the City's housing stock.

OBJECTIVE 11

SUPPORT AND RESPECT THE DIVERSE AND DISTINCT CHARACTER OF SAN FRANCISCO'S NEIGHBORHOODS.

Policy 11.1

Promote the construction and rehabilitation of well-designed housing that emphasizes beauty, flexibility, and innovative design, and respects existing neighborhood character.

Policy 11.2

Ensure implementation of accepted design standards in project approvals.

Policy 11.3

Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.

Policy 11.4

Continue to utilize zoning districts which conform to a generalized residential land use and density plan and the General Plan.

Policy 11.6

Foster a sense of community through architectural design, using features that promote community interaction.

Policy 11.8

Consider a neighborhood's character when integrating new uses, and minimize disruption caused by expansion of institutions into residential areas.

OBJECTIVE 12

BALANCE HOUSING GROWTH WITH ADEQUATE INFRASTRUCTURE THAT SERVES THE CITY'S GROWING POPULATION.

Policy 12.2

Consider the proximity of quality of life elements such as open space, child care, and neighborhood services, when developing new housing units.

The Project responds to the site's mixed-character by providing new dwelling units, which appropriately address the adjacent residential uses, nearby industrial uses and adjacent public park. The Project appropriately responds to the varied character of the larger neighborhood. The Project's facades provide a unique expression not commonly found within the surrounding area, while providing for a contrasting material palette.

RECREATION AND OPEN SPACE ELEMENT

Objectives and Policies

OBJECTIVE 4:

PROVIDE OPPORTUNITIES FOR RECREATION AND THE ENJOYMENT OF OPEN SPACE IN EVERY SAN FRANCISCO NEIGHBORHOOD.

Policy 4.5:

Require private usable outdoor open space in new residential development.

Policy 4.6:

Assure the provision of adequate public open space to serve new residential development.

The Project will create a publically-accessible mid-block alley and common open space in a new residential development. The Project also incorporates private open space through balconies and terraces.

TRANSPORTATION ELEMENT

Objectives and Policies

OBJECTIVE 24:

IMPROVE THE AMBIENCE OF THE PEDESTRIAN ENVIRONMENT.

Policy 24.2:

Maintain and expand the planting of street trees and the infrastructure to support them.

Policy 24.3:

Install pedestrian-serving street furniture where appropriate.

Policy 24.4:

Preserve pedestrian-oriented building frontages.

The Project includes new street trees along the public rights-of-way. In addition, the Project includes streetscape elements, including new concrete sidewalks, linear planters along the street edge, and new street trees. Frontages are designed with active spaces oriented at the pedestrian level. The new garage entrance/exit is narrow in width and assists in minimizing pedestrian and bicycle conflicts.

OBJECTIVE 28:

PROVIDE SECURE AND CONVENIENT PARKING FACILITIES FOR BICYCLES.

Policy 28.1:

Provide secure bicycle parking in new governmental, commercial, and residential developments.

Policy 28.3:

Provide parking facilities which are safe, secure, and convenient.

The Project includes 160 Class 1 bicycle parking spaces and 14 Class 2 bicycle parking spaces in secure, convenient locations, thus meeting the amount required by the Planning Code.

OBJECTIVE 34:

RELATE THE AMOUNT OF PARKING IN RESIDENTIAL AREAS AND NEIGHBORHOOD COMMERCIAL DISTRICTS TO THE CAPACITY OF THE CITY'S STREET SYSTEM AND LAND USE PATTERNS.

Policy 34.1:

Regulate off-street parking in new housing so as to guarantee needed spaces without requiring excesses and to encourage low auto ownership in neighborhoods that are well served by transit and are convenient to neighborhood shopping.

Policy 34.3:

Permit minimal or reduced off-street parking supply for new buildings in residential and commercial areas adjacent to transit centers and along transit preferential streets.

Policy 34.5:

Minimize the construction of new curb cuts in areas where on-street parking is in short supply and locate them in a manner such that they retain or minimally diminish the number of existing on-street parking spaces.

The Project adheres to the principally permitted parking amounts within the Planning Code. The parking spaces are accessed by one ingress and egress point. Parking is adequate for the project and complies with maximums prescribed by the Planning Code.

URBAN DESIGN ELEMENT

Objectives and Policies

OBJECTIVE 1:

EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

Policy 1.3:

Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

Policy 1.7:

Recognize the natural boundaries of districts, and promote connections between districts.

The Project is located within the Mission neighborhood, which is characterized by the mix of uses. As such, the Project provides expressive street façades, which respond to form, scale and material palette of the existing neighborhood, while also providing a new contemporary architectural vocabulary.

OBJECTIVE 3:

MODERATION OF MAJOR NEW DEVELOPMENT TO COMPLEMENT THE CITY PATTERN, THE RESOURCES TO BE CONSERVED, AND THE NEIGHBORHOOD ENVIRONMENT.

Policy 3.1:

Promote harmony in the visual relationships and transitions between new and older buildings.

Policy 3.3:

Promote efforts to achieve high quality of design for buildings to be constructed at prominent locations.

Policy 3.4:

Promote building forms that will respect and improve the integrity of open spaces and other public areas

The Project is consistent and compatible with the neighborhood, and appropriate responds to its unique location adjacent to a public park. The Project is setback from the south lot line to provide some relief relative to the adjacent public park. In addition, the Project provides for a high quality design along the park edge, in order to provide visual interest and activity.

OBJECTIVE 4:

IMPROVEMENT OF THE NEIGHBORHOOD ENVIRONMENT TO INCREASE PERSONAL SAFETY, COMFORT, PRIDE AND OPPORTUNITY.

Policy 4.5:

Design walkways and parking facilities to minimize danger to pedestrians.

Policy 4.13:

Improve pedestrian areas by providing human scale and interest.

Although the project site has two street frontages, it only provides one vehicular access points for the off-street parking, thus limiting conflicts with pedestrians and bicyclists. Numerous street trees will be planted on each street. Along the project site, the pedestrian experience will be greatly improved.

MISSION AREA PLAN

Objectives and Policies

Land Use

OBJECTIVE 1.1

STRENGTHEN THE MISSION'S EXISTING MIXED USE CHARACTER, WHILE MAINTAINING THE NEIGHBORHOOD AS A PLACE TO LIVE AND WORK

Policy 1.1.8

While continuing to protect traditional PDR functions that need large, inexpensive spaces to operate, also recognize that the nature of PDR businesses is evolving gradually so that their production and distribution activities are becoming more integrated physically with their research, design and administrative functions.

OBJECTIVE 1.2

IN AREAS OF THE MISSION WHERE HOUSING AND MIXED-USE IS ENCOURAGED, MAXIMIZE DEVELOPMENT POTENTIAL IN KEEPING WITH NEIGHBORHOOD CHARACTER.

Policy 1.2.1

Ensure that in-fill housing development is compatible with its surroundings.

Policy 1.2.3

In general, where residential development is permitted, control residential density through building height and bulk guidelines and bedroom mix requirements.

Policy 1.2.4

Identify portions of the Mission where it would be appropriate to increase maximum heights for residential development.

Housing

OBJECTIVE 2.1

ENSURE THAT A SIGNIFICANT PERCENTAGE OF NEW HOUSING CREATED IN THE MISSION IS AFFORDABLE TO PEOPLE WITH A WIDE RANGE OF INCOMES

Policy 2.1.1

Require developers in some formally industrial areas to contribute towards the City's very low-, low-, moderate- and middle-income needs as identified in the Housing Element of the General Plan.

OBJECTIVE 2.3

ENSURE THAT NEW RESIDENTIAL DEVELOPMENTS SATISFY AN ARRAY OF HOUSING NEEDS WITH RESPECT TO TENURE, UNIT MIX AND COMMUNITY SERVICES

Policy 2.3.3

Require that a significant number of units in new developments have two or more bedrooms, except Senior Housing and SRO developments unless all Below Market Rate units are two or more bedrooms.

Policy 2.3.5

Explore a range of revenue-generating tools including impact fees, public funds and grants, assessment districts, and other private funding sources, to fund community and neighborhood improvements.

Policy 2.3.6

Establish an impact fee to be allocated towards an Eastern Neighborhoods Public Benefit Fund to mitigate the impacts of new development on transit, pedestrian, bicycle, and street improvements, park and recreational facilities, and community facilities such as libraries, child care and other neighborhood services in the area.

Built Form

OBJECTIVE 3.1

PROMOTE AN URBAN FORM THAT REINFORCES THE MISSION'S DISTINCTIVE PLACE IN THE CITY'S LARGER FORM AND STRENGTHENS ITS PHYSICAL FABRIC AND CHARACTER

Policy 3.1.1

Adopt heights that are appropriate for the Mission's location in the city, the prevailing street and block pattern, and the anticipated land uses, while preserving the character of its neighborhood enclaves.

Policy 3.1.8

New development should respect existing patterns of rear yard open space. Where an existing pattern of rear yard open space does not exist, new development on mixed-use-zoned parcels should have greater flexibility as to where open space can be located.

OBJECTIVE 3.2

PROMOTE AN URBAN FORM AND ARCHITECTURAL CHARACTER THAT SUPPORTS WALKING AND SUSTAINS A DIVERSE, ACTIVE AND SAFE PUBLIC REALM

Policy 3.2.1

Require high quality design of street-facing building exteriors.

Policy 3.2.3

Minimize the visual impact of parking.

Policy 3.2.4

Strengthen the relationship between a building and its fronting sidewalk.

Policy 3.2.6

Sidewalks abutting new developments should be constructed in accordance with locally appropriate guidelines based on established best practices in streetscape design.

Transportation

OBJECTIVE 4.7

IMPROVE PUBLIC TRANSIT TO BETTER SERVE EXISTING AND NEW DEVELOPMENT IN THE MISSION

Policy 4.7.2

Provide secure, accessible and abundant bicycle parking, particularly at transit stations, within shopping areas and at concentrations of employment.

OBJECTIVE 4.8

ENCOURAGE ALTERNATIVES TO CAR OWNERSHIP AND THE REDUCTION OF PRIVATE VEHICLE TRIPS

Policy 4.8.1

Continue to require car-sharing arrangements in new residential and commercial developments, as well as any new parking garages.

Streets & Open Space

OBJECTIVE 5.3

CREATE A NETWORK OF GREEN STREETS THAT CONNECTS OPEN SPACES AND IMPROVES THE WALKABILITY, AESTHETICS AND ECOLOGICAL SUSTAINABILITY OF THE NEIGHBORHOOD.

Policy 5.3.1

Redesign underutilized portions of streets as public open spaces, including widened sidewalks or medians, curb bulb-outs, "living streets" or green connector streets.

Policy 5.3.2

Maximize sidewalk landscaping, street trees and pedestrian scale street furnishing to the greatest extent feasible.

Community Facilities

OBJECTIVE 7.1

PROVIDE ESSENTIAL COMMUNITY SERVICES AND FACILITIES

Policy 7.1.2

Recognize the value of existing facilities, including recreational and cultural facilities, and support their expansion and continued use.

OBJECTIVE 7.2

ENSURE CONTINUED SUPPORT FOR HUMAN SERVICE PROVIDERS THROUGHOUT THE EASTERN NEIGHBORHOODS

Policy 7.2.1

Promote the continued operation of existing human and health services that serve low-income and immigrant communities in the Eastern Neighborhoods.

The Project includes the demolition of 21,060 sq ft of PDR space, which included a community-serving use for a local non-profit. Both of these uses are encouraged to be retained within the Mission, as they provide for blue-collar jobs, assist in diversifying the neighborhood economy, provide valued community resources, and add cultural diversity to the neighborhood. However, the Project also includes a significant amount of housing, including on-site BMR units as well as a diversity of housing types (from small studios to larger family-sized units). The Project has provided relocation assistance to the existing PDR tenant, and the community serving use vacated the site in March 2016. Overall, the Project features an appropriate use encouraged by the Area Plan for this location. The Project provides 117 new dwelling units, which will be available for rent. In addition, the Project is located within the prescribed height guidelines, and includes the appropriate dwelling unit mix, since more than 40% or 47 units are two- or three-bedroom dwellings. The Project introduces a contemporary architectural vocabulary that is sensitive to the prevailing scale and neighborhood fabric. The Project provides for a high quality designed exterior, which features a variety of materials, colors and textures, including fiber cement board horizontal lap siding in two tones, metal siding, aluminum storefront, iron railings and gates, and dark bronze frame aluminum windows. The Project provides a publically-accessible mid-block alley, ample common open space and also improves the public rights of way with new streetscape improvements, street trees and landscaping. The Project

minimizes the impact of off-street parking and is in proximity to public transit options. The Project is also respectful of the adjacent public park. The Project will also pay the appropriate development impact fees, including the Eastern Neighborhoods Impact Fees. Despite the loss of PDR space, on balance, the Project meets the Objectives and Policies of the Mission Area Plan.

9. Planning Code Section 101.1(b) establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project does comply with said policies in that:

- A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

The project site does not possess any neighborhood-serving retail uses. The Project provides 117 new dwelling units, which will enhance the nearby retail uses by providing new residents, who may patron and/or own these businesses.

- B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

The project site does possess any existing housing. The Project would provide 117 new dwelling units, thus resulting in an overall increase in the neighborhood housing stock. In addition, the Project would add PDR use (arts activity), which adds to the public realm and neighborhood character by highlighting local artists. The Project is expressive in design, and relates well to the scale and form of the surrounding neighborhood. For these reasons, the Project would protect and preserve the cultural and economic diversity of the neighborhood.

- C. That the City's supply of affordable housing be preserved and enhanced.

The Project does not currently possess any existing affordable housing. The Project will comply with the City's Inclusionary Housing Program by providing 19 below-market rate dwelling units for rent. Therefore, the Project will increase the stock of affordable housing units in the City.

- D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The project site is served by nearby public transportation options. The Project is located along a Muni bus line (12-Folsom/Pacific), and is within walking distance of the BART Station at 24th and Mission Streets. In addition, the Project is within one block of 24th Street and the 48-Quintara/24th Street bus route. Future residents would be afforded proximity to a bus line. The Project also provides off-street parking at the principally permitted amounts and sufficient bicycle parking for residents and their guests.

- E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

The Project does not include commercial office development. Although the Project would remove a PDR use, the Project does provide new housing, which is a top priority for the City. The Project incorporate new PDR use, thus assisting in diversifying the neighborhood character.

- F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project will be designed and will be constructed to conform to the structural and seismic safety requirements of the Building Code. This proposal will not impact the property's ability to withstand an earthquake.

- G. That landmarks and historic buildings be preserved.

Currently, the project site does not contain any City Landmarks or historic buildings.

- H. That our parks and open space and their access to sunlight and vistas be protected from development.

Although the Project does have shadow impacts on the adjacent public park, the adjacent public park (Parque Ninos Unidos) is still afforded access to sunlight, which should not dramatically affect the use and enjoyment of this park. Since the Project is not more than 40-ft tall, additional study of the shadow impacts was not required per Planning Code Section 295.

9. **First Source Hiring.** The Project is subject to the requirements of the First Source Hiring Program as they apply to permits for residential development (Section 83.4(m) of the Administrative Code), and the Project Sponsor shall comply with the requirements of this Program as to all construction work and on-going employment required for the Project. Prior to the issuance of any building permit to construct or a First Addendum to the Site Permit, the Project Sponsor shall have a First Source Hiring Construction and Employment Program approved by the First Source Hiring Administrator, and evidenced in writing. In the event that both the Director of Planning and the First Source Hiring Administrator agree, the approval of the Employment Program may be delayed as needed.

The Project Sponsor submitted a First Source Hiring Affidavit and prior to issuance of a building permit will execute a First Source Hiring Memorandum of Understanding and a First Source Hiring Agreement with the City's First Source Hiring Administration.

10. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
11. The Commission hereby finds that approval of the Large Project Authorization would promote the health, safety and welfare of the City.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Large Project Authorization Application No. 2014-000601ENX** under Planning Code Section 329 to allow the new construction of a four-story, 40-ft tall, residential building with 117 dwelling units, and a modification to the requirements for: 1) rear yard (Planning Code Section 134); 2) dwelling unit exposure (Planning Code Section 140); 3) street frontage (Planning Code Section 145.1); 4) off-street freight loading (Planning Code Section 152.1); and, 5) horizontal mass reduction (Planning Code Section 270.1), within the UMU (Urban Mixed Use), RH-2 (Residential, House, Two-Family), and RH-3 (Residential, House, Three-Family) Zoning Districts and a 40-X Height and Bulk District. The project is subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated August 30, 2016, and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

The Planning Commission hereby adopts the MMRP attached hereto as Exhibit C and incorporated herein as part of this Motion by this reference thereto. All required mitigation measures identified in the Eastern Neighborhoods Plan EIR and contained in the MMRP are included as conditions of approval.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Section 329 Large Project Authorization to the Board of Appeals within fifteen (15) days after the date of this Motion. The effective date of this Motion shall be the date of adoption of this Motion if not appealed (after the 15-day period has expired) OR the date of the decision of the Board of Appeals if appealed to the Board of Appeals. For further information, please contact the Board of Appeals at (415) 575-6880, 1660 Mission, Room 3036, San Francisco, CA 94103.

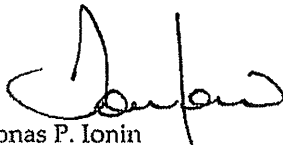
Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives NOTICE that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

Motion No. 19744
September 22, 2016

CASE NO. 2014-000601ENX
2675 Folsom Street

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on September 22, 2016.



Jonas P. Ionin
Commission Secretary

AYES: Fong, Hillis, Johnson, Koppel and Richards

NAYS: Melgar and Moore

ADOPTED: September 22, 2016

EXHIBIT A

AUTHORIZATION

This authorization is for a Large Project Authorization to allow for the new construction of a four-story, 40-ft tall, residential building with 117 dwelling units, and exceptions to the requirements for rear yard, dwelling unit exposure, street frontage, off-street loading, and horizontal mass reduction, located at 2675 Folsom Street, Lots 006, 007 and 024 in Assessor's Block 3639, pursuant to Planning Code Section 329, within the UMU (Urban Mixed Use), RH-2 (Residential, House, Two-Family), RH-3 (Residential, House, Three-Family) Zoning Districts, and a 40-X Height and Bulk District; in general conformance with plans, dated August 30, 2016, and stamped "EXHIBIT B" included in the docket for Case No. 2014-000601ENX and subject to conditions of approval reviewed and approved by the Commission on September 22, 2016 under Motion No. 19744. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on September 22, 2016 under Motion No. 19744.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. 19744 shall be reproduced on the Index Sheet of construction plans submitted with the Site or Building permit application for the Project. The Index Sheet of the construction plans shall reference to the Office Development Authorization and any subsequent amendments or modifications.

SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new authorization.

Conditions of Approval, Compliance, Monitoring, and Reporting

PERFORMANCE

1. **Validity.** The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
2. **Expiration and Renewal.** Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
3. **Diligent Pursuit.** Once a site or Building Permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
4. **Extension.** All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
5. **Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
6. **Additional Project Authorization.** The Project Sponsor must obtain a Conditional Use Authorization, under Planning Code Sections 209.1 and 303 and Planning Commission Resolution

No. 19548, to allow dwelling unit density at a ratio of one dwelling unit per 1,000 square feet of lot area in the RH-3 Zoning District and construct a "Large Project" as defined in the Mission 2016 Interim Zoning Controls, and satisfy all the conditions thereof. The conditions set forth below are additional conditions required in connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

7. **Mitigation Measures.** Mitigation measures described in the MMRP for the Eastern Neighborhoods Plan EIR (Case No. 2014-000601ENV) attached as Exhibit C are necessary to avoid potential significant effects of the proposed project and have been agreed to by the project sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

DESIGN – COMPLIANCE AT PLAN STAGE

8. **Final Materials.** The Project Sponsor shall continue to work with Planning Department on the building design. Final materials, glazing, color, texture, landscaping, and detailing shall be subject to Department staff review and approval. The architectural addenda shall be reviewed and approved by the Planning Department prior to issuance.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

9. **Publically-Accessible Open Space.** Pursuant to Planning Code Section 135(h), the Project shall provide publically-accessible mid-block alley, as required by Planning Code Section 270.2. This open space shall follow the standards, maintenance and signage requirements specified in Planning Code Section 135(h).

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

10. **Garbage, Composting and Recycling Storage.** Space for the collection and storage of garbage, composting, and recycling shall be provided within enclosed areas on the property and clearly labeled and illustrated on the architectural addenda. Space for the collection and storage of recyclable and compostable materials that meets the size, location, accessibility and other standards specified by the San Francisco Recycling Program shall be provided at the ground level of the buildings.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

11. **Transformer Vault.** The location of individual project PG&E Transformer Vault installations has significant effects to San Francisco streetscapes when improperly located. However, they may not have any impact if they are installed in preferred locations. Therefore, the Planning Department recommends the following preference schedule in locating new transformer vaults, in order of most to least desirable:

- On-site, in a basement area accessed via a garage or other access point without use of separate doors on a ground floor façade facing a public right-of-way;
- On-site, in a driveway, underground;
- On-site, above ground, screened from view, other than a ground floor façade facing a public right-of-way;
- Public right-of-way, underground, under sidewalks with a minimum width of 12 feet, avoiding effects on streetscape elements, such as street trees; and based on Better Streets Plan guidelines;
- Public right-of-way, underground; and based on Better Streets Plan guidelines;
- Public right-of-way, above ground, screened from view; and based on Better Streets Plan guidelines;
- On-site, in a ground floor façade (the least desirable location).
- Unless otherwise specified by the Planning Department, Department of Public Work's Bureau of Street Use and Mapping (DPW BSM) should use this preference schedule for all new transformer vault installation requests.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-5810, <http://sfdpw.org>

12. **Rooftop Mechanical Equipment.** Pursuant to Planning Code 141, the Project Sponsor shall submit a roof plan to the Planning Department prior to Planning approval of the building permit application for each building. Rooftop mechanical equipment, if any is proposed as part of the Project, is required to be screened so as not to be visible from any point at or below the roof level of the subject building.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

13. **Streetscape Plan.** Pursuant to Planning Code Section 138.1, the Project Sponsor shall continue to work with Planning Department staff, in consultation with other City agencies, to refine the design and programming of the Streetscape Plan so that the plan generally meets the standards of the Better Streets Plan and all applicable City standards. The Project Sponsor shall complete final design of all required street improvements, including procurement of relevant City permits, prior to issuance of first architectural addenda, and shall complete construction of all required street improvements prior to issuance of first temporary certificate of occupancy.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org

PARKING AND TRAFFIC

14. **Unbundled Parking.** All off-street parking spaces shall be made available to Project residents only as a separate "add-on" option for purchase or rent and shall not be bundled with any Project dwelling unit for the life of the dwelling units. The required parking spaces may be made available to residents within a quarter mile of the project. All affordable dwelling units pursuant to Planning Code Section 415 shall have equal access to use of the parking as the market rate units, with parking spaces priced commensurate with the affordability of the dwelling unit. Each unit within the Project shall have the first right of refusal to rent or purchase a parking space until the number of residential parking spaces are no longer available. No conditions may be placed on the purchase or rental of

dwelling units, nor may homeowner's rules be established, which prevent or preclude the separation of parking spaces from dwelling units.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

15. **Parking Maximum.** Pursuant to Planning Code Section 151.1, the Project shall provide no more than 65 off-street parking spaces for the 117 dwelling units in the UMU, RH-2 & RH-3 Zoning Districts.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

16. **Car Share.** Pursuant to Planning Code Section 166, no fewer than one car share space shall be made available, at no cost, to a certified car share organization for the purposes of providing car share services for its service subscribers.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

17. **Bicycle Parking.** Pursuant to Planning Code Sections 155.1, 155.4, and 155.5, the Project shall provide no fewer than 104 Class 1 bicycle parking spaces and 6 Class 2 bicycle parking spaces for the 117 dwelling units.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

18. **Managing Traffic During Construction.** The Project Sponsor and construction contractor(s) shall coordinate with the Traffic Engineering and Transit Divisions of the San Francisco Municipal Transportation Agency (SFMTA), the Police Department, the Fire Department, the Planning Department, and other construction contractor(s) for any concurrent nearby Projects to manage traffic congestion and pedestrian circulation effects during construction of the Project.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

19. **Parking for Affordable Units.** All off-street parking spaces shall be made available to Project residents only as a separate "add-on" option for purchase or rent and shall not be bundled with any Project dwelling unit for the life of the dwelling units. The required parking spaces may be made available to residents within a quarter mile of the project. All affordable dwelling units pursuant to Planning Code Section 415 shall have equal access to use of the parking as the market rate units, with parking spaces priced commensurate with the affordability of the dwelling unit. Each unit within the Project shall have the first right of refusal to rent or purchase a parking space until the number of residential parking spaces are no longer available. No conditions may be placed on the purchase or rental of dwelling units, nor may homeowner's rules be established, which prevent or preclude the separation of parking spaces from dwelling units.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

PROVISIONS

20. **Anti-Discriminatory Housing.** The Project shall adhere to the requirements of the Anti-Discriminatory Housing policy, pursuant to Administrative Code Section 1.61.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
21. **Transportation Sustainability Fee.** The Project is subject to the Transportation Sustainability Fee (TSF), as applicable, pursuant to Planning Code Section 411A.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
22. **Child Care Fee - Residential.** The Project is subject to the Residential Child Care Fee, as applicable, pursuant to Planning Code Section 414A.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
23. **Eastern Neighborhoods Infrastructure Impact Fee.** Pursuant to Planning Code Section 423 (formerly 327), the Project Sponsor shall comply with the Eastern Neighborhoods Public Benefit Fund provisions through payment of an Impact Fee pursuant to Article 4.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org
24. **First Source Hiring.** The Project shall adhere to the requirements of the First Source Hiring Construction and End-Use Employment Program approved by the First Source Hiring Administrator, pursuant to Section 83.4(m) of the Administrative Code. The Project Sponsor shall comply with the requirements of this Program regarding construction work and on-going employment required for the Project.
For information about compliance, contact the First Source Hiring Manager at 415-581-2335, www.onestopSF.org

MONITORING

25. **Enforcement.** Violation of any of the Planning Department conditions of approval contained in this Motion or of any other provisions of Planning Code applicable to this Project shall be subject to the enforcement procedures and administrative penalties set forth under Planning Code Section 176 or Section 176.1. The Planning Department may also refer the violation complaints to other city departments and agencies for appropriate enforcement action under their jurisdiction.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
26. **Revocation Due to Violation of Conditions.** Should implementation of this Project result in complaints from interested property owners, residents, or commercial lessees which are not resolved by the Project Sponsor and found to be in violation of the Planning Code and/or the specific conditions of approval for the Project as set forth in Exhibit A of this Motion, the Zoning

Administrator shall refer such complaints to the Commission, after which it may hold a public hearing on the matter to consider revocation of this authorization.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

OPERATION

27. **Garbage, Recycling, and Composting Receptacles.** Garbage, recycling, and compost containers shall be kept within the premises and hidden from public view, and placed outside only when being serviced by the disposal company. Trash shall be contained and disposed of pursuant to garbage and recycling receptacles guidelines set forth by the Department of Public Works.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works at 415-554-.5810, <http://sfdpw.org>

28. **Sidewalk Maintenance.** The Project Sponsor shall maintain the main entrance to the building and all sidewalks abutting the subject property in a clean and sanitary condition in compliance with the Department of Public Works Streets and Sidewalk Maintenance Standards.

For information about compliance, contact Bureau of Street Use and Mapping, Department of Public Works, 415-695-2017, <http://sfdpw.org>

29. **Community Liaison.** Prior to issuance of a building permit to construct the project and implement the approved use, the Project Sponsor shall appoint a community liaison officer to deal with the issues of concern to owners and occupants of nearby properties. The Project Sponsor shall provide the Zoning Administrator with written notice of the name, business address, and telephone number of the community liaison. Should the contact information change, the Zoning Administrator shall be made aware of such change. The community liaison shall report to the Zoning Administrator what issues, if any, are of concern to the community and what issues have not been resolved by the Project Sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

30. **Lighting.** All Project lighting shall be directed onto the Project site and immediately surrounding sidewalk area only, and designed and managed so as not to be a nuisance to adjacent residents. Nighttime lighting shall be the minimum necessary to ensure safety, but shall in no case be directed so as to constitute a nuisance to any surrounding property.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

INCLUSIONARY HOUSING

31. **Affordable Units.** The following Inclusionary Affordable Housing Requirements are those in effect at the time of Planning Commission action. In the event that the requirements change, the Project Sponsor shall comply with the requirements in place at the time of issuance of first construction document.

- i. **Number of Required Units.** Pursuant to Planning Code Section 415.3, the Project is required to provide 16.4% of the proposed dwelling units as affordable to qualifying households. The Project contains 117 units; therefore, 19 affordable units are currently required. The Project Sponsor will fulfill this requirement by providing the 19 affordable units on-site. If the number of market-rate units change, the number of required affordable units shall be modified accordingly with written approval from Planning Department staff in consultation with the Mayor's Office of Housing and Community Development ("MOHCD").
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.
- ii. **Unit Mix.** The Project contains 24 studios, 46 one-bedroom, and 45 two-bedroom, and 2 three-bedroom units; therefore, the required affordable unit mix is 4 studios, 8 one-bedroom, and 7 two-bedroom units. If the market-rate unit mix changes, the affordable unit mix will be modified accordingly with written approval from Planning Department staff in consultation with MOHCD.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.
- iii. **Unit Location.** The affordable units shall be designated on a reduced set of plans recorded as a Notice of Special Restrictions on the property prior to the issuance of the first construction permit.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.
- iv. **Phasing.** If any building permit is issued for partial phasing of the Project, the Project Sponsor shall have designated not less than 16.4 percent (16.4%), or the applicable percentage as discussed above, of the each phase's total number of dwelling units as on-site affordable units.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.
- v. **Duration.** Under Planning Code Section 415.8, all units constructed pursuant to Section 415.6, must remain affordable to qualifying households for the life of the project.
For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.
- vi. **Other Conditions.** The Project is subject to the requirements of the Inclusionary Affordable Housing Program under Section 415 et seq. of the Planning Code and City and County of San Francisco Inclusionary Affordable Housing Program Monitoring and Procedures Manual ("Procedures Manual"). The Procedures Manual, as amended from time to time, is incorporated herein by reference, as published and adopted by the Planning Commission, and as required by

Planning Code Section 415. Terms used in these conditions of approval and not otherwise defined shall have the meanings set forth in the Procedures Manual. A copy of the Procedures Manual can be obtained at the MOHCD at 1 South Van Ness Avenue or on the Planning Department or MOHCD websites, including on the internet at:

<http://sf-planning.org/Modules/ShowDocument.aspx?documentid=4451>.

As provided in the Inclusionary Affordable Housing Program, the applicable Procedures Manual is the manual in effect at the time the subject units are made available for sale.

For information about compliance, contact the Case Planner, Planning Department at 415-558-6378, www.sf-planning.org or the Mayor's Office of Housing and Community Development at 415-701-5500, www.sf-moh.org.

- a. The affordable unit(s) shall be designated on the building plans prior to the issuance of the first construction permit by the Department of Building Inspection ("DBI"). The affordable unit(s) shall (1) reflect the unit size mix in number of bedrooms of the market rate units, (2) be constructed, completed, ready for occupancy and marketed no later than the market rate units, and (3) be evenly distributed throughout the building; and (4) be of comparable overall quality, construction and exterior appearance as the market rate units in the principal project. The interior features in affordable units should be generally the same as those of the market units in the principal project, but need not be the same make, model or type of such item as long they are of good and new quality and are consistent with then-current standards for new housing. Other specific standards for on-site units are outlined in the Procedures Manual.
- b. If the units in the building are offered for rent, the affordable unit(s) shall be rented to low-income households, as defined in the Planning Code and Procedures Manual. The initial and subsequent rent level of such units shall be calculated according to the Procedures Manual. Limitations on (i) occupancy; (ii) lease changes; (iii) subleasing, and; are set forth in the Inclusionary Affordable Housing Program and the Procedures Manual.
- c. The Project Sponsor is responsible for following the marketing, reporting, and monitoring requirements and procedures as set forth in the Procedures Manual. MOHCD shall be responsible for overseeing and monitoring the marketing of affordable units. The Project Sponsor must contact MOHCD at least six months prior to the beginning of marketing for any unit in the building.
- d. Required parking spaces shall be made available to initial buyers or renters of affordable units according to the Procedures Manual.
- e. Prior to the issuance of the first construction permit by DBI for the Project, the Project Sponsor shall record a Notice of Special Restriction on the property that contains these conditions of approval and a reduced set of plans that identify the affordable units satisfying the requirements of this approval. The Project Sponsor shall promptly provide a copy of the recorded Notice of Special Restriction to the Department and to MOHCD or its successor.

- f. The Project Sponsor has demonstrated that it is eligible for the On-site Affordable Housing Alternative under Planning Code Section 415.6 instead of payment of the Affordable Housing Fee, and has submitted the *Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415* to the Planning Department stating the intention to enter into an agreement with the City to qualify for a waiver from the Costa-Hawkins Rental Housing Act based upon the proposed density bonus and concessions (as defined in California Government Code Section 65915 et seq.) provided herein. The Project Sponsor has executed the Costa Hawkins agreement and will record a Memorandum of Agreement prior to issuance of the first construction document or must revert payment of the Affordable Housing Fee.
- g. If the Project Sponsor fails to comply with the Inclusionary Affordable Housing Program requirement, the Director of DBI shall deny any and all site or building permits or certificates of occupancy for the development project until the Planning Department notifies the Director of compliance. A Project Sponsor's failure to comply with the requirements of Planning Code Section 415 et seq. shall constitute cause for the City to record a lien against the development project and to pursue any and all available remedies at law.
- h. If the Project becomes ineligible at any time for the On-site Affordable Housing Alternative, the Project Sponsor or its successor shall pay the Affordable Housing Fee prior to issuance of the first construction permit. If the Project becomes ineligible after issuance of its first construction permit, the Project Sponsor shall notify the Department and MOHCD and pay interest on the Affordable Housing Fee and penalties, if applicable.

**EXHIBIT 1:
MITIGATION MONITORING AND REPORTING PROGRAM**
(Including the Text of the Mitigation Measures Adopted as Conditions of Approval and Proposed Improvement Measures)

1. MITIGATION MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Report Responsibility	Status/Date Completed
-------------------------------------------------------------	--------------------------------------	------------------------	-------------------------------------	--------------------------

MEASURES DEEMED FEASIBLE				
F. Noise				
<p><i>Mitigation Measure F-5: Siting of Noise-Generating Uses</i></p> <p>To reduce potential conflicts between existing sensitive receptors and new noise-generating uses, for new development including commercial, industrial or other uses that would be expected to generate noise levels in excess of ambient noise, either short-term, at nighttime, or as a 24-hour average, in the proposed project site vicinity, the Planning Department shall require the preparation of an analysis that includes, at a minimum, a site survey to identify potential noise-sensitive uses within 900 feet of, and that have a direct line-of-sight to, the project site, and including at least one 24-hour noise measurement (with maximum noise level readings taken at least every 15 minutes), prior to the first project approval action. The analysis shall be prepared by persons qualified in acoustical analysis and/or engineering and shall demonstrate with reasonable certainty that the proposed use would comply with the use compatibility requirements in the General Plan and in Police Code Section 2909I, would not adversely affect nearby noise-sensitive uses, and that there are no particular circumstances about the proposed project site that appear to warrant heightened concern about noise levels that would be generated by the proposed use. Should such concerns be present, the Department may require the completion of a detailed noise assessment by person(s) qualified in acoustical analysis and/or engineering prior to the first project approval action.</p>	Project Sponsor along with Project Contractor of each subsequent development project undertaken pursuant to the Eastern Neighborhoods Rezoning and Area Plans Project.	Prior to first approval action, noise analysis must be done. Design measures to be incorporated into project design and evaluated in environmental/building permit review.	San Francisco Planning Department and the Department of Building Inspection	Considered complete upon first project approval action.
J. Archeological Resources				
<p><i>Mitigation Measure J-2: Accidental Discovery</i></p> <p>The following mitigation measure is required to avoid any potential adverse effect from the proposed project on accidentally discovered buried or submerged historical resources as defined in CEQA Guidelines Section 15064.5(a) and (c). The project sponsor shall distribute the Planning Department archeological resource "ALERT" sheet to the project prime contractor; to any project subcontractor (including demolition, excavation, grading, foundation, pile driving, etc. firms); or utilities firm involved in soils disturbing activities within the project site. Prior to any soils disturbing activities being undertaken each contractor is responsible for ensuring that</p>	Project Sponsor/project archeologist	Upon discovery of a buried or submerged historical resource	Project sponsor and ERO	Upon determination of the ERO that resource is not present or adversely impacted; or upon certification of Final Archeological Resources Report (FARR)

EXHIBIT 1:
MITIGATION MONITORING AND REPORTING PROGRAM
 (Including the Text of the Mitigation Measures Adopted as Conditions of Approval and Proposed Improvement Measures)

1. MITIGATION MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Report Responsibility	Status/Date Completed
<p>the "ALERT" sheet is circulated to all field personnel including, machine operators, field crew, pile drivers, supervisory personnel, etc. The project sponsor shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet.</p> <p>Should any indication of an archeological resource be encountered during any soils disturbing activity of the project, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken.</p> <p>If the ERO determines that an archeological resource may be present within the project site, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archeological consultant shall advise the ERO as to whether the discovery is an archeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archeological resource is present, the archeological consultant shall identify and evaluate the archeological resource. The archeological consultant shall make a recommendation as to what action, if any, is warranted. Based on this information, the ERO may require, if warranted, specific additional measures to be implemented by the project sponsor.</p> <p>Measures might include: preservation in situ of the archeological resource; an archaeological monitoring program; or an archeological testing program. If an archeological monitoring program or archeological testing program is required, it shall be consistent with the Environmental Planning (EP) division guidelines for such programs. The ERO may also require that the project sponsor immediately implement a site security program if the archeological resource is at risk from vandalism, looting, or other damaging actions. The project archeological consultant shall submit a Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describing the archeological and historical research methods employed in the archeological monitoring/data recovery program(s) undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable</p>				

-0040-

**EXHIBIT 1:
 MITIGATION MONITORING AND REPORTING PROGRAM**
 (Including the Text of the Mitigation Measures Adopted as Conditions of Approval and Proposed Improvement Measures)

1. MITIGATION MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Report Responsibility	Status/Date Completed
<p>insert within the final report.</p> <p>Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound copy, one unbound copy and one unlocked, searchable PDF copy on CD three copies of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.</p>				
<p>L. Hazardous Materials</p> <p><i>Mitigation Measure L-1—Hazardous Building Materials</i></p> <p>The City shall condition future development approvals to require that the subsequent project sponsors ensure that any equipment containing PCBs or DEPH, such as fluorescent light ballasts, are removed and properly disposed of according to applicable federal, state, and local laws prior to the start of renovation, and that any fluorescent light tubes, which could contain mercury, are similarly removed and properly disposed of. Any other hazardous materials identified, either before or during work, shall be abated according to applicable federal, state, and local laws.</p>	<p>Project Sponsor/project archeologist of each subsequent development project undertaken pursuant to the Eastern Neighborhoods Areas Plans and Rezoning</p>	<p>Prior to approval of each subsequent project, through Mitigation Plan.</p>	<p>Planning Department, in consultation with DPH; where Site Mitigation Plan is required, Project Sponsor or contractor shall submit a monitoring report to DPH, with a copy to Planning Department and DBI, at end of construction.</p>	<p>Considered complete upon approval of each subsequent project.</p>

-0041-



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

☒ Affordable Housing (Sec. 415)

☐ Jobs Housing Linkage Program (Sec. 413)

☐ Downtown Park Fee (Sec. 412)

☒ First Source Hiring (Admin. Code)

☒ Child Care Requirement (Sec. 414A)

☒ Other (EN Impact Fees, Sec. 423; TSF, Sec. 411A)

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Planning Commission Motion No. 19745

HEARING DATE: SEPTEMBER 22, 2016

Case No.: 2014-000601CUA
Project Address: 2675 FOLSOM STREET
Zoning: UMU (Urban Mixed Use) Zoning District;
RH-2 (Residential, House, Two-Family) Zoning District;
RH-3 (Residential, House, Three-Family) Zoning District
40-X Height and Bulk District
Block/Lot: 3639/006, 007 and 024
Project Sponsor: Muhammed Nadhiri, Axis Development Group
580 California Street, 16th Floor
San Francisco, CA 94104
Staff Contact: Richard Sucre – (415) 575-9108
richard.sucre@sfgov.org

ADOPTING FINDINGS RELATING TO THE APPROVAL OF CONDITIONAL USE AUTHORIZATION PURSUANT TO PLANNING CODE SECTIONS 209.1 AND 303 AND PLANNING COMMISSION RESOLUTION NO. 19548 TO ALLOW DWELLING UNIT DENSITY AT A RATIO OF ONE DWELLING UNIT PER 1,000 SQUARE FEET OF LOT AREA WITHIN THE RH-3 ZONING DISTRICT, AND NEW CONSTRUCTION OF MORE THAN 75 DWELLING UNITS PER THE MISSION 2016 INTERIM ZONING CONTROLS FOR THE PROJECT LOCATED AT 2675 FOLSOM STREET, LOTS 006, 007 AND 024 IN ASSESSOR'S BLOCK 3639, WITHIN THE UMU (URBAN MIXED-USE), RH-2 (RESIDENTIAL, HOUSE, TWO-FAMILY), AND RH-3 (RESIDENTIAL, HOUSE, THREE-FAMILY) ZONING DISTRICTS AND A 40-X HEIGHT AND BULK DISTRICT.

PREAMBLE

On April 30, 2015, Muhammed Nadhiri of Axis Development Group Company (hereinafter "Project Sponsor") filed an application with the Planning Department (hereinafter "Department") for Conditional Use Authorization under Planning Code Sections 209.1 and 303 to permit dwelling unit density at a ratio of one dwelling unit per 1,000 square feet of lot area on Assessor's Block 3639 Lot 007 within the RH-3 (Residential, House, Three-Family) Zoning District and a 40-X Height and Bulk District.

The environmental effects of the Project were determined by the San Francisco Planning Department to have been fully reviewed under the Eastern Neighborhoods Area Plan Environmental Impact Report (hereinafter "EIR"). The EIR was prepared, circulated for public review and comment, and, at a public hearing on August 7, 2008, by Motion No. 17661, certified by the Commission as complying with the

California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et seq., (hereinafter "CEQA")). The Commission has reviewed the Final EIR, which has been available for this Commission's review as well as public review.

The Eastern Neighborhoods EIR is a Program EIR. Pursuant to CEQA Guideline 15168(c)(2), if the lead agency finds that no new effects could occur or no new mitigation measures would be required of a proposed project, the agency may approve the project as being within the scope of the project covered by the program EIR, and no additional or new environmental review is required. In approving the Eastern Neighborhoods Plan, the Commission adopted CEQA Findings in its Motion No. 17661 and hereby incorporates such Findings by reference.

Additionally, State CEQA Guidelines Section 15183 provides a streamlined environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site. Section 15183 specifies that examination of environmental effects shall be limited to those effects that (a) are peculiar to the project or parcel on which the project would be located, (b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent, (c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR, or (d) are previously identified in the EIR, but which are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for that project solely on the basis of that impact.

On September 20, 2016, the Department determined that the proposed application did not require further environmental review under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3. The Project is consistent with the adopted zoning controls in the Eastern Neighborhoods Area Plan and was encompassed within the analysis contained in the Eastern Neighborhoods Final EIR. Since the Eastern Neighborhoods Final EIR was finalized, there have been no substantial changes to the Eastern Neighborhoods Area Plan and no substantial changes in circumstances that would require major revisions to the Final EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Final EIR. The file for this project, including the Eastern Neighborhoods Final EIR and the Community Plan Exemption certificate, is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

Planning Department staff prepared a Mitigation Monitoring and Reporting Program (MMRP) setting forth mitigation measures that were identified in the Eastern Neighborhoods Plan EIR that are applicable to the project. These mitigation measures are set forth in their entirety in the MMRP attached to the draft Motion as Exhibit C.

The Planning Department Commission Secretary is the custodian of records, located in the File for Case No. 2014-000601CUA at 1650 Mission Street, Fourth Floor, San Francisco, California.

On January 14, 2016, the Planning Commission adopted Resolution No. 19548, which defines the Mission 2016 Interim Zoning Controls and its procedures.

On September 22, 2016, the Commission adopted Motion No. 19744, approving a Large Project Authorization for the Proposed Project (Large Project Authorization Application No. 2014-000601ENX). Findings contained within said motion are incorporated herein by this reference thereto as if fully set forth in this Motion.

On September 22, 2016, the San Francisco Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Conditional Use Application No. 2014-000601CUA.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Conditional Use requested in Application No. 2014-000601CUA, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Site Description and Present Use.** The proposed project is located on three lots (with a lot area of approximately 35,734 square feet), which have approximately 242-ft of frontage along Folsom Street and 40-ft of frontage along Treat Avenue. The project site contains three existing buildings: a two-story industrial building, a one-story industrial building, and a one-story temporary building. Collectively, these three buildings measure 21,599 square feet. Royal, Inc., a non-profit organization that provides counseling to youth, recently vacated the second floor of the two-story industrial building. Currently, the existing buildings are occupied by Charyn Auctions, a reseller of food service equipment.
3. **Surrounding Properties and Neighborhood.** The project site is located within the UMU Zoning Districts in the Mission Area Plan. The immediate context is mixed in character with residential, industrial, and institutional uses. The immediate neighborhood includes two-to-three-story residential development to the north, Cesar Chavez Elementary School to the west, a series of one-to-two-story industrial properties to the east across Treat Avenue, and a public park (Parque Ninos Unidos) to the south. Parque Ninos Unidos occupies the entire block face on the north side of 23rd Street between Folsom Street and Treat Avenue. The project site is located within the boundaries of the Proposed Calle 24 Special Use District, which was established as part of the interim controls by the Board of Supervisors per Ordinance No. 133-15, and the Calle 24 Latino

Cultural District, which was established by Board of Supervisors Resolution, File No. 140421 in May 2014. Other zoning districts in the vicinity of the project site include: P (Public), NC-3 (Neighborhood Commercial-Moderate Scale), and the 24th-Mission NCT (Neighborhood Commercial Transit) Zoning District.

4. **Project Description.** The proposed Project includes demolition of the three existing buildings on the project site, and new construction of a four-story, 40-ft tall, residential building (approximately 109,917 gross square feet) with 117 dwelling units, approximately 5,291 square feet of PDR use, 65 below-grade off-street parking spaces, 1 car-share parking space, 160 Class 1 bicycle parking spaces, and 14 Class 2 bicycle parking spaces. The Project includes a dwelling unit mix consisting of 2 three-bedroom units, 45 two-bedroom units, 46 one-bedroom units, and 24 studio units. The Project includes 4,775 square feet of public open space, 5,209 square feet of common open space via ground floor courtyard and roof deck, and 3,356 square feet of private open space via balconies and terraces. The Project would also include a lot merger of Lots 006, 007 and 024 on Block 3639.
5. **Public Comment.** The Department has received a few public correspondences regarding the proposed project. This correspondence has primarily expressed opposition to the project, though the Department has received a few letters in support.

From Lucia Bogatay, the Department received correspondence expressing positive sentiment for the architecture of the Project.

From Ronald Charyn of Charyn Auctions (existing tenant), the Department received a letter in support of the project. They noted that the Project Sponsor (Axis Development) has provided them with in-kind and financial assistance to relocate the existing business.

From Emily Kuehler, the Department received correspondence questioning the location of the garage entrance on Treat Avenue.

From the Mission Kids Co-Op, the Department received correspondence, which advocated for childcare, rather than a local artist galley, particularly in this location given its proximity to a public park.

From Juliana Sloane, the Department received correspondence expressing concern over parking and traffic.

From Edward Stiel, the Department received correspondence, which requesting a full Environmental Impact Report (EIR) for the Project. This correspondence stated that the Project would cast additional shadow on Parque Ninos Unidos and Cesar Chavez Elementary School, increase traffic and vehicle emissions, and have a wind tunnel effect. In addition, this letter stated that the development would lead to further involuntary displace with increased no fault evictions and landlord harassment.

From J. Scott Weaver on behalf the Calle 24 Latino Cultural District (LCD), the Department received a letter expressing concern over the project and its impact on the existing businesses, residents, and non-profits within the Calle 24 LCD. This letter noted that the proposed market rate housing, along with the other development occurring in the Mission, will affect the neighborhood and create a climate of gentrification. This letter also questions the Community Plan Exemption (CPE) published for the Project, and requests additional environmental review of the project's impacts. Finally, the letter concludes with a request to analyze the project, both individually and cumulatively, with respect to the potential impacts of market rate development on the Calle 24 Latino Cultural District.

In addition, the Department has engaged with on-going dialogue between community members and the Project Sponsors to review the various aspects of the project, including the inclusion of on-site PDR space, the amount of affordable housing, and the project's larger public benefits.

6. **Planning Code Compliance:** The Planning Code Compliance findings set forth in Motion No. 19744, Case No. 2014-000601ENX (Large Project Authorization, pursuant to Planning Code Section 329) apply to this Motion, and are incorporated herein as though fully set forth.
7. **Planning Code Section 303** establishes criteria for the Planning Commission to consider when reviewing applications for Conditional Use approval. On balance, the project does comply with said criteria in that:
 1. The proposed use or feature, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable for, and compatible with, the neighborhood or the community.

Overall, the Project is necessary and desirable for the neighborhood and surrounding community. The Project proposes construction of 117 dwelling units for rent, which includes 19 on-site below-market rate (BMR) units. Housing production is a high priority for the City of San Francisco, and the production of new rental housing is a desirable use across the City. Since the project site is located in three distinct zoning districts, the Project includes construction of 108 dwelling units in the UMU Zoning District, 7 dwelling units in the RH-3 Zoning District, and 2 dwelling units in the RH-2 Zoning District. Given the aggregation of the three lots, the increased residential density on the RH-3 portion of the project site will not have an adverse impact upon the surrounding neighborhood or community. The Project does not displace any existing housing, and develops an underutilized site with new public amenities, including a publically-accessible mid-block alley, new landscaping and improved streetscapes. The Project exceeds the amount of open space required for the future residents, and appropriately responds to the adjacent public park. Although the Project would remove an existing PDR use, the Project provides new market-rate and below-market rate housing, which is in high demand across San Francisco. In addition, the Project features new PDR use (arts activity) highlighting local artists, which will assist in enlivening the street and publically-accessible mid-block alley thus adding to the diversity of uses along this portion of Folsom Street.

2. Such use or feature as proposed will not be detrimental to the health, safety, convenience or general welfare of persons residing or working in the vicinity, or injurious to property,

improvements or potential development in the vicinity, with respect to aspects including but not limited to the following:

- a) The nature of proposed site, including its size and shape, and the proposed size, shape and arrangement of structures;

The Project is located on an irregularly-shaped site with 242-ft of frontage on Folsom Street, 40-ft of frontage on Treat Avenue, and approximately 299-ft of frontage against Parque Ninos Unidos. The Project is designed as a four-story, 40-ft tall, residential development, which incorporates sunken residential entryways along Folsom Street, as well as massing setbacks. This massing is appropriate given the larger neighborhood context, which includes one-and-two-story industrial buildings, and two-and-three-story residential buildings. The surrounding neighborhood is extremely varied with many examples of smaller-scale residential properties along Folsom Street and larger-scale industrial properties to the east of Treat Avenue. The Project's overall mass and scale are further refined by the building modulation, which incorporates projecting bays and sunken entryways. In addition, the Project incorporates a 25-ft wide publically-accessible mid-block alley, which provides an appropriate mass break and entry court. Overall, these features provide variety in the building design and scale, while providing for features that strongly complement the neighborhood context. Thus, the Project is appropriate and consistent with the mass and scale of the surrounding neighborhood.

- b) The accessibility and traffic patterns for persons and vehicles, the type and volume of such traffic, and the adequacy of proposed off-street parking and loading and of proposed alternatives to off-street parking, including provisions of car-share parking spaces, as defined in Section 166 of this Code;

For the 117 dwelling units, the Project is allowed to have a maximum of 90 off-street parking spaces. Currently, the Project provides 54 off-street parking spaces via mechanical lifts, 3 ADA parking spaces, 1 ADA van spaces have been identified, and 8 standard parking spaces (which include five spaces for electrical vehicles), as well as one car-share parking spaces. Therefore, the Project provides off-street parking well below the maximum permitted amounts. Further, the Project incorporates only one garage entrances consisting of a 12-ft wide entrance on Treat Avenue. The Project complies with the requirements for off-street parking, bicycle parking and car-share.

- c) The safeguards afforded to prevent noxious or offensive emissions such as noise, glare, dust and odor;

The Project is primarily residential in nature with 117 dwelling units. The proposed residential density is not anticipated to produce noxious or offensive emissions.

- d) Treatment given, as appropriate, to such aspects as landscaping, screening, open spaces, parking and loading areas, service areas, lighting and signs;

In compliance with Planning Code Section 138.1, the Project includes new streetscape elements, such as new concrete sidewalks, linear planters along the street edge, and new street trees. The Project also incorporates a publically-accessible mid-block alley. These improvements would vastly improve the public realm and surrounding streetscape.

3. Such use or feature as proposed will comply with the applicable provisions of the Planning Code and will not adversely affect the General Plan.

The Project complies with all relevant requirements and standards of the Planning Code, and is seeking exceptions under the Large Project Authorization to address the Planning Code requirements for: 1) rear yard (Planning Code Section 134); 2) dwelling unit exposure (Planning Code Section 140); 3) street frontage (Planning Code Section 145.1); 4) off-street freight loading (Planning Code Section 152.1); and 5) horizontal mass reduction (Planning Code Section 270.1). Overall, the Project is consistent with objectives and policies of the General Plan (See Below).

4. Such use or feature as proposed will provide development that is in conformity with the stated purpose of the applicable Use District.

The Project is consistent with the intent and requirements of the UMU (Urban Mixed-Use), RH-2 (Residential House, Two-Family), and RH-3 (Residential, House, Three-Family) Zoning District. The Project includes new residential units, which are principally permitted within the RH-2, RH-3 and UMU Zoning Districts.

8. **General Plan Compliance.** The General Plan Compliance Findings set forth in Motion No. 19744, Case No. 2014-000601ENX (Large Project Authorization, pursuant to Planning Code Section 329), apply to this Motion, and are incorporated herein as though fully set forth.
9. **Planning Code Section 101.1(b)** establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project does comply with said policies in that:
 - A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

The project site does not possess any neighborhood-serving retail uses. The Project provides 117 new dwelling units, which will enhance the nearby retail uses by providing new residents, who may patron and/or own these businesses.

- B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

The project site does possess any existing housing. The Project would provide 117 new dwelling units, thus resulting in an overall increase in the neighborhood housing stock. In addition, the Project would add PDR (arts activity) use, which adds to the public realm and neighborhood character by highlighting local artists. The Project is expressive in design, and relates well to the scale and form of

the surrounding neighborhood. For these reasons, the Project would protect and preserve the cultural and economic diversity of the neighborhood.

- C. That the City's supply of affordable housing be preserved and enhanced.

The Project does not currently possess any existing affordable housing. The Project will comply with the City's Inclusionary Housing Program by providing 19 below-market rate dwelling units for rent. Therefore, the Project will increase the stock of affordable housing units in the City.

- D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The project site is served by nearby public transportation options. The Project is located along a Muni bus line (12-Folsom/Pacific), and is within walking distance of the BART Station at 24th and Mission Streets. In addition, the Project is within one block of 24th Street and the 48-Quintara/24th Street bus route. Future residents would be afforded proximity to a bus line. The Project also provides off-street parking at the principally permitted amounts and sufficient bicycle parking for residents and their guests.

- E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

The Project does not include commercial office development. Although the Project would remove a PDR use, the Project does provide new housing, which is a top priority for the City. The Project incorporate new PDR use, thus assisting in diversifying the neighborhood character.

- F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project will be designed and will be constructed to conform to the structural and seismic safety requirements of the Building Code. This proposal will not impact the property's ability to withstand an earthquake.

- G. That landmarks and historic buildings be preserved.

Currently, the project site does not contain any City Landmarks or historic buildings.

- H. That our parks and open space and their access to sunlight and vistas be protected from development.

Although the Project does have shadow impacts on the adjacent public park, the adjacent public park (Parque Ninos Unidos) is still afforded access to sunlight, which should not dramatically affect the use and enjoyment of this park. Since the Project is not more than 40-ft tall, additional study of the shadow impacts was not required per Planning Code Section 295.

10. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
11. The Commission hereby finds that approval of the Conditional Use authorization would promote the health, safety and welfare of the City.

DECISION

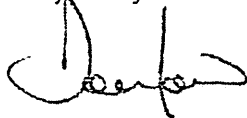
That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Conditional Use Application No. 2014-000601CUA**, under Planning Code Sections 209.1 and 303 and Planning Commission Resolution No. 19548, to allow dwelling unit density at a ratio of one dwelling unit per 1,000 square feet of lot area in the RH-3 Zoning District, and allow the new construction of more than 75 dwelling units per the Mission 2016 Interim Zoning Controls, subject to the following conditions attached hereto as "EXHIBIT A" which is incorporated herein by reference as though fully set forth.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Conditional Use Authorization to the Board of Supervisors within thirty (30) days after the date of this Motion No. 19745. The effective date of this Motion shall be the date of this Motion if not appealed (After the 30-day period has expired) OR the date of the decision of the Board of Supervisors if appealed to the Board of Supervisors. For further information, please contact the Board of Supervisors at (415) 554-5184, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94012.

Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives **NOTICE** that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

I hereby certify that the Planning Commission **ADOPTED** the foregoing Motion on September 22, 2016.



Jonas P. Ionin
Commission Secretary

AYES: Fong, Hillis, Johnson, Koppel and Richards

NAYS: Melgar and Moore

ADOPTED: September 22, 2016

EXHIBIT A

AUTHORIZATION

This authorization is for a conditional use to allow the dwelling unit density at a ratio of one dwelling unit per 1,000 square feet of lot area, pursuant to Planning Code Sections 209.1 and 303, within the RH-3 Zoning District and a 40-X Height and Bulk District, and allow new construction of more than 75 dwelling units per the Mission 2016 Interim Zoning Controls; in general conformance with plans, dated August 30, 2016, and stamped "EXHIBIT B" included in the docket for Case No. 2014-000601CUA and subject to conditions of approval reviewed and approved by the Commission on September 22, 2016 under Motion No. 19745. This authorization and the conditions contained herein run with the property and not with a particular Project Sponsor, business, or operator.

COMPLIANCE WITH OTHER REQUIREMENTS

The Conditions of Approval set forth in Exhibit A of Motion No. 19744, Case No. 2014-000601ENX (Large Project Authorization under Planning Code Section 329) apply to this approval, and are incorporated herein as though fully set forth, except as modified herein.

RECORDATION OF CONDITIONS OF APPROVAL

Prior to the issuance of the building permit or commencement of use for the Project the Zoning Administrator shall approve and order the recordation of a Notice in the Official Records of the Recorder of the City and County of San Francisco for the subject property. This Notice shall state that the project is subject to the conditions of approval contained herein and reviewed and approved by the Planning Commission on September 22, 2016 under Motion No. 19745.

PRINTING OF CONDITIONS OF APPROVAL ON PLANS

The conditions of approval under the 'Exhibit A' of this Planning Commission Motion No. 19745 shall be reproduced on the Index Sheet of construction plans submitted with the Site or Building permit application for the Project. The Index Sheet of the construction plans shall reference to the Office Development Authorization and any subsequent amendments or modifications.

SEVERABILITY

The Project shall comply with all applicable City codes and requirements. If any clause, sentence, section or any part of these conditions of approval is for any reason held to be invalid, such invalidity shall not affect or impair other remaining clauses, sentences, or sections of these conditions. This decision conveys no right to construct, or to receive a building permit. "Project Sponsor" shall include any subsequent responsible party.

CHANGES AND MODIFICATIONS

Changes to the approved plans may be approved administratively by the Zoning Administrator. Significant changes and modifications of conditions shall require Planning Commission approval of a new authorization.

Conditions of Approval, Compliance, Monitoring, and Reporting

PERFORMANCE

1. **Validity.** The authorization and right vested by virtue of this action is valid for three (3) years from the effective date of the Motion. The Department of Building Inspection shall have issued a Building Permit or Site Permit to construct the project and/or commence the approved use within this three-year period.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
2. **Expiration and Renewal.** Should a Building or Site Permit be sought after the three (3) year period has lapsed, the project sponsor must seek a renewal of this Authorization by filing an application for an amendment to the original Authorization or a new application for Authorization. Should the project sponsor decline to so file, and decline to withdraw the permit application, the Commission shall conduct a public hearing in order to consider the revocation of the Authorization. Should the Commission not revoke the Authorization following the closure of the public hearing, the Commission shall determine the extension of time for the continued validity of the Authorization.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
3. **Diligent Pursuit.** Once a site or Building Permit has been issued, construction must commence within the timeframe required by the Department of Building Inspection and be continued diligently to completion. Failure to do so shall be grounds for the Commission to consider revoking the approval if more than three (3) years have passed since this Authorization was approved.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
4. **Extension.** All time limits in the preceding three paragraphs may be extended at the discretion of the Zoning Administrator where implementation of the project is delayed by a public agency, an appeal or a legal challenge and only by the length of time for which such public agency, appeal or challenge has caused delay.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
5. **Conformity with Current Law.** No application for Building Permit, Site Permit, or other entitlement shall be approved unless it complies with all applicable provisions of City Codes in effect at the time of such approval.
For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org
6. **Additional Project Authorization.** The Project Sponsor must obtain a project authorization under Planning Code Section 329 for a Large Project Authorization with modifications to the requirements for rear yard, dwelling unit exposure, off-street loading and horizontal mass reduction, and satisfy all the conditions thereof. The conditions set forth below are additional conditions required in

connection with the Project. If these conditions overlap with any other requirement imposed on the Project, the more restrictive or protective condition or requirement, as determined by the Zoning Administrator, shall apply.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

7. **Mitigation Measures.** Mitigation measures described in the MMRP for the Eastern Neighborhoods Plan EIR (Case No. 2014-000601ENV) attached as Exhibit C are necessary to avoid potential significant effects of the proposed project and have been agreed to by the project sponsor.

For information about compliance, contact Code Enforcement, Planning Department at 415-575-6863, www.sf-planning.org

EXHIBIT B

EXHIBIT B

EXHIBIT B

Link to San Francisco Planning Commission Hearing on August 4, 2016

Beginning at Approximately 3:45

http://sanfrancisco.granicus.com/MediaPlayer.php?view_id=20&clip_id=25948

Link to San Francisco Planning Commission Hearing on September 22, 2016

Beginning at Approximately 5:38

http://sanfrancisco.granicus.com/MediaPlayer.php?view_id=20&clip_id=26199

EXHIBIT C

EXHIBIT C

EXHIBIT C

Links to Eastern Neighborhoods Area Plan EIR, Motion 17661 of the Planning Commission which adopted CEQA Findings for the Plan EIR, and the Mitigation Monitoring Report

Final PEIR:

http://sf-planning.org/sites/default/files/FileCenter/Documents/3991-EN_Final-EIR_Part-1_Intro-Sum.pdf

Motion and Findings:

http://sf-planning.org/sites/default/files/FileCenter/Documents/1268-EN_BOS_Vol4_CEQA_Part7_Web.pdf

Ordinance on Monitoring Program:

<https://law.resource.org/pub/us/code/city/ca/SanFrancisco/Administrative Code/chapter10e.pdf>

EXHIBIT D

EXHIBIT D

EXHIBIT D

West Bay Law
Law Office of J. Scott Weaver

July 29, 2016

Commissioners,
San Francisco Planning Commission
1650 Mission Street, Room 400
San Francisco, CA 94103

Re: Case No. 2014-000601ENV – 2675 Folsom St. and 790 Treat

The Calle 24 Latino Cultural District Community Council requests that the Commission withhold action and instruct the Department to evaluate the impacts of the proposed project on the Latino Cultural District (LCD), including appropriate mitigation and community benefits. This evaluation is compelled under CEQA and is consistent with the mission of the LCD, the MAP 2020 process and under Interim Controls. Withholding of consideration is warranted by the Council's ongoing efforts to create a Special Use District, and a Cultural Benefits District, and to allow associated mitigation measures to be put into place. MAP 2020 has also begun engaging in this process.

Introduction.

The proposed project at 2675 Folsom Street consists of 117 units, 98 of which are "market rate". These units will cater to residents earning 200% AMI, as compared to the 50% AMI of the residents of the immediate area. There are numerous other market rate projects currently in the pipeline within the LCD that will likewise impact the neighborhood. They are: 1515 South Van Ness (140 "market rate" units), 3314 Cesar Chavez (52 units), 2600 Harrison St. (20), 2799 24th St. (8), and 3357 26th St. (8). Proposed projects immediately adjacent to the LCD are: 1198 Valencia St. (52 units), 2918 Mission St. (38), 1298 Valencia St. (35), 2600 Mission (20). Two blocks from the LCD is 2000-2070 Bryant Street (195 units), giving a total of 666 "market rate" units in the immediate area. Proper assessment of the proposed project therefore requires examination of the cumulative impacts of the above listed projects.

These projects would be permanent fixtures forever changing the neighborhood, both in terms of its built environment and its residents. We already know that current Mission residents are not able afford such luxury housing. Thus, these projects will result in the infusion of over 666 high earning households that will substantially alter the demographic of the neighborhood. We also know that the Mission is currently undergoing rapid gentrification, and without adequate mitigation, stabilization, and community benefit measures, projects such as these will dramatically accelerate the already unacceptable level of gentrification in the neighborhood.

These new households, earn four times the AMI of existing residents, and will would create an economic force that will substantially, and permanently, change the feel and constitution of the neighborhood. These high earning households will interact with the neighborhood on a daily basis, creating demands for high end services and products, and thereby putting existing businesses – many of whom are on short term leases – at risk. Likewise, the proposed project will exacerbate demand for affordable housing (see reference to Nexus Analysis below). As we have seen over and over again, the economic climate created by such gentrification will provide incentives for residential landlords to displace residents using various means at their disposal (including Ellis Act Evictions, OMI evictions, or more commonly, threats and harassment). A wealthier community creates financial incentives for both residential and commercial landlords to maximize their rents – making the residents and businesses in the LCD vulnerable to displacement. Anyone skeptical of this impact need only to look at the changes on Valencia Street between 17th and 21st Streets, where less than 100 market rate units have been built, but visible gentrification has occurred. This outcome is not the vision for the Latino Cultural District.

These likely impacts should be evaluated and adequate mitigation and community benefits put in place before considering the proposed project and other projects so affecting the LCD. Whether you care to view this need in terms of CEQA compliance, or the viability of the Eastern Neighborhoods PEIR, or the consistency (or inconsistency) with the Eastern Neighborhoods Plan, or for the purpose of evaluating socioeconomic impacts under Interim Controls, or MAP 2020 Guiding Principles, or for the policy purposes enunciated in the creation of the LCD, it is imperative that issues of impact and mitigation measures be analyzed before any project can be approved.

Background of the LCD and Existing Threats.

The businesses and nonprofits in the LCD have been recognized by resolution of the Board of Supervisors as an important cultural, historical and commercial resource for the City. (Resolution Creating LCD is attached as Exhibit 1) The Ordinance creating the LCD noted that “The Calle 24 Latino Cultural District memorializes a place whose richness of culture, history and entrepreneurship is unrivaled in San Francisco.” The District was established “to stabilize the displacement of Latino Businesses, and residents, preserve Calle 24 as the center of Latino culture and commerce, enhance the unique nature of Calle 24 as a special place for San Francisco’s residents and tourists, . . .” and that its contribution will provide “cultural visibility, vibrancy, and economic opportunity for Latinos in the City and County of San Francisco.”

The Calle 24 Latino Cultural District Community Council (“the Council”), a nonprofit consisting of community stakeholders in the LCD, has stated as its mission: “To preserve, enhance, and advocate for Latino cultural continuity, vitality, and community in San Francisco’s touchstone

Latino Cultural District and the greater Mission community". (See Report, Exhibit 2, page 4 Appendices may be found at <http://www.calle24sf.org/wp-content/uploads/2016/02/LCD-final-report.pdf>) With funding from the Mayor's Office of Economic and Workforce Development and technical support from the Gato Group, the Council engaged in an extensive planning process that included numerous stakeholder interviews, four focus groups, a study session with expert consultants, and four community meetings. At the conclusion, the Council prepared a report on its community planning process. (Exhibit 2, Page 8) Among the Council's initiatives are the creation of a Special Use District and a Cultural Benefits Campaign district. These initiatives are currently in process.

The report noted that "there were major concerns among all stakeholders about the **lack of affordable housing** and about the gentrification and recent eviction and displacement of long-time residents. A related theme was the **rapid transformation** underway with some saying they wanted to prevent another 'Valencia' (referring to the way Valencia lost much of its Latino culture in the 1990s and 2000s)". (emphasis original) (Exhibit 2, P 12)

Unfortunately, we are beginning to see the Valenciization of the LCD. Small mom and pop businesses are being replaced by upscale corporate-owned businesses. Non-profits such as the 40-year-old Galeria de la Raza, on month-to-month tenancies are extremely vulnerable. They are also seeing a diminution of their customer base due to gentrification and the resulting displacement.

Development has already demonstrated the potential physical impacts of continued market rate development. For instance, at a proposed project on 24th and York, the owner plans to build 12 condo townhomes which will cover a mural that has been on there over 30 years and is part of the Precita eyes mural tours. The famous Carlos Santana mural on 22nd and South Van Ness was completely covered when the lot in front built housing. In balmy alley new owners of a property wanted to remodel and add a second unit which faced balmy ally, covering a 40 year old mural.

More disturbing has been complaints by newcomers against neighboring Latino owned businesses from the owner and residents of the Vida on Mission Street. A group of new residents on Harrison St. calling themselves "the gang of five" said they would sue to stop Carnival. During Sunday Streets on 24th a group of neighbors did not want the low riders on Harrison Street, saying that they were intimidated by them. Additionally, neighbors have complained about "Mexican" music on 24th Street. Without sufficient mitigation and community benefits, problems such as these will only get worse with the influx of hundreds more "gentrifiers", all to the detriment of the residents, businesses, and nonprofits that the City said it wanted to protect when it created the LCD. As we have seen on Valencia Street we can foresee gentrifiers requesting the police to move Latino youths, and adults, off "their" street corners.

Impacts such as these should be evaluated and adequate mitigation measures put in place before considering the proposed project and other projects so affecting the LCD. Whether you care to view this in terms of CEQA, for the purpose of consistency (or inconsistency) with the Eastern Neighborhoods Plan, for the purpose of evaluating socioeconomic impacts under MAP 2020, or for the policy purposes enunciated in the creation of the LCD, it is imperative that these issues be analyzed before any project can be approved.

THE ENVIRONMENTAL REVIEW IS INADEQUATE

The proposed project received a Community Plan Exemption based on the Eastern Neighborhoods PEIR. This exemption was in error because 1) the eight-year-old PEIR is no longer viable due to unanticipated circumstances on the ground, and 2) the PEIR did not consider impacts on the LCD because the LCD did not exist at the time of the PEIR.

Substantial New Information Negates the Exemption From Environmental Review.

The Department has issued a Community Plan Exemption which allows the Department to use the Eastern Neighborhoods Plan EIR (PEIR) instead of a project EIR - except with respect to areas of concern unique to the project. The use of the PEIR in this way presupposes that it is sufficiently current to address all areas required under CEQA.

Unfortunately, circumstances on the ground have rendered the 2008 PEIR out of date, and it cannot be a reliable measure of environmental impacts of market rate development in the Mission. It is well recognized that the Mission has already experienced extensive displacement of its residents, so much so, that it is now in an advanced stage gentrification. <http://missionlocal.org/2015/09/sf-mission-gentrification-advanced/> Should the project proceed, it will cause significant economic and social changes in the immediate area that will result in physical changes, not the least of which is displacement of residents and businesses which will affect air quality, traffic and transportation, as well as negative impacts on the Cultural District. (See CEQA guidelines, 15604 (e).

The demand for affordable housing has increased significantly since the PEIR, and the glut of luxury housing only makes matters worse. A 2007 Nexus Study, commissioned by the Planning Department, concluded that the production of 100 market rate rental units generates a demand of 19.44 lower income households through goods and services demanded by the market rate tenants. [These conclusions were made in 2007, well before housing prices began their steep upward trajectory. Today, new "market rate" two bedroom apartments rented in the Mission begin at about \$6,000 per month – requiring an annual household income of \$240,000.] At the time, the PEIR anticipated a 15% inclusionary rate. The current Nexus study waiting to be released is expected to show a demand of 28 affordable units for every 100 built. With a 12% inclusionary rate, there is a need for 16 additional affordable units per hundred market rate units produced. (28 minus 12 = 16) This was not anticipated in the PEIR. One must

to ask: how will these low income households created by the demand of market rate units live? and how will they get to work? School? Services? and what is the impact on air quality and transportation? These questions should be addressed by the Department.

When substantial new information becomes available, CEQA Guidelines require comprehensive analysis of these issues. (CEQA Guidelines Sec. 15183). The situation on the ground has changed substantially since the PEIR was prepared in 2008.

- The PEIR did not anticipate the “advanced gentrification” of the neighborhood, along with the extensive displacement of Latino families and businesses, the reverse commute to distant areas, and that impact on greenhouse gas emissions and on traffic congestion.
- Along similar lines, at the time the PEIR was prepared, research regarding the extent of increased automobile traffic and greenhouse gas emissions was not available. There is now solid evidence that upper income residents are twice as likely to own a car and half as likely to use public transit. (See Exhibit 3)
- The unanticipated additional demand for affordable housing due to the overbuild of luxury housing.
- The unexpected disappearance of Redevelopment money to fund affordable housing, without new resources compensating for the loss.
- Notably with respect to this proposed project, the PEIR did not, nor could it have considered the impact of a project on the LCD because the LCD did not exist at the time. Where, as here, the offsite or cumulative impacts were not discussed in the prior PEIR, the exemption provided by Section 15183 does not apply. (See 15183(j))
- The PEIR was prepared during a recessionary period. Since then, both rents and evictions have increased dramatically, especially impacting the Mission. This has led to the development of luxury units and high end retail that was not anticipated in the PEIR.
- The PEIR assumed that the Eastern Neighborhoods Plan and the Mission Plan would meet their goals of providing over 60% low, moderate, and middle income housing. This goal has not come close to materializing, further exacerbating the problems of displacement.
- The PEIR did not anticipate the impact of tech shuttles from a traffic standpoint, nor from that of the demand for housing. The specter of living within a few blocks of a

free ride to work has caused many tech employees to move to areas where the shuttles stop – predominantly in the Mission. As such we have high earning employees exacerbating the already high demand for housing. The anti-eviction mapping project has documented the connection between shuttle stops and higher incidences of no fault evictions. (<http://www.antievictionmappingproject.net/techbusevictions.html>)

- The cumulative housing production in the Mission (built and in the pipeline) now exceeds projections under any of the three scenarios envisioned when the Eastern Neighborhoods Plan created. According to Planning Department Data, projects containing 2,451 housing units have either been completed or are under environmental review as of 2/23/16. Option A of the PEIR envisioned 782 units, Option B 1,118 units and Option C 2054 units, with a Preferred Project at 1696 units.

These changed circumstances render the current PEIR obsolete. Further, cumulative impacts have not been adequately addressed due to the obsolescence of the PEIR. The Community Plan Exemption is therefore no longer relevant.

The Impact of the Proposed Project on the Calle 24 Latino Cultural District is Subject to Environmental Review.

In addition to the foregoing, the environment impact of the proposed project on the LCD is required because the LCD was not considered in the PEIR. CEQA defines “environment” as “the physical conditions which exist within the area which will be affected by a proposed project, including land, air, water, minerals, flora, fauna, noise, and objects of historic or aesthetic significance.” 14 CCR Sec. 15131(a). See e.g. *Eureka Citizens for Responsible Government v City of Eureka* (2007) 147 Cal.App.4th 357, 363. The LCD falls under CEQA because (1) it is “historic” as defined in the Public Resources Code and the CCR and (2) there are indirect physical impacts of” in that it causes greenhouse gas emissions and exacerbates already strained transportation infrastructure.

Lead agencies have the responsibility to evaluate projects against the CRHR criteria prior to making a finding as to a proposed project’s impacts to historical resources (California Public Resources Code, Section 21084.1). A historical resource is defined as any object, building, structure, site, area, place, record, or manuscript that: a) Is historically or archaeologically significant, or is significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, or cultural annals of California; and b) Meets any of the following criteria: (1) Is associated with events that have made a significant contribution to the broad patterns of California’s history and cultural heritage; (2) Is associated with the lives of persons important in our past; (3) Embodies the distinctive characteristics of a type, period, region, or method of construction, or represents the work of an important creative individual, or possesses high artistic values; or (4) Has yielded, or may be likely to yield, information important in

prehistory or history (14 CCR 15064.5(a)(3)). These businesses and nonprofits in the LCD have been recognized as an important cultural and commercial resource for the City whose “richness of culture, history and entrepreneurship is unrivaled in San Francisco.”

The near and long term preservation and enhancement of the LCD is a stated goal of the City. This, of necessity, includes the physical presence of its residents, businesses, and non-profits, which we submit are endangered by the extensive market rate development slated for the area. The displacement, whether direct, or indirect (i.e. via gentrification) certainly will have a physical effect on the environment because increased commuting distances for the displaced will result in greenhouse gas emissions. (See checklist in Appendix G of the Guidelines). Due to the unexpected rise in rents throughout the Bay Area, displaced residents are now required to commute distances as far as Vallejo and Tracy, distances was not contemplated in the PEIR for the Eastern Neighborhoods.

Finally, the displacement created by this project will also create negative health impacts on those facing displacement as well as the threat of displacement. The Centers for Disease Control and Prevention website stats that “displacement has many health implications that contribute to disparities among special populations, including poor, women, children, the elderly, and members of racial/ethnic minority groups.” (Health Effects of Gentrification, <https://www.cdc.gov/healthyplaces/healthtopics/gentrification.htm>)

There is substantial evidence that continued disproportionately luxury development in the LCD (as well as the rest of the Mission) will result in more reverse commutes, significantly higher levels of car ownership by new residents. Moreover, there is strong reason to believe that historic, cultural and aesthetic resources, such as Latino-owned businesses and non-profits, including entities such as La Galeria de La Raza will be impaired as a result of this rampant development.

Cumulative Impacts of Market Rate Development on the Calle 24 Latino Cultural District Should be Examined.

As previously mentioned, the impacts from the proposed project cannot be examined in isolation. The proposed project is not constructed inside a bubble. Both the project and its residents interact with the immediate community in multiple ways. Similarly, the environmental impacts of this project cannot be examined apart from other proposed projects currently in the pipeline. Proposed projects located within the boundaries of the LCD are: 1515 South Van Ness (140 market rate units), 3314 Cesar Chavez (52 units), 2600 Harrison St. (20), 2799 24th St. (8), and 3357 26th St. (8). Proposed projects immediately adjacent to the LCD are: 1198 Valencia St. (52 units), 2918 Mission St. (38), 1298 Valencia St. (35), 2600 Mission (20). Two blocks from the LCD is 2000-2070 Bryant Street (195 units). Additional proposed projects are likely to be added to the pipeline as planning continues to give the green light to market rate developers.

Under Public Resources Code Section 21083 subdivision (b)(2).) "The possible effects of a project are individually limited but cumulatively considerable. As used in this paragraph 'cumulatively considerable' means that the incremental effects of an individual project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects." Stated otherwise, a lead agency shall require an EIR be prepared for a project when the record contains substantial evidence that the "project has possible environmental effects that are individually limited but cumulatively considerable." (Guidelines section 15065 subdivision (a) (3).)

Therefore, the impact of the proposed project (consisting of 98 market rate units) should be evaluated in conjunction with the cumulative impacts it and the additional 568 units would have on the LCD. Without such an evaluation, the Commission will lack information that would allow an adequate, accurate, or complete assessment for CEQA purpose.

CONDITIONAL USE SHOULD BE DENIED

In addition to exemption from environmental review, the applicant is seeking Condition Use authorization. The proposed project involves the consolidation of three lots, each zoned differently (RH-2, RH-3 and UMU). Conditional Use is being sought for exemption from 1) rear yard requirements (PC Sec. 134), 2) dwelling unit exposure (PC Sec. 140), 3) off-street freight loading (PC Sec. 152.1, and 4) horizontal mass reduction (PC Section 270.1). Conditional use is also required under the Interim Controls instituted by the Commission on January 14, 2016.

Planning Code Section 303(c)(1) requires a grant of conditional use only upon a finding that "the proposed use or feature, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable for, and compatible with, the neighborhood or the community."

The project as proposed is not necessary or desirable for and compatible with the community. Conditional use should be denied for several reasons: 1) the project is inconsistent with the stated purposes of the Eastern Neighborhoods Plan and the Mission Plan, 2) the proposed project does not comply with Interim Controls or MAP 2020 guidelines.

The Proposed Project is Inconsistent with the Stated Purposes of the Eastern Neighborhoods Plan and the Mission Plan.

In evaluating the desirability of the proposed project, the Commission should evaluate it in light of its inconsistency with the objectives of the Eastern Neighborhoods and Mission Plans. The EIR for the Eastern Neighborhoods Plan reflected the Eastern Neighborhood objectives as follows:

- *Reflect Local Values:* To develop a rezoning proposal that reflects the land use needs and priorities of each neighborhoods' stakeholders and that meets citywide goals for residential and industrial land use.

- *Increase Housing:* To identify appropriate locations for housing in the City's industrially zoned land to meet a citywide need for more housing, and affordable housing in particular. (emphasis supplied)

- *Maintain Some Industrial Land Supply:* To retain an adequate supply of industrial land to meet the current and future needs of the City's production, distribution, and repair businesses and the city's economy.

- *Improve the Quality of All Existing Areas with Future Development:* To improve the quality of the residential and nonresidential places that future development will create over that which would occur under the existing zoning.

The Mission Area Plan was even more specific in its land use policy: to protect "established areas of residential, commercial, and PDR, and ensuring that areas that have become mixed-use over time develop in such a way that they contribute positively to the neighborhood. A place for living and working also means a place where affordably priced housing is made available, a diverse array of jobs is protected, and where goods and services are oriented to the needs of the community."

Mission-wide goals include:

- Increase the amount of affordable housing.
- Preserve and enhance the existing Production, Distribution and Repair businesses.
- Preserve and enhance the unique character of the Mission's distinct commercial areas.
- Minimize displacement.

In light of these goals, the Commission must consider; 1) the proposed project's removal of 25,000 square feet of PDR, 2) the provision of 98 luxury units as against only 19 affordable, 3) the impacts on the LCD, and 4) the merits, or lack of merits of the exemptions that the applicant is seeking.

The Proposed Project Does Not Comply with Interim Controls or MAP 2020 Objectives.

Under the Interim Controls, the sponsor is required to evaluate, from a socio-economic perspective, how the proposed project would affect existing and future residents, business and community serving providers in the area. (Interim Controls, IV.C(1)). The sponsor completely

avoided any meaningful evaluation, and made no mention of the potential impact on the LDC. Instead, the sponsor described the population changes in the Mission as a whole, including the continued decimation of Latino households in the Mission. The sponsor's report concluded that the proposed project will "not impact" the demographic changes occurring in the Mission. There is no credible data that supports this, and again, all the more reason why cumulative impacts of luxury development in the Latino Cultural District should be studied.

In the preamble to the Interim Controls, the Commission found that they were consistent with the eight priority policies of section 101.1 of the Planning Code including: 1) preserving and enhancing neighborhood employment and ownership of neighborhood-serving businesses; 2) preserving, existing neighborhood character and economic and cultural diversity; and 3) preserving and enhancing affordable housing.

Likewise, the stated purpose of the MAP 2020 Planning Process is to "retain low to moderate income residents and community-serving businesses (including Production, Distribution, and Repair) artists and nonprofits in order to strengthen and preserve the socioeconomic diversity of the Mission neighborhoods".

The cumulative impacts of this and other predominantly luxury development projects create a result 180 degrees opposite the purposes of Interim Controls and the MAP 2020 process. The commission cannot make an informed decision as to whether the project, both individually and cumulatively, is "necessary or desirable For that reason, the Commission should require evaluation of these impacts in light o

Evaluation Requested.

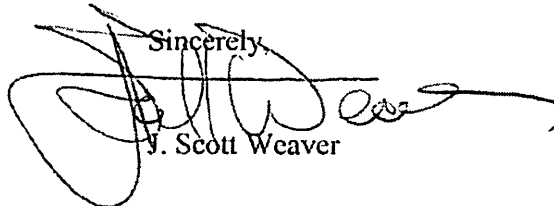
In addition to whatever evaluation that the Department may deem appropriate, we are requesting that the Department evaluate the proposed project, both individually and cumulatively, with respect to the potential impacts of the extensive market rate development on the existing residents, businesses, and non-profits in the Calle 24 Latino Cultural District. This inquiry should address the concerns stated above and include, but not be limited to, the following:

- The amount of income that households will be required to have in order to afford the market rents of the proposed project.
- The amount of anticipated disposable income of the households moving into the market rate units at the proposed project.

Planning Commission
July 29, 2016
Page Eleven

- The consumer preferences for goods and services of households moving into the market rate units at the proposed project, as compared to those Latino residents in the LCD earning 50% AMI.
- The potential venues where those consumer preferences are likely to be met.
- The short and long term impacts on neighborhood serving Latino businesses that new market rent paying households, with higher disposable incomes, will have on commercial rents in the Latino Cultural District – both from the standpoint of the proposed project and from the standpoint of the cumulative impact of the projects listed above.
- The short and long term impact that rents at the proposed project (and cumulative proposed projects) will have on rents of vacant resident units in the immediate areas.
- The short and long term impact that the proposed project (and cumulative proposed projects) will have on displacement of Latinos and families now living in the Calle 24 Latino Cultural District.
- The housing alternatives of residents now living in the Calle 24 Latino Cultural District should they be displaced.
- The short and long term impact that the proposed project (and cumulative proposed projects) will have on the percentage of Latino residents and businesses living and working in the Calle 24 Latino Cultural District.
- Mitigation alternatives that, if employed, would stabilize commercial rents in the Latino Cultural District.

In light of the foregoing, you are requested to undertake the evaluation requested before considering the proposed project, or any of the other projects listed above that would have an impact on the Calle 24 Latino Cultural District.

Sincerely,

J. Scott Weaver

JSW:sme
cc Calle 24 Latino Cultural District Community Council
bcc numerous

Exhibit 1: Resolution Establishing Calle 24 Latino Cultural District

http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/committees/materials/LU051914_140421.pdf

Exhibit 2: Report Prepared by Calle 24 Latino Cultural District Community Council

<http://www.calle24sf.org/wp-content/uploads/2016/02/LCD-final-report.pdf>

Exhibit 3: Why Creating and Preserving Affordable Homes Near Transit is an Effective Climate Change Strategy

<http://chpc.net/wp-content/uploads/2015/11/4-AffordableTODResearchUpdate070114.pdf>

West Bay Law
Law Office of J. Scott Weaver

June 23, 2016

Via U.S. Mail and email

Richard Sucre
Jeff Joslin
San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103

Richard.sucre@sfgov.org

Jeff.joslin@sfgov.org

Re: Case No. 2014-000601ENV – 2675 Folsom St. and 790 Treat

Dear Mr. Sucre and Mr. Joslin,

I am writing on behalf of the Calle 24 Latino Cultural District, an organization consisting of businesses, residents, and nonprofits living and working along the 24th Street corridor. In May of 2014, the Mayor and Board of Supervisors designated the geographic area between Mission and Potrero Avenue, 22nd Street and Cesar Chavez Blvd. as the Calle 24 Latino Cultural District. For clarity sake, this geographic area will hereafter be referred to as the “LCD.” I am writing to express my concern regarding the likely impact that the project proposed for 2675 Folsom Street will have on the existing businesses, residents, and nonprofits in the LCD, both short term and over time.

The proposed project cannot be considered solely inside the bubble in which it is built. It will add 98 “market rate” households to the neighborhood, households many of whose incomes will exceed 200% AMI – that’s 4 times the AMI of adjoining census tracts. In so doing, it would put in place economic forces that will adversely affect the neighborhood. These high earning households will interact with the neighborhood on a daily basis, creating demands for high end services and products, and thereby putting existing businesses – many of whom are on short term leases – at risk. Likewise, the proposed project will exacerbate demand for affordable housing (see reference to Nexus Analysis below). As we have seen over and over again, the economic climate created by such gentrification will provide landlords with incentives to displace residents using various means at their disposal (including Ellis Act Evictions, OMI evictions, or more commonly, threats and harassment).

Richard Sucre
Jeff Joslin
June 23, 2016
Page Two

Compounding this problem is the fact that several other projects are now proposed that are either in or adjacent to the LCD. This proposed development is one of several that will bring into the Mission approximately 500 high earning households and create an economic force that will be impossible for commercial and residential landlords to resist. Anyone skeptical of this impact need only to look at the changes on Valencia Street between 17th and 21st Streets, where less than 100 market rate units have been built, but visible gentrification has occurred. Thus, the cumulative impacts of these proposed projects must be assessed.

We know that those displaced residents and businesses will no longer be able to afford residential or business leases in the Mission. We have seen displaced residents forced to move to far reaches of Northern California, Vallejo, Antioch, Tracy, Sacramento and even Modesto. Many with ties to the community must make long commutes to their places of employment, their children's schools, and to services that are not otherwise available in these further locales. At the very least, the cumulative impacts of these projects creates an indirect physical impact on the environment in terms of greenhouse gases and traffic congestion, and thus implicates a CEQA analysis.

These likely impacts should be evaluated and adequate mitigation measures put in place before considering the proposed project and other projects so affecting the LCD. Whether you care to view this in terms of CEQA, for the purpose of consistency (or inconsistency) with the Eastern Neighborhoods Plan, for the purpose of evaluating socioeconomic impacts under MAP 2020, or for the policy purposes enunciated in the creation of the LCD, it is imperative that these issues be analyzed before any project can be approved.

Substantial New Information Negates the Exemption From Environmental Review.

The Department has issued a Community Plan Exemption which allows the Department to use the Eastern Neighborhoods Plan EIR (PEIR) instead of a project EIR - except with respect to areas of concern unique to the project. The use of the PEIR in this way presupposes that it is sufficiently current to address all areas required under CEQA.

Unfortunately, circumstances on the ground have rendered the 2008 PEIR out of date, and it cannot be a reliable measure of environmental impacts of market rate development in the Mission. It is well recognized that the Mission has already experienced extensive displacement of its residents, so much so, that it is now in an advanced stage gentrification. <http://missionlocal.org/2015/09/sf-mission-gentrification-advanced/> Should the project proceed, it will cause significant economic and social changes in the immediate area that will result in physical changes, not the least of which is displacement of

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residents and businesses which will affect air quality, traffic and transportation, as well as negative impacts on the Cultural District. (See CEQA guidelines, 15604 (e)).

A 2007 Nexus Study, commissioned by the Planning Department, concluded that the production of 100 market rate rental units generates a demand of 19.44 lower income households through goods and services demanded by the market rate tenants. [These conclusions were made in 2007, well before housing prices began their steep upward trajectory. Today, new "market rate" two bedroom apartments rented in the Mission begin at about \$6,000 per month – requiring an annual household income of \$240,000.] At the time, the PEIR anticipated a 15% inclusionary rate. The current Nexus study waiting to be released is expected to show a demand of 28 affordable units for every 100 built. With a 12% inclusionary rate, there is a need for 16 additional affordable units per hundred market rate units produced. (28 minus 12 = 16) This was not anticipated in the PEIR. One must ask: how will these low income households created by the demand of market rate units live? and how will they get to work? School? Services? and what is the impact on air quality and transportation? These questions should be addressed by the Department.

When substantial new information becomes available, CEQA Guidelines require comprehensive analysis of these issues. (CEQA Guidelines Sec. 15183). The situation on the ground has changed substantially since the PEIR was prepared in 2008.

- The unanticipated additional demand for affordable housing as described above.
- Notably with respect to this proposed project, the PEIR did not, nor could it have considered the impact of a project on the LCD because the LCD did not exist at the time. Where, as here, the offsite or cumulative impacts were not discussed in the prior PEIR, the exemption provided by Section 15183 does not apply. (See 15183(j))
- The PEIR was prepared during a recessionary period. Since then, both rents and evictions have increased dramatically, especially impacting the Mission. This has led to the development of luxury units and high end retail that was not anticipated in the PEIR.
- The PEIR did not anticipate the "advanced gentrification" of the neighborhood, along with the extensive displacement of Latino families and businesses, the reverse commute to distant areas, and that impact on greenhouse gas emissions and on traffic congestion.
- The PEIR assumed that the Eastern Neighborhoods Plan and the Mission Plan would meet their goals of providing over 60% low, moderate, and middle income

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housing. This goal has not come close to materializing, further exacerbating the problems of displacement.

- The PEIR did not anticipate the impact of tech shuttles from a traffic standpoint, nor from that of the demand for housing. The specter of living within a few blocks of a free ride to work has caused many tech employees to move to areas where the shuttles stop – predominantly in the Mission. As such we have high earning employees exacerbating the already high demand for housing. The anti-eviction mapping project has documented the connection between shuttle stops and higher incidences of nofault evictions. (see <http://www.antienvictionmappingproject.net/techbusevictions.html>)
- Finally, the production of housing in the Mission both built and in the pipeline now exceeds projections under any of the three scenarios envisioned when the Eastern Neighborhoods Plan created. According to Planning Department Data, projects containing 2,451 housing units have either been completed or are under environmental review as of 2/23/16. Option A of the EIR envisioned 782 units, Option B 1,118 units and Option C 2054 units, with a Preferred Project at 1696 units. As such, the environmental impacts of the proposed project has not been evaluated from a cumulative standpoint.

These changed circumstances render the current PEIR obsolete. The Community Plan Exemption is therefore no longer relevant.

The Impact of the Proposed Project on the Calle 24 Latino Cultural District is Subject to Environmental Review.

CEQA defines “environment” as “the physical conditions which exist within the area which will be affected by a proposed project, including land, air, water, minerals, flora, fauna, noise, and objects of historic or aesthetic significance.” 14 CCR Sec. 15131(a). See eg. *Eureka Citizens for Responsible Government v City of Eureka* (2007) 147 Cal.App.4th 357, 363. The LCD falls under CEQA because (1) it is both “physical” in terms of the buildings, its residents, the businesses, and the nonprofits, and (2) it is “historic” as defined in the Public Resources Code and the CCR. Further, the indirect impacts of displacement are “environmental” in that the displacement causes greenhouse gas emissions and exacerbates already strained transportation infrastructure.

The near and long term preservation and enhancement of the LCD is a stated goal of the City. This, of necessity, includes the physical presence of its residents, businesses, and non-profits, which we submit are endangered by the extensive market rate development slated for the area. The displacement, whether direct, or indirect (i.e. via gentrification) certainly will

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have a physical effect on the environment because increased commuting distances for the displaced will result in greenhouse gas emissions. (See checklist in Appendix G of the Guidelines). Due to the unexpected rise in rents throughout the Bay Area, displaced residents are now required to commute distances as far as Vallejo and Tracy, distances we do not

believe was contemplated in the PEIR for the Eastern Neighborhoods.

Lead agencies have the responsibility to evaluate projects against the CRHR criteria prior to making a finding as to a proposed project's impacts to historical resources (California Public Resources Code, Section 21084.1). A historical resource is defined as any object, building, structure, site, area, place, record, or manuscript that: a) Is historically or archaeologically significant, or is significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, or cultural annals of California; and b) Meets any of the following criteria: (1) Is associated with events that have made a significant contribution to the broad patterns of California's history and cultural heritage; (2) Is associated with the lives of persons important in our past; (3) Embodies the distinctive characteristics of a type, period, region, or method of construction, or represents the work of an important creative individual, or possesses high artistic values; or (4) Has yielded, or may be likely to yield, information important in prehistory or history (14 CCR 15064.5(a)(3)). These businesses and nonprofits in the LCD have been recognized as an important cultural and commercial resource for the City.

The businesses and nonprofits in the LCD have been recognized as an important cultural and commercial resource for the City. The Ordinance creating the LCD noted that "The Calle 24 Latino Cultural District memorializes a place whose richness of culture, history and entrepreneurship is unrivaled in San Francisco." The District was established "to stabilize the displacement of Latino Businesses, and residents, preserve Calle 24 as the center of Latino culture and commerce, enhance the unique nature of Calle 24 as a special place for San Francisco's residents and tourists, . . ." and that its contribution will provide "cultural visibility, vibrancy, and economic opportunity for Latinos in the City and County of San Francisco."

Unfortunately, we have begun to see the impact of demographic changes along the LCD, without significant market rate development, the proposed project, along with the 540 other units in the pipeline will make the intersection of class, race, and culture, further impair the viability of the LCD. For instance, at a proposed project on 24th and York, the owner plans to build 12 condo townhomes which will cover a mural that has been on there over 30 years and is part of the Precita eyes mural tours. The famous Carlos Santana mural on 22nd and South Van Ness was completely covered when the lot in front built housing. In balmy alley new owners of a property wanted to remodel and add a second unit which faced balmy ally, covering a 40 year old mural.

More disturbing has been complaints against neighboring Latino owned businesses from the owner and residents of the Vida on Mission Street. A group of new residents on

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Harrison St. calling themselves “the gang of five” said they would sue to stop Carnival. During Sunday Streets on 24th a group of neighbors did not want the low riders on Harrison Street, saying that they were intimidated by them. Additionally, neighbors have complained about “Mexican” music on 24th Street. Problems such as these will only get worse with the influx of hundreds more “gentrifiers”, all to the detriment of the residents, businesses, and nonprofits that the City said it wanted to protect when it created the LCD. As we have seen on Valencia Street we can foresee gentrifiers requesting the police to move Latino youths, and adults, off “their” street corners.

The proposed project itself will result in the influx of approximately 98 households earning 200% AMI. In the pipeline are projects proposing over 200 units within the LCD (in addition to the 98 units proposed), and 350 proposed market rate units adjacent to the LCD. It is no leap of faith to anticipate that the proposed project will, both individually and cumulatively, result in higher rents on properties within the LCD. High wage earners have much more disposable income than most residents of the area. According to 2009-2013 census estimates, the median income for residents in the census tract on which the proposed project site is situated was \$51,510 (or 50% Median Income for a family of four). In addition to having significantly more disposable incomes and ability to purchase higher priced goods and services, these newcomers are more likely to have different consumer preferences, affecting both price and the nature of the goods and services provided by businesses in the 24th Street corridor. We might ask “how can the City provide economic opportunities for Latinos if its land use policies and practices price Latinos out of the market?” We only need look at Valencia Street to see how, with only modest market rate development (currently, about 100 units) fortifies the influx of higher wage earners and impacts a commercial corridor, substituting for mom and pop businesses with high end restaurants and clothing stores. Envisioning a similar result along 24th Street is reasonably foreseeable and must be guarded against.

Cumulative Impacts of Market Rate Development on the Calle 24 Latino Cultural District Should be Examined.

As previously mentioned, the impacts from the proposed project cannot be examined in isolation. The proposed project is not constructed inside a bubble. Both the project and its residents interact with the immediate community in multiple ways. Similarly, the environmental impacts of this project cannot be examined apart from other proposed projects currently in the pipeline. Proposed projects located within the boundaries of the LCD are: 1515 South Van Ness (140 market rate units), 3314 Cesar Chavez (52 units), 2600 Harrison St. (20), 2799 24th St. (8), and 3357 26th St. (8). Proposed projects immediately adjacent to the LCD are: 1198 Valencia St. (52 units), 2918 Mission St. (38), 1298 Valencia St. (35), 2600 Mission (20). Two blocks from the LCD is 2000-2070 Bryant Street (195 units). Additional proposed projects are likely to be added to the pipeline as planning continues to give the green light to market rate developers.

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Under Public Resources Code Section 21083 subdivision (b)(2).) "The possible effects of a project are individually limited but cumulatively considerable. As used in this paragraph 'cumulatively considerable' means that the incremental effects of an individual project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects." Stated otherwise, a lead agency shall require an EIR be prepared for a project when the record contains substantial evidence that the "project has possible environmental effects that are individually limited but cumulatively considerable." (Guidelines section 15065 subdivision (a) (3).)

Therefore, the impact of the proposed project (consisting of 98 market rate units) should be evaluated in conjunction with the cumulative impacts it and the additional 586 units would have on the LCD.

Evaluation Requested.

In addition to whatever evaluation that the Department may deem appropriate, we are requesting that the Department evaluate the proposed project, both individually and cumulatively, with respect to the potential impacts of the extensive market rate development on the existing residents, businesses, and non-profits in the Calle 24 Latino Cultural District. This inquiry should address the concerns stated above and include, but not be limited to, the following:

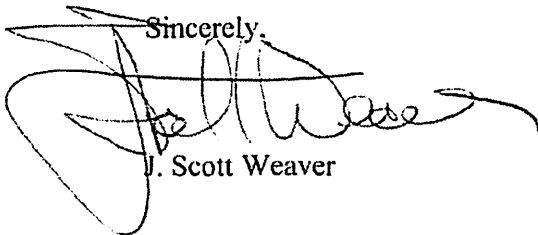
- The amount of income that households will be required to have in order to afford the market rents of the proposed project.
- The amount of anticipated disposable income of the households moving into the market rate units at the proposed project.
- The consumer preferences for goods and services of households moving into the market rate units at the proposed project, as compared to those Latino residents in the LCD earning 50% AML.
- The potential venues where those consumer preferences are likely to be met.
- The short and long term impacts on neighborhood serving Latino businesses that new market rent paying households, with higher disposable incomes, will have on commercial rents in the Latino Cultural District – both from the standpoint of the proposed project and from the standpoint of the cumulative impact of the projects listed above.

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- The short and long term impact that rents at the proposed project (and cumulative proposed projects) will have on rents of vacant resident units in the immediate areas.
- The short and long term impact that the proposed project (and cumulative proposed projects) will have on displacement of Latinos and families now living in the Calle 24 Latino Cultural District.
- The housing alternatives of residents now living in the Calle 24 Latino Cultural District should they be displaced.
- The short and long term impact that the proposed project (and cumulative proposed projects) will have on the percentage of Latino residents and businesses living and working in the Calle 24 Latino Cultural District.
- Mitigation alternatives that, if employed, would stabilize commercial rents in the Latino Cultural District.

I have not had the opportunity to thoroughly discuss all the potential issues that would inform the impacts of the proposed project both individually and cumulatively and may request that you add to this inquiry in the future.

In light of the foregoing, you are requested to undertake the evaluation requested before considering the proposed project, or any of the other projects listed above that would have an impact on the Calle 24 Latino Cultural District. At your convenience, please let me know if the Department intends to undertake this evaluation as requested.

Sincerely,

J. Scott Weaver

Jsw:sme

cc. Calle 24 Latino Cultural District
Our Mission No Eviction
PODER
MEDA
John Rahaim
Members, San Francisco Planning Commission
Members, San Francisco Board of Supervisors

< 506 Results for sheila

FYI: Sup Campos Request for Continuance of Latino Cultural District Projects**From:** Chung Hagen, Sheila (BOS) <sheila.chung.hagen@sfgov.org>**To:** jscottweaver <jscottweaver@aol.com>**Date:** Wed, Aug 3, 2016 4:47 pm**From:** Chung Hagen, Sheila (BOS)**Sent:** Wednesday, August 03, 2016 3:59 PM**To:** Secretary, Commissions (CPC) <commissions.secretary@sfgov.org>**Cc:** Campos, David (BOS) <david.campos@sfgov.org>; Rahaim, John (CPC) <john.rahaim@sfgov.org>**Subject:** Sup Campos Request for Continuance of Latino Cultural District Projects

Please see letter below from Supervisor David Campos.

.....
Sheila Chung Hagen

Legislative Aide

Office of Supervisor David Campos

415-554-5144 | sheila.chung.hagen@sfgov.org

Planning Commission

San Francisco Planning Department

1650 Mission Street, Suite 400

San Francisco, CA 94103

SENT VIA EMAIL TO Commissions.Secretary@sfgov.org

August 3, 2016

Re: Request for continuance of Latino Cultural District projects

Dear Commissioners:

As the lead sponsor of the Board of Supervisors resolution that created the Calle 24 Latino Cultural District, I have worked with the Calle 24 Council and other community stakeholders to strengthen and preserve the Cultural District. Currently, there are three market rate development projects that the Commission will be considering within the next two weeks. They are 2675 Folsom Street (August 4), 1515 South Van Ness Avenue, and 2600 Harrison Street (both on August 11). These and several market rate projects in and next to the cultural district could transform the district and threaten to displace long-time residents, businesses, and non-profits.

The Calle 24 Latino Cultural District is a recognized treasure of this City and was created to preserve and enhance the vibrancy of Latino culture there. Before approval, the Planning Department should consider the impacts of these projects on the Latino Cultural District and develop measures that will mitigate those impacts.

The Interim Control Reports prepared by project sponsors do not discuss the short- and long-term demographic impacts of their projects in the context of the Latino Cultural District. First, the project sponsors are not asked to address impacts on the Cultural District, but rather the Mission as a whole. Second, there are no recognized studies evaluating impacts on the Cultural District in particular, and therefore a sponsor is unable to discuss impacts in the immediate area. This is a significant shortcoming. The recent study by the U.C. Berkeley Urban Displacement Project concluded that more detailed analysis is needed "to clarify the complex relationship between development, affordability, and displacement at a local scale." It concluded by stressing the importance of stabilizing vulnerable communities as well as producing affordable and market rate housing. Finally, and perhaps most importantly, the Interim Control Reports do not address cumulative demographic changes that multiple market rate projects in the area would have on the Cultural District.

The Planning Department has already recognized the importance of strengthening and preserving the socioeconomic diversity of the Mission neighborhood through its leadership on the Mission Action Plan 2020 (MAP 2020). I have requested that the Planning Department, in collaboration with MAP 2020 stakeholders, evaluate the impacts of these demographic changes on the Latino Cultural District and suggest mitigations that will ensure the long-term stability of the District. In particular, I have asked for an analysis of the potential impact of the pipeline projects within the Cultural District on:

- existing, neighborhood-serving businesses
- the displacement of current residents
- the affordability of rents for low- and middle-income residents
- the Latino community living and working in the Cultural District

I ask that you please continue consideration of any projects within the Calle 24 Latino Cultural District until this analysis is complete. I believe that it is critical for the Planning Commission, the Planning Department, and the Board of Supervisors to understand the impact of its decisions on the Cultural District.

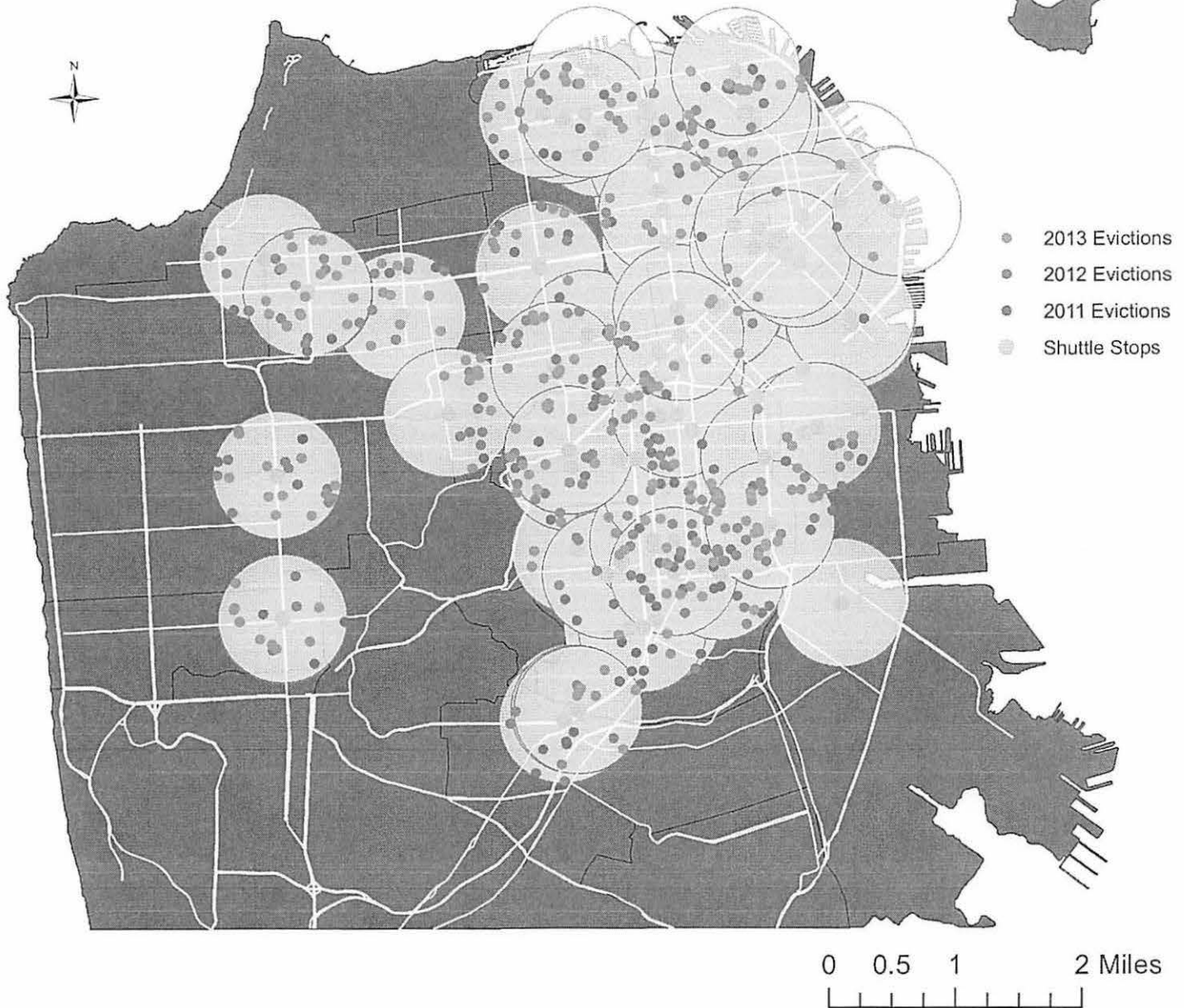
10/12/2016

AOL Mail - Message View

Sincerely,

David Campos
Supervisor, District 9

Evictions Near Shuttle Stops 2011-2013



Overall:

No-Fault Evictions increased 42% between 2011 and 2012.
No-Fault Evictions increased 57% between 2012 and 2013.

**69% of No-Fault Evictions each year occurred
within four blocks of known shuttle stops.**



SAN FRANCISCO PLANNING DEPARTMENT

Certificate of Determination EXEMPTION FROM ENVIRONMENTAL REVIEW

Case No.: 2014-000601ENV
Project Address: 2675 Folsom Street
Zoning: RH-3 (Residential - House, Three Family)
UMU (Urban Mixed Use)
40-X Height and Bulk District
Block/Lot: 3639/006 and 3639/007
Lot Size: 25,322 sq ft
Plan Area: Eastern Neighborhoods Area Plan
Project Sponsor: Muhammad Nadhiri, Axis Development Corporation, (415) 992-6997
Staff Contact: Justin Horner (415) 575-9023, justin.horner@sfgov.org

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PROJECT DESCRIPTION

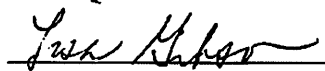
The project site is located on three lots between 22nd Street and 23rd Streets along Folsom Street and Treat Avenue in the Mission neighborhood, adjacent to Parque Ninos Unidos. The project site is occupied by three (3) 25-foot-tall, two-story warehouse and storage structures totaling 21,599 square feet with surface parking and storage areas. The existing buildings were constructed in 1952 and are currently a restaurant supply warehouse. The proposed project involves the demolition of the existing structures and the construction of a 4-story-over-basement, 40-foot-tall residential building. The proposed building would include 117 residential units. The proposed mix of units would be 24 studio units, 46 1-bedroom units, 45 two-bedroom units and 2 3-bedroom units. The proposed building would include 118 Class I bicycle spaces on the basement level. Ninety off-street parking spaces are proposed. Pedestrian and bicycle access would be from Folsom Street and Treat Avenue and the proposed project includes a dawn-to-dusk publically-accessible mid-block connection between Folsom Street and Treat Avenue. The proposed project would involve excavation of up to approximately 23.5 feet below ground surface and 21,335 cubic yards of soil is proposed to be removed. The project proposes a common roof deck, a 2,681 square foot private inner courtyard and a 20 foot wide public dawn-to-dusk midblock passage between Folsom Street and Treat Avenue. The project site is located within the Mission area of the Eastern Neighborhoods Plan Area.

EXEMPT STATUS

Exempt per Section 15183 of the California Environmental Quality Act (CEQA) Guidelines and California Public Resources Code Section 21083.3

DETERMINATION

I do hereby certify that the above determination has been made pursuant to State and Local requirements.

for 
SARAH B. JONES
Environmental Review Officer

6/27/16
Date

cc: Muhammad Nadhiri, Project Sponsor; Supervisor Campos, District 9; Rich Sucre, Current Planning Division; Virna Byrd, M.D.F.; Exemption/Exclusion File

PROJECT APPROVAL

The proposed project requires Large Project Authorization from the City Planning Commission, pursuant to Planning Code Section 329. The granting of such Authorization shall be the Approval Action for the proposed project. The Approval Action date establishes the start of the 30-day appeal period for this CEQA exemption determination pursuant to Section 31.04(h) of the San Francisco Administrative Code.

COMMUNITY PLAN EXEMPTION OVERVIEW

California Public Resources Code Section 21083.3 and CEQA Guidelines Section 15183 provide an exemption from environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an Environmental Impact Report (EIR) was certified, except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site. Section 15183 specifies that examination of environmental effects shall be limited to those effects that: a) are peculiar to the project or parcel on which the project would be located; b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent; c) are potentially significant off-site and cumulative impacts that were not discussed in the underlying EIR; or d) are previously identified in the EIR, but which, as a result of substantial new information that was not known at the time that the EIR was certified, are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for the project solely on the basis of that impact.

This determination evaluates the potential project-specific environmental effects of the 2675 Folsom Street project described above, and incorporates by reference information contained in the Programmatic EIR for the Eastern Neighborhoods Rezoning and Area Plans (PEIR)¹. Project-specific studies were prepared for the proposed project to determine if the project would result in any significant environmental impacts that were not identified in the Eastern Neighborhoods PEIR.

After several years of analysis, community outreach, and public review, the Eastern Neighborhoods PEIR was adopted in December 2008. The Eastern Neighborhoods PEIR was adopted in part to support housing development in some areas previously zoned to allow industrial uses, while preserving an adequate supply of space for existing and future production, distribution, and repair (PDR) employment and businesses. The Eastern Neighborhoods PEIR also included changes to existing height and bulk districts in some areas, including the project site at 2675 Folsom Street.

The Planning Commission held public hearings to consider the various aspects of the proposed Eastern Neighborhoods Rezoning and Area Plans and related Planning Code and Zoning Map amendments. On August 7, 2008, the Planning Commission certified the Eastern Neighborhoods PEIR by Motion 17659 and adopted the Preferred Project for final recommendation to the Board of Supervisors.^{2,3}

In December 2008, after further public hearings, the Board of Supervisors approved and the Mayor signed the Eastern Neighborhoods Rezoning and Planning Code amendments. New zoning districts

¹ Planning Department Case No. 2004.0160E and State Clearinghouse No. 2005032048

² San Francisco Planning Department. Eastern Neighborhoods Rezoning and Area Plans Final Environmental Impact Report (FEIR), Planning Department Case No. 2004.0160E, certified August 7, 2008. Available online at: <http://www.sf-planning.org/index.aspx?page=1893>, accessed February 26, 2016.

³ San Francisco Planning Department. San Francisco Planning Commission Motion 17659, August 7, 2008. Available online at: <http://www.sf-planning.org/Modules/ShowDocument.aspx?documentid=1268>, accessed February 26, 2016.

include districts that would permit PDR uses in combination with commercial uses; districts mixing residential and commercial uses and residential and PDR uses; and new residential-only districts. The districts replaced existing industrial, commercial, residential single-use, and mixed-use districts.

The Eastern Neighborhoods PEIR is a comprehensive programmatic document that presents an analysis of the environmental effects of implementation of the Eastern Neighborhoods Rezoning and Area Plans, as well as the potential impacts under several proposed alternative scenarios. The Eastern Neighborhoods Draft EIR evaluated three rezoning alternatives, two community-proposed alternatives which focused largely on the Mission District, and a "No Project" alternative. The alternative selected, or the Preferred Project, represents a combination of Options B and C. The Planning Commission adopted the Preferred Project after fully considering the environmental effects of the Preferred Project and the various scenarios discussed in the PEIR. The Eastern Neighborhoods PEIR estimated that implementation of the Eastern Neighborhoods Plan could result in approximately 7,400 to 9,900 net dwelling units and 3,200,000 to 6,600,000 square feet of net non-residential space (excluding PDR loss) built in the Plan Area throughout the lifetime of the Plan (year 2025).

A major issue of discussion in the Eastern Neighborhoods rezoning process was the degree to which existing industrially-zoned land would be rezoned to primarily residential and mixed-use districts, thus reducing the availability of land traditionally used for PDR employment and businesses. Among other topics, the Eastern Neighborhoods PEIR assesses the significance of the cumulative land use effects of the rezoning by analyzing its effects on the City's ability to meet its future PDR space needs as well as its ability to meet its housing needs as expressed in the City's General Plan.

As a result of the Eastern Neighborhoods rezoning process, the project site has been rezoned to a UMU (Urban Mixed Use) District. The UMU District is intended to promote a vibrant mix of uses while maintaining the characteristics of this formerly industrially-zoned area. It is also intended to serve as a buffer between residential districts and PDR districts in the Eastern Neighborhoods. Within the UMU, allowed uses include production, distribution, and repair uses such as light manufacturing, home and business services, arts activities, warehouse, and wholesaling. Housing is also permitted, but is subject to higher affordability requirements. The proposed project and its relation to PDR land supply and cumulative land use effects is discussed further in the Community Plan Exemption (CPE) Checklist, under Land Use. The 2675 Folsom Street site, which is located in the Mission District of the Eastern Neighborhoods, was designated as a site with building up to 40 feet in height.

Individual projects that could occur in the future under the Eastern Neighborhoods Rezoning and Area Plans will undergo project-level environmental evaluation to determine if they would result in further impacts specific to the development proposal, the site, and the time of development and to assess whether additional environmental review would be required. This determination concludes that the proposed project at 2675 Folsom Street is consistent with and was encompassed within the analysis in the Eastern Neighborhoods PEIR, including the Eastern Neighborhoods PEIR development projections. This determination also finds that the Eastern Neighborhoods PEIR adequately anticipated and described the impacts of the proposed 2675 Folsom Street project, and identified the mitigation measures applicable to the 2675 Folsom Street project. The proposed project is also consistent with the zoning controls and the provisions of the Planning Code applicable to the project site.^{4,5} Therefore, no further CEQA evaluation for the 2675 Folsom Street project is required. In sum, the Eastern Neighborhoods PEIR and this

⁴ Adam Varat, San Francisco Planning Department, Community Plan Exemption Eligibility Determination, Citywide Planning and Policy Analysis, 2675 Folsom Street, Mar 18, 2016. This document (and all other documents cited in this report, unless otherwise noted), is available for review at 1650 Mission Street, Suite 400, San Francisco, CA, as part of Case No. 2014-000601ENV.

⁵ Jeff Joslin, San Francisco Planning Department, Community Plan Exemption Eligibility Determination, Current Planning Analysis, 2675 Folsom Street, Feb. 2, 2015.

Certificate of Exemption for the proposed project comprise the full and complete CEQA evaluation necessary for the proposed project.

PROJECT SETTING

The project site is located on a block bounded by 23rd Street to the south, Folsom Street to the west, Treat Avenue to the east and 22nd Street to the north. The project area along Folsom Street is characterized primarily by residential land uses in two- to three-story buildings on the east side of Folsom Street, with similar residential buildings and Cesar Chavez Elementary School on the west side. The project area along Treat Avenue is characterized by a mix of industrial and commercial buildings and residential uses in one- to three-story buildings. Buildings immediately adjacent to the project site include a 3-story residential building and a 1-story residential building to the north. Adjacent to the project site to the south is Parque Ninos Unidos, a San Francisco Recreation and Park facility. Parcels surrounding the project site are within RM-2 (Residential – Mixed, Moderate Density), RH-3 (Residential-House, Three Family) and UMU (Urban Mixed Use) Districts, all within a 40-X Height and Bulk district, with existing buildings ranging from one to four stories.

The closest Bay Area Rapid Transit District (BART) stop is at 24th and Mission Streets, approximately 0.3 miles northeast of the site. The project site is within a quarter mile of several local transit lines, including Muni Metro lines 12-Folsom/Pacific, 48-Quintara/24th Street and 67-Bernal Heights.

POTENTIAL ENVIRONMENTAL EFFECTS

The Eastern Neighborhoods PEIR included analyses of environmental issues including: land use; plans and policies; visual quality and urban design; population, housing, business activity, and employment (growth inducement); transportation; noise; air quality; parks, recreation and open space; shadow; archeological resources; historic architectural resources; hazards; and other issues not addressed in the previously issued initial study for the Eastern Neighborhoods Rezoning and Area Plans. The proposed 2675 Folsom Street project is in conformance with the height, use and density for the site described in the Eastern Neighborhoods PEIR and would represent a small part of the growth that was forecast for the Eastern Neighborhoods plan areas. Thus, the plan analyzed in the Eastern Neighborhoods PEIR considered the incremental impacts of the proposed 2675 Folsom Street project. As a result, the proposed project would not result in any new or substantially more severe impacts than were identified in the Eastern Neighborhoods PEIR.

Significant and unavoidable impacts were identified in the Eastern Neighborhoods PEIR for the following topics: land use, historic architectural resources, transportation and circulation, and shadow. The Eastern Neighborhoods PEIR identified feasible mitigation measures to address significant impacts related to noise, air quality, archeological resources, historical resources, hazardous materials, and transportation. Table 1 below lists the mitigation measures identified in the Eastern Neighborhoods PEIR and states whether each measure would apply to the proposed project

Table 1 – Eastern Neighborhoods PEIR Mitigation Measures

Mitigation Measure	Applicability	Compliance
F. Noise		
F-1: Construction Noise (Pile Driving)	Not Applicable: pile driving not proposed	N/A
F-2: Construction Noise	Not Applicable: no particularly noisy construction methods	N/A

Mitigation Measure	Applicability	Compliance
	would be anticipated during the project's construction phase.	
F-3: Interior Noise Levels	Not Applicable: CEQA generally no longer requires the consideration of the effects of the existing environment on a proposed project's future users or residents.	N/A
F-4: Siting of Noise-Sensitive Uses	Not Applicable: CEQA generally no longer requires the consideration of the effects of the existing environment on a proposed project's future users or residents.	N/A
F-5: Siting of Noise-Generating Uses	Not Applicable: the project does not include any noise-generating uses.	N/A
F-6: Open Space in Noisy Environments	Not Applicable: CEQA generally no longer requires the consideration of the effects of the existing environment on a proposed project's future users or residents.	N/A
G. Air Quality		
G-1: Construction Air Quality	Applicable: project involves construction activity	Compliance with San Francisco Dust Control Ordinance
G-2: Air Quality for Sensitive Land Uses	Not Applicable: superseded by applicable Article 38 requirements	N/A
G-3: Siting of Uses that Emit DPM	Not Applicable: the proposed residential use is not expected to emit substantial levels of DPMs	N/A
G-4: Siting of Uses that Emit other TACs	Not Applicable; project would not include sources that emit DPM or other TACs	N/A
J. Archeological Resources		
J-1: Properties with Previous Studies	Not Applicable: no archeological research design	N/A

Mitigation Measure	Applicability	Compliance
	and treatment plan on file	
J-2: Properties with no Previous Studies	Applicable: project site has no archeological assessment on file	Preliminary Archeological Sensitivity Study completed; Project Mitigation Measure 1 (Accidental Discovery) agreed to by sponsor
J-3: Mission Dolores Archeological District	Not Applicable: project site not in Mission Dolores Archeological District	N/A
K. Historical Resources		
K-1: Interim Procedures for Permit Review in the Eastern Neighborhoods Plan area	Not Applicable: plan-level mitigation completed by Planning Department	N/A
K-2: Amendments to Article 10 of the Planning Code Pertaining to Vertical Additions in the South End Historic District (East SoMa)	Not Applicable: plan-level mitigation completed by Planning Commission	N/A
K-3: Amendments to Article 10 of the Planning Code Pertaining to Alterations and Infill Development in the Dogpatch Historic District (Central Waterfront)	Not Applicable: plan-level mitigation completed by Planning Commission	N/A
L. Hazardous Materials		
L-1: Hazardous Building Materials	Applicable: project includes demolition of existing structures	Project Mitigation Measure 2 (Hazardous Building Materials) agreed to by sponsor
E. Transportation		
E-1: Traffic Signal Installation	Not Applicable: plan level mitigation by SFMTA	N/A
E-2: Intelligent Traffic Management	Not Applicable: plan level mitigation by SFMTA	N/A
E-3: Enhanced Funding	Not Applicable: plan level mitigation by SFMTA & SFTA	N/A
E-4: Intelligent Traffic Management	Not Applicable: plan level mitigation by SFMTA & Planning Department	N/A
E-5: Enhanced Transit Funding	Not Applicable: plan level mitigation by SFMTA	N/A

Mitigation Measure	Applicability	Compliance
E-6: Transit Corridor Improvements	Not Applicable: plan level mitigation by SFMTA	N/A
E-7: Transit Accessibility	Not Applicable: plan level mitigation by SFMTA	N/A
E-8: Muni Storage and Maintenance	Not Applicable: plan level mitigation by SFMTA	N/A
E-9: Rider Improvements	Not Applicable: plan level mitigation by SFMTA	N/A
E-10: Transit Enhancement	Not Applicable: plan level mitigation by SFMTA	N/A
E-11: Transportation Demand Management	Not Applicable: plan level mitigation by SFMTA	N/A

Please see the attached Mitigation Monitoring and Reporting Program (MMRP) for the complete text of the applicable mitigation measures. With implementation of these mitigation measures the proposed project would not result in significant impacts beyond those analyzed in the Eastern Neighborhoods PEIR.

PUBLIC NOTICE AND COMMENT

A "Notification of Project Receiving Environmental Review" was mailed on August 12, 2015 to adjacent occupants and owners of properties within 300 feet of the project site. Overall, concerns and issues raised by the public in response to the notice were taken into consideration and incorporated in the environmental review as appropriate for CEQA analysis. Comments received included concerns about the height and bulk of the proposed project; increased traffic; the location of the proposed driveway on Treat Avenue; increases in transportation-related pollution; loss of Production Distribution and Repair uses; possible shadow impacts, particularly on Parque Ninos Unidos; the cost of the proposed units and the need for affordable housing; possible wind impacts; parking; noise and dust impacts during construction; impacts on Cesar Chavez Elementary School; and the future of the mural on the current building. The proposed project would not result in significant adverse environmental impacts associated with the issues identified by the public beyond those identified in the Eastern Neighborhoods PEIR.

Public comments related to the height and bulk of the proposed project, loss of PDR uses, traffic, air quality, shadow, parking, and wind impacts have been addressed in the CPE Checklist. Any future residents' noise levels, from either interior or exterior areas of the proposed project, are subject to the noise regulations in the San Francisco Police Code.

Impacts on the mural are not considered an environmental impact under CEQA.

CEQA generally does not require the analysis of economic impacts. While there could potentially be an impact to property values or rents in the area, such an occurrence would be a socioeconomic impact, which is beyond the scope of CEQA. As stated in CEQA Guidelines Section 15131(a), "[e]conomic or social effects of a project shall not be treated as significant effects on the environment. An EIR may trace a chain of cause and effect from a proposed decision on a project through anticipated economic or social changes resulting from the project to physical changes caused in turn by the economic or social changes.

The intermediate economic or social changes need not be analyzed in any detail greater than necessary to trace the chain of cause and effect. The focus of the analysis shall be on the physical changes.” In general, analysis of the potential adverse physical impacts resulting from economic activities has been concerned with the question of whether an economic change would lead to physical deterioration in a community. The construction of 2675 Folsom Street would not create an economic change that would lead to the physical deterioration of the surrounding neighborhood.

CONCLUSION

As summarized above and further discussed in the CPE Checklist:⁶

1. The proposed project is consistent with the development density established for the project site in the Eastern Neighborhoods Rezoning and Area Plans;
2. The proposed project would not result in effects on the environment that are peculiar to the project or the project site that were not identified as significant effects in the Eastern Neighborhoods PEIR;
3. The proposed project would not result in potentially significant off-site or cumulative impacts that were not identified in the Eastern Neighborhoods PEIR;
4. The proposed project would not result in significant effects, which, as a result of substantial new information that was not known at the time the Eastern Neighborhoods PEIR was certified, would be more severe than were already analyzed and disclosed in the PEIR; and
5. The project sponsor will undertake feasible mitigation measures specified in the Eastern Neighborhoods PEIR to mitigate project-related significant impacts.

Therefore, the proposed project is exempt from further environmental review pursuant to Public Resources Code Section 21083.3 and CEQA Guidelines Section 15183.

⁶ The CPE Checklist is available for review at the Planning Department, 1650 Mission Street, Suite 400, San Francisco, in Case File No. 2014.000601ENV.

EXHIBIT 1:
MITIGATION MONITORING AND REPORTING PROGRAM
 (Including the Text of the Mitigation Measures Adopted as Conditions of Approval and Proposed Improvement Measures)

1. MITIGATION MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Report Responsibility	Status/Date Completed
-------------------------------------------------------------	--------------------------------------	------------------------	-------------------------------------	--------------------------

MEASURES DEEMED FEASIBLE				
J. Archeological Resources				
<p><i>Mitigation Measure J-2: Accidental Discovery</i></p> <p>The following mitigation measure is required to avoid any potential adverse effect from the proposed project on accidentally discovered buried or submerged historical resources as defined in CEQA Guidelines Section 15064.5(a) and (c). The project sponsor shall distribute the Planning Department archeological resource "ALERT" sheet to the project prime contractor; to any project subcontractor (including demolition, excavation, grading, foundation, pile driving, etc. firms); or utilities firm involved in soils disturbing activities within the project site. Prior to any soils disturbing activities being undertaken each contractor is responsible for ensuring that the "ALERT" sheet is circulated to all field personnel including, machine operators, field crew, pile drivers, supervisory personnel, etc. The project sponsor shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet.</p> <p>Should any indication of an archeological resource be encountered during any soils disturbing activity of the project, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken.</p> <p>If the ERO determines that an archeological resource may be present within the project site, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archeological consultant shall advise the ERO as to whether the discovery is an archeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archeological resource is present, the archeological consultant shall identify and evaluate the archeological resource. The archeological consultant shall make a recommendation as to what action, if any, is</p>	Project Sponsor/project archeologist	Upon discovery of a buried or submerged historical resource	Project sponsor and ERO	Upon determination of the ERO that resource is not present or adversely impacted; or upon certification of Final Archeological Resources Report (FARR)

EXHIBIT 1:
MITIGATION MONITORING AND REPORTING PROGRAM
 (Including the Text of the Mitigation Measures Adopted as Conditions of Approval and Proposed Improvement Measures)

1. MITIGATION MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Report Responsibility	Status/Date Completed
<p>warranted. Based on this information, the ERO may require, if warranted, specific additional measures to be implemented by the project sponsor.</p> <p>Measures might include: preservation in situ of the archeological resource; an archaeological monitoring program; or an archeological testing program. If an archeological monitoring program or archeological testing program is required, it shall be consistent with the Environmental Planning (EP) division guidelines for such programs. The ERO may also require that the project sponsor immediately implement a site security program if the archeological resource is at risk from vandalism, looting, or other damaging actions. The project archeological consultant shall submit a Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describing the archeological and historical research methods employed in the archeological monitoring/data recovery program(s) undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the final report.</p> <p>Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound copy, one unbound copy and one unlocked, searchable PDF copy on CD three copies of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.</p>				

-0093-

EXHIBIT 1:
MITIGATION MONITORING AND REPORTING PROGRAM
 (Including the Text of the Mitigation Measures Adopted as Conditions of Approval and Proposed Improvement Measures)

1. MITIGATION MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Report Responsibility	Status/Date Completed
L. Hazardous Materials <i>Mitigation Measure L-1—Hazardous Building Materials</i> The City shall condition future development approvals to require that the subsequent project sponsors ensure that any equipment containing PCBs or DEPH, such as fluorescent light ballasts, are removed and properly disposed of according to applicable federal, state, and local laws prior to the start of renovation, and that any fluorescent light tubes, which could contain mercury, are similarly removed and properly disposed of. Any other hazardous materials identified, either before or during work, shall be abated according to applicable federal, state, and local laws.	Project Sponsor/project archeologist of each subsequent development project undertaken pursuant to the Eastern Neighborhoods Areas Plans and Rezoning	Prior to approval of each subsequent project, through Mitigation Plan.	Planning Department, in consultation with DPH; where Site Mitigation Plan is required, Project Sponsor or contractor shall submit a monitoring report to DPH, with a copy to Planning Department and DBI, at end of construction.	Considered complete upon approval of each subsequent project.

-0094-



SAN FRANCISCO PLANNING DEPARTMENT

Community Plan Exemption Eligibility Determination Current Planning

1650 Mission St.
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San Francisco,
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Information:
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Case No.: 2014-000601ENV
Project Title: 2675 Folsom Street and 790 Treat Avenue
Zoning: RH-3 (Residential-House, Three Family)
RH-2 (Residential-House, Two Family)
UMU (Urban Mixed Use)
Mission Alcohol Restrict Special Use District
40-X Height and Bulk Districts
Block/Lot: 3639/006, 007, 024
Lot Size: 35,734 square feet
Plan Area: Mission Subarea of the Eastern Neighborhoods

A. PROJECT DESCRIPTION

The 35,734 square foot project site is located between 22nd and 23rd Streets with frontage along both Folsom Street and Treat Avenue in the Mission neighborhood. The project site is adjacent to Parque Ninos Unidos park. The proposal is to demolish the existing 22,111 sf, two story, 25-foot tall warehouse building and construct a 98,831 sf, four-story, 40-foot-tall residential building. The existing building on the project site was constructed in 1952. The proposed new building would include 117 dwelling units located on Floors 1 through 4 (49 of the units are 2- and 3-bedroom units, and 17 units are Below Market Rate (BMR) units), and 90 off-street parking spaces at the basement level accessed via Treat Avenue. The proposed project also includes a mid-block passageway, which would be publicly-accessible during daylight hours.

B. PRELIMINARY PLAN CONSISTENCY REVIEW

Section 15183(a) of the California Environmental Quality Act (CEQA) Guidelines states that "...projects which are consistent with the development density established by the existing zoning, community plan, or general plan policies for which an EIR was certified shall not require additional environmental review, except as may be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site."

The proposed project satisfies this requirement with regard to Planning YES ☒ NO ☐
Code consistency.

Comments

The Eastern Neighborhoods rezoned the project site located at Lot 006, (UMU) Urban Mixed Use District. The project site located at Lot 007 is zoned (RH-2) Residential-House, Two Family and the lot located at Lot 024 is zoned (RH-3) Residential House, Three Family. All lots have a Height and Bulk District designation of 40-X. The 40-X Height and Bulk District permits buildings up to 40 feet in height with no bulk restrictions. The (UMU) District permits dwelling units with no

density limitations, allowing physical controls such as height, bulk, and setbacks to control dwelling unit density. At least 40% of all dwelling units must contain two or more bedrooms or 30% of all dwelling units must contain three or more bedrooms in the (UMU) District. The RH-2 District permits up to two dwelling units per lot or up to one unit per 1,500 sf of lot area with a Conditional Use Authorization. The RH-3 District permits up to three dwelling units per lot or up to one unit per 1,000 sf of lot area with a Conditional Use Authorization.

The project proposes 117 new dwelling units, 41% of which are 2-bedroom and 3-bedroom units. The project is consistent with the dwelling unit mix requirements within the (UMU) Urban Mixed Use District and consistent dwelling unit density requirements within the RH-2 and RH-3 Districts with the approval of a Conditional Use Authorization and a Large Project Authorization pursuant to Sections 303 and 329, respectively. The project would not exceed the applicable 40-foot height limit, except for certain rooftop features such as open space features, mechanical screens, and stair and elevator penthouses as allowable by Planning Code Section 260(b).

As proposed, the project would be permitted with the approval of a Conditional Use and a Large Project Authorization in the (UMU) District and RH-2 and RH-3 Districts, and is consistent with the development density as envisioned in the Mission (EN) Plan.

Determination

For the purposes of the Current Planning division, the project is eligible for consideration of a Community Plan Exemption under California Public Resources Code Sections 21159.21, 21159.23, 21159.24, 21081.2, and 21083.3, and/or Section 15183 of the California Environmental Quality Act (CEQA) Guidelines.

Jeff Joslin

Director of Current Planning

7.2.15
Date

The determination above is intended to be used solely for the purpose of determining eligibility for a Community Plan exemption, and does not indicate conformity with all General Plan and Planning Code requirements applicable to the proposed project, or any intent on the part of the Planning Department to recommend approval or disapproval of the project as proposed. Elements that were reviewed in relation to the foregoing determination only included Planning Code analysis of project height, bulk, use permissibility, use sizes, floor area ratio, and dwelling unit density.

Mission - Projects Completed or Under Environmental Review - 2008 to 2/23/16 (Planning Dept. Data)

Address	Case No.	Date of Document	Status of Document	Net Housing Units	Cultural, Institutional, Educational	Medical	Management, Information, and Professional Services	PDR	Retail and Entertainment
3418 26th Street	2009.0610E	8-Nov-10	Published CPE	13	0	0	0	0	0
80 Julian Avenue	2009.1095E	23-Jun-10	Published CPE	8	0	16,000	0	0	0
411 Valencia	2009.0180E	13-May-10	Published CPE	16	0	0	0	-1,550	1,370
490 South Van Ness Avenue	2010.0043E	24-Jun-14	Published CPE	72	0	0	0	-1,618	1,123
3420 18th Street	2012.1572E	16-Oct-13	Published CPE	16	0	0	0	-4,675	1,000
1875 Mission Street	2010.0787E	14-Oct-10	Published CPE	38	0	0	0	-43,695	2,523
17th Street and Folsom Street Park	2009.1163E	24-Jan-11	Published CPE	0	0	0	0	0	0
1501 15th Street	2008.1395E	27-Jan-11	Published CPE	40	0	0	0	-1,740	9,681
480 Potrero Avenue	2011.0430E	26-Sep-12	Published Other	84	0	0	0	0	0
626 Potrero Avenue/ 2535 18th Street	2011.1279E	16-Jul-12	Published CPE	0	0	15,200	0	-15,000	0
2550-2558 Mission Street	2005.0694E	21-Nov-12	Published Other	114	0	0	0	0	14,750
1450 15th Street	2013.0124E	30-Oct-14	Published CPE	23	0	0	0	-6,088	0
300 South Van Ness Avenue	2011.0953E	29-Nov-12	Published CPE	0	0	0	0	0	20,040
346 Potrero Avenue	2012.0793E	3-Feb-14	Published CPE	72	0	0	0	-1,500	2,760
1785 15th Street	2012.0147E	1-May-13	Published CPE	8	0	0	0	-765	0
1801/1863 Mission Street	2009.1011E	19-Mar-15	Published CPE	54	0	0	740	0	2,125
2600 Harrison St.	2014.0503E	19-Aug-15	Published CPE	20	0	0	0	-7,506	0
1924 Mission St.	2014.0449E	2-Apr-15	Published CPE	12	0	0	0	-1,180	2,315
600 South Van Ness Avenue	2013.0614E	9-Apr-15	Published CPE	27	0	0	0	-1,750	3,060
2000-2070 Bryant St. 2815 18th St. 1611 Florida St.	2013.0677E	2-Jun-15	Published CPE	274	0	0	-3,540	-64,450	4,105
1798 Valencia Street	2013.1404E	9-Oct-15	Published CPE	35	0	0	0	-2,000	3,770
1198 Valencia Street	2012.0865E	31-Jul-15	Published CPE	52	0	0	0	-440	5,300
1050 Valencia Street	2007.1457E	5-Oct-10	Published Other	16	0	0	0	0	1,830
1419 Bryant Street	2015-005388ENV	6-Jan-16	Published CPE	0	44,600	0	0	-34,350	0
1979 Mission Street	2013.1543E	28-Jan-15	Active Other	331	0	0	0	0	-18,239
2675 Folsom St.	2014-000601ENV	TBD	Active CPE	115	0	0	0	-22,111	0
1900 Mission Street	2013.1330E	TBD	Active CPE	11	0	0	0	-2,064	844
645 Valencia St	2013.1339E	TBD	Active CPE	9	0	0	0	0	-4,382
1800 Mission	2014.0154E	TBD	Active CPE	0	0	0	139,607	-138,742	39,000
2750 19th St.	2014.0999E	TBD	Active CPE	60	0	0	0	-10,934	10,112
1515 South Van Ness Ave.	2014.1020E	TBD	Active CPE	160	0	0	0	0	-29,940
3140 16th St	2014.1105ENV	TBD	Active CPE	28	0	0	0	-20,428	7,284
2799 24th St.	2014.1258ENV	TBD	Active CPE	8	0	0	0	0	-269
2435 16th St.	2014.1201ENV	TBD	Active CPE	53	0	0	0	-10,000	4,992
3357-3359 26th St.	2013.0770ENV	TBD	Active CPE	8	0	0	0	0	5,575
1726-1730 Mission St.	2014-002026ENV	TBD	Active CPE	36	0	0	0	-3,500	900
2100 Mission Street	2009.0880E	TBD	Active CPE	29	0	0	0	-7,630	2,640
200 Potrero Ave.	2015-004756ENV	TBD	Active CPE	0	0	0	0	-27,716	30,034
3314 Cesar Chavez	2014-003160ENV	TBD	Active CPE	52	0	0	-2,500	0	1,740
1798 Bryant St.	2015-006511ENV	TBD	Active CPE	131	0	0	-5,179	0	3,514
2918-2924 Mission St.	2014.0376ENV	TBD	Active CPE	38	0	0	0	0	7,400
793 South Van Ness	2015-001360ENV	TBD	Active CPE	54	0	0	0	-1,966	4,867
1850 Bryant St.	2015-011211ENV	TBD	Active CPE	0	0	0	0	188,994	0
953 Treat Ave	2015-006510ENV	TBD	Active CPE	8	0	0	0	0	0
3620 Cesar Chavez	2015-009459ENV	TBD	Active CPE	28	0	0	-3,200	0	940
344 14th St. & 1463 Stevenson St.	2014.0948ENV	TBD	Active CPE	45	0	0	0	18,995	5,849
1950 Mission St.	2016-001514ENV	TBD	Active CPE	157	1,236	0	0	0	3,415
1296 Shotwell St.	2015-018056ENV	TBD	Active CPE	96	0	0	850	-11,664	0
				2,451	45,836	31,200	126,778	-237,073	152,028

Preferred Project (approved 2008) 1696

Option A	782	104,400	37,200	422,021	422,021	114,000
Option B	1,118	150,300	36,900	597,242	597,242	143,400
Option C	2,054	609,480	49,448	2,214,011	-3,370,350	598,323

The CPE for 2000-2070 Bryant Street notes that 2451 residential units had completed or were under environmental review:

"As of February 23, 2016, projects containing 2,451 dwelling units and 355,842 square feet of non-residential space (excluding PDR loss) have completed or are proposed to complete environmental review within the Mission District subarea."

This is in excess of the number of units in the approved Preferred Project, as well as Options A, B and C from the ENP EIR. As a result, the analysis of cumulative impacts contained within the Eastern Neighborhoods Plan EIR, and referenced in the CPE, for this project is no longer relevant. The PEIR is stale and doesn't reflect current conditions. Among the impacts not adequately studied are recreation and open space, transit, traffic, and air quality.

Death of the Mission by 2000 Cuts

2000 Luxury Units in Planning's Pipeline



It's a Gentrification Crisis - Not a Housing Crisis In the Mission
They are Killing our Culture - Join Mission Warriors at CANsf.Org

September 20, 2016

San Francisco Planning Department
1650 Mission Street
San Francisco, CA 94103

Subject: Eastern Neighborhoods Citizen Advisory Committee (EN CAC) Response to the EN Monitoring Reports (2011-2015)

Dear President Fong and Members of the Planning Commission:

At your September 22, 2016 Regular Meeting, you will hear a presentation on the Eastern Neighborhoods Five Year Monitoring Report (2011 – 2015). Attached, please find the statement prepared by the Eastern Neighborhoods Citizen Advisory Committee (EN CAC) in response to this report.

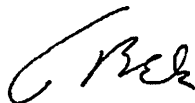
As you know, we are a 19 member body created along with the Eastern Neighborhoods Plans in 2009. We are appointed by both the Mayor and the Board of Supervisors and are made up of wide range of residents, business and property owners, developers, and activists. Our charge is to provide input on many aspects of the EN Plans' implementation including but not limited to: (1) how to program funds raised through impact fees, (2) proposed changes in land use policy, and (3) the scope and content of the Monitoring Report.

We have been working closely with staff over the course of the last year to assure the Monitoring Report is accurate and contains all of the material and analysis required by the Planning and Administrative Codes. At our regular monthly meeting in August, we voted to endorse the Monitoring Report that is now before you. We understand that while the Monitoring Report is to provide data, analysis, and observations about development in the EN, it is not intended to provide conclusive statements about its success. Because of this, we have chosen to provide you with the attached statement regarding the where we believe the EN Plan has been successful, where it has not, and what the next steps should be in improving the intended Plans' goals and objectives.

Several of our members will be at your September 22 hearing to provide you with our perspective. We look forward to having a dialog with you on what we believe are the next steps.

Please feel free to reach out to me, Bruce Huie, the CAC Vice-Chair or any of our members with questions or thoughts through Mat Snyder, CAC staff. (mathew.snyder@sfgov.org; 415-575-6891)

Sincerely,



Chris Block
Chair
Eastern Neighborhoods Citizen Advisory Committee

Eastern Neighborhoods Citizen Advisory Committee
Response to the Five-Year EN Monitoring Report (2011-2015)

INTRODUCTION

The Eastern Neighborhoods Citizen Advisory Committee (EN CAC) is comprised of 19 individuals appointed by members of the Board of Supervisors and the Mayor to represent the five neighborhoods included in the Eastern Neighborhoods Plan (EN Plan) - Mission, Showplace Square/Potrero Hill, Central Waterfront, East SoMa and Western SoMa.

The EN CAC has prepared this document in response to the five-year monitoring report, which was prepared under the specifications of the EN Plan adopting ordinance and approved for submittal to the Planning Commission by the EN CAC on September 22, 2016. This response letter was prepared to provide context and an on-the-ground perspective of what has been happening, as well as outline policy objectives and principles to support the community members in each of these neighborhoods who are most impacted by development undertaken in response to the Plan.

BACKGROUND

High Level Policy Objectives and Key Planning Principles of the EN Plan:

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 appropriate amenities for the existing and new residents.

In addition to policy goals and objectives outlined in individual plans referenced above, all plans are guided by four key principles divided into two broad policy categories:

The Economy and Jobs:

1. Reserve sufficient space for production, distribution and repair (PDR) activities, in order to support the city's economy and provide good jobs for residents.
2. Take steps to provide space for new industries that bring innovation and flexibility to the city's economy.

People and Neighborhoods:

1. Encourage new housing at appropriate locations and make it as affordable as possible to a range of city residents.

2. Plan for transportation, open space, community facilities and other critical elements of complete neighborhoods.

The ordinances that enacted the EN Plan envision an increase of 9,785 and over 13,000 new jobs in the Plan Area over the 20 year period - 2009 to 2029.

The Eastern Neighborhood's approval included various implementation documents including an Interagency Memorandum of Understanding (MOU) among various City Departments to provide assurances to the Community that the public benefits promised with the Plan would in fact be provided.

COMMENTARY FROM THE EN CAC

The below sections mirror the four key principles of the EN Plan in organization. Below each principle are the aspects of the Plan that the EN CAC see as "working" followed by "what is not working".

PRINCIPLE 1. Reserve sufficient space for production, distribution and repair (PDR) activities, in order to support the city's economy and provide good jobs for residents.

What Seems to be Working:

PDR has been preserved and serves as a model for other cities

A hallmark of the EN Plan is that the City preserved and protected industrial space and land in the newly created PDR Districts. In fact, many other cities with robust real estate markets often look to San Francisco to understand how the protections were implemented and what the result have been since protections were put in place. While other cities struggle with preserving land for industrial uses, the EN Plan actually anticipated the possible changes and growth we are now facing and provided specific space for industrial uses.

Job Growth in the EN, including manufacturing, is almost double the amount that was anticipated in the EN Plan.

What Seems to Not be Working

Loss of PDR jobs in certain sectors.

There is much anecdotal evidence of traditional PDR businesses being forced out of their long-time locations within UMU zones. In certain neighborhoods, the UMU zoning has lead to gentrification, as long standing PDR uses are being replaced with upscale retail and other commercial services catering to the large segment of market rate housing.

The relocation and displacement of PDR has been especially severe in the arts and in auto repair businesses.

Outside of the PDR zoning, there is no mechanism to preserve the types of uses that typified existing light industrial neighborhoods, such as traditional PDR businesses that offered well-paying entry level positions, and arts uses. This has resulted in a fundamental loss of the long-time creative arts community character of the South of Market, and now also in the Mission District and Dogpatch Neighborhood, with more to come. Traditional PDR businesses cannot afford the rents of new PDR buildings and do not fit well on the ground floor of multi-unit residential buildings. The CAC suggests that the City develop mechanisms within the Planning Code to encourage construction of new PDR space both in the PDR-only zones and the mixed-use districts suitable for these traditional uses, including exploring mandatory BMR PDR spaces.

PRINCIPLE 2: Take steps to provide space for new industries that bring innovation and flexibility to the city's economy.

What Seems to be Working:

The Mixed Use Office zone in East SOMA has produced a number of ground-up office projects which provide space for new industries that can bring innovation and flexibility to the City's economy.

There has been a substantial growth in jobs (approx 32,500 jobs) between 2010-2015 - this far exceeds what was expected over the 20 year term (13,000 jobs). The EN Growth rate appears to be much higher than most other areas of SF.

In other PDR areas, the focus of the EN Plan was to preserve land and industrial space (as opposed to constructing new industrial space) in the various PDR zones within the Plan. Based in part on the robust amount of job growth including job growth within the PDR sector and the need for new industrial space, the City did amend some of the PDR zoning controls on select sites to encourage new PDR space construction in combination with office and/or institutional space. One project has been approved but not yet constructed and features approximately 60,000 square feet of deed-restricted and affordably priced light industrial space and 90,000 square feet of market rate industrial space, for a total of 150,000 square feet of new PDR space.

What Seems to Not be Working

The EN Plan includes a Biotechnology and Medical Use overlay in the northern portion of the Central Waterfront that was put in place to permit expansion of these types of uses resulting from the success of Mission Bay. As of the date of this document, no proposal has been made by the private sector pursuant to the Biotechnology and Medical Use overlay. It's the CAC's view that

the residential uses of the UMU zoning in this specific area supports greater land values than those supported by the Overlay. In addition, the relatively small parcel sizes that characterize the Central Waterfront / Dogpatch area are less accommodating of larger floorplate biotechnology or medical use buildings.

PRINCIPLE 3: Encourage new housing at appropriate locations and make it as affordable as possible to a range of city residents.

What Seems to be Working:

Affordable Housing has been created beyond what would have otherwise:

Throughout San Francisco and certainly in the Eastern Neighborhoods, San Franciscans are experiencing an affordable housing crisis. That being said, the EN Plan's policy mechanisms have created higher levels of inclusionary units than previously required by the City (see Executive Summary, pg. 7). For example, at the time of enactment, UMU zoning required 20% more inclusionary where density controls were lifted, and higher where additional heights were granted. In this regards, UMU has shown to be a powerful zoning tool and is largely responsible for the EN Plan's robust housing development pipeline & implementation. At the same time, community activists and neighborhood organizations have advocated for deeper levels of affordability and higher inclusionary amounts contributing to the creation of additional affordable housing.

Affordable housing funds for Mission and South of Market have been raised:

Some of the initial dollars of impact fees (first \$10M) were for preservation and rehabilitation of existing affordable housing that would not have otherwise existed if not for the EN Plan.

A new small-sites acquisition and rehab program was implemented in 2015, and has been successful in preserving several dozen units as permanent affordable housing, protecting existing tenants, and upgrading life-safety in the buildings.

After a few slow years between 2010-2012, the EN Plan is now out-pacing housing production with 1,375 units completed, another 3,208 under construction and 1,082 units entitled with another 7,363 units under permit review (in sum 13,028 units in some phase of development).

What Seems to Not be Working

There is a growing viewpoint centered on the idea that San Francisco has become a playground for the rich. Long-established EN communities and long-term residents of these neighborhoods (people of color, artists, seniors, low-income and working class people,) are experiencing an economic disenfranchisement, as they can no longer afford to rent, to eat out, or to shop in the neighborhood. They see the disappearance of their long-time neighborhood-serving businesses and shrinking sense of community.

Insufficient construction of affordable housing

Although developments have been increasing throughout the Eastern Neighborhoods, we have seen a lack of affordable housing included in what is being built compared to the needs of the current community members. Market-rate development, often regarded as “luxury,” is inaccessible to the vast majority of individuals and families living in the city. The demand for these units has been the basis for a notable level of displacement, and for unseen pressures on people in rent controlled units, and others struggling to remain in San Francisco. A robust amount of affordable housing is needed to ensure those with restricted financial means can afford San Francisco. We have yet to see this level of development emulated for the populations who are most affected by the market-rate tremors. It is time for an approach towards affordable housing commensurate with the surge that we have seen for luxury units.

High cost of housing and commercial rents

Due to the high cost of housing in San Francisco, many long-term residents are finding it increasingly difficult, if not outright impossible, to even imagine socioeconomic progress. As rents have entered into a realm of relative absurdity, residents have found it ever more challenging to continue living in the city. The only way to move up (or even stay afloat, in many cases), is to move out of San Francisco. This situation has unleashed a force of displacement, anxiety, and general uneasiness within many segments of the Eastern Neighborhoods.

Pace of Development

The pace of development within the Eastern Neighborhoods has far exceeded the expectations originally conceived by the City. Since the market is intended to ensure situations are harnessed to maximize profit, we have seen development unaffordable to most. With a few thousand units in the pipeline slated for the Eastern Neighborhoods, much yet needs to be done to ensure that the city can handle such rapid change without destroying the essence of San Francisco.

PRINCIPLE 4: Plan for transportation, open space, community facilities and other critical elements of complete neighborhoods.

What Seems to be Working:

The EN Plan leverages private investment for community benefits by creating predictability for development.

With a clear set of zoning principles and codes and an approved EIR, the EN Plan has successfully laid a pathway for private investment as evidenced by the robust development pipeline. While in some neighborhoods the pace of development may be outpacing those benefits – as is the case in the throughout the Eastern Neighborhoods, there are community benefits being built alongside the development – and a growing impact fee fund source, as developments pay their impact fees as required by the EN Plan.

Funds have been raised for infrastructure that would not otherwise be raised. To date \$48M has been raised and \$100M expected in the next five years (see Tables 6.2.3; 6.2.2)

Priority Projects have been incorporated into the City's Ten Year Capital Plan and the Implementing Agencies' Capital Improvement Plans and work programs.

The Plan has lead to the development of parks and open space recreation. Streetscape improvements to 16th Street, Folsom and Howard, 6th, 7th and 8th Streets are now either fully funded or in process of being funded.

It is expected that more street life will over time support more in-fill retail and other community services.

New urban design policies that were introduced as part of the EN Plan are positive. The creation of controls such as massing breaks, mid-block mews, and active space frontages at street level create a more pedestrian friendly environment and a more pleasant urban experience. In Western Soma, the prohibition of lot aggregation above 100' has proven useful in keeping the smaller scale.

What Seems to Not be Working

A high portion of impact fees (80%) is dedicated to priority projects, such as improvements to 16th Street and, Folsom and Howard Streets. The vast majority of impact fees have been set aside for these large infrastructure projects that might have been better funded by the general fund. This would allow for more funding for improvements in the areas directly impacted by the new development. This also limits the availability of funds for smaller scale projects and for projects that are more EN-centric. There are very limited options in funding for projects that have not been designated as "priority projects".

In-kind agreements have absorbed a significant percentage of the discretionary fees collected as well.

Absence of open space

The Eastern Neighborhoods lag behind other neighborhoods in San Francisco and nationwide in per capita green space (see Rec and Open Space Element Map 07 for areas lacking open space). Although the impact fees are funding the construction of new parks at 17th and Folsom in the Mission, Daggett Park in Potrero Hill and the rehabilitation of South Park in SOMA, there is a significant absence of new green or open space being added to address the influx of new residents. The Showplace Square Open Space Plan calls for four acres of new parks in the neighborhoods where only one is being constructed.

As a finite and valuable resource, we believe the City has an obligation to treat the waterfront uniquely and should strive to provide green and open waterfront space to the residents of the Eastern Neighborhoods and all City residents in perpetuity.

The pace of infrastructure development is not keeping up with development

There is a lag time between development and the implementation of new infrastructure, seemingly with no clear plan for how to fund the increased infrastructure needs. The plan is now 8 years old: the number of housing units that were projected to be built under the Plan is being exceeded, and we have to date not identified additional infrastructure funds to make up the funding gap. This appears to be a clear failure in the EN Plan implementation, especially because we now have little chance to fill that gap with higher development fees.

The data contained in the Monitoring Report indicates that the EN Plan has been successful in the development of new housing. However, the pace of development appears to have far exceeded the pace of new infrastructure. This is true in each of the EN areas. There is a deficiency in transit options and development of new open space within all plan neighborhoods. A single child-care center in the Central Waterfront has been built as a part of the Plan. As of this time, not one new open space park has opened within the Plan area. The deficiency in public transportation is especially apparent. Ride services have become an increasingly popular option. However, their use contributes to the traffic congestion that is common throughout the city of San Francisco.

The impact fees inadequate

Although the amount of impact fees currently projected to be collected will exceed the sums projected in the Plan, the funding seems inadequate to address the increasing requirements for infrastructure improvements to support the EN Plan. The pace of development has put huge pressure on transportation and congestion and increased the need and desire for improved bike and pedestrian access along major routes within each Plan neighborhood. There is a striking absence of open space, especially in the Showplace/Potrero neighborhood. There has been a significant lag time in the collection of the Plan impact fees and with the implementation of the community benefits intended to be funded by the fees.

Large portions of impact fees are dedicated, which limits agility with funding requests from discretionary fees. The CAC has allocated funding for citizen-led initiatives to contribute a sustainable stream of funding to the Community Challenge Grant program run out of the City Administrators' office. Our past experience is that this program has doubled capacity of local "street parks" in the Central Waterfront from 2 to 4 with the addition of Tunnel Top Park and Angel Alley to the current street parks of Minnesota Grove and Progress Park.

Impacts of non-EIR projects

Data in the report does not properly reflect the impacts of non-EIR projects, such as Pier 70, recent UCSF expansion into Dogpatch and the Potrero Annex. These very large projects are not required to provide impact fees; the public must rely on the developers working with the community to add benefits to their projects.

Upcoming non-EIR projects such as the Warriors arena, Seawall 337 / Pier 48, continued housing development in Mission Bay and UCSF student housing further increase the pressures of density on the neighborhoods. The square footage included in these various projects may equal or exceed all of the projects under the EN Plan. Although these projects are not dependent on the EN Plan to provide their infrastructure, their impacts should be considered for a complete EN approach to infrastructure and other improvements.

Deficiency in Complete Neighborhoods

Complete neighborhoods recognize the need for proximity of daily consumer needs to a home residence. Combining resources to add shopping for groceries, recreation for families, schools for children will create a complete neighborhood. This will then have the additional benefit of reducing vehicle trips.

Many new developments have been built with no neighborhood -serving retail or commercial ground floor space. The UMU zoning has allowed developers to take advantage of a robust real estate market and build out the ground floor spaces with additional residential units, not neighborhood services such as grocery and other stores.

Evictions and move-outs

There are many reports of long-term residents of the neighborhoods being evicted or forced or paid to move out of the area. Younger, high wage-earning people are replacing retirees on fixed incomes and middle and low wage earners.

Traffic congestion and its impact on commercial uses

Transportation improvements have not kept pace with the amount of vehicular traffic on the streets, leading to vehicular traffic congestion in many parts of the Eastern Neighborhoods. While the slow movement of traffic has affected all residents, it has become a serious burden for businesses that rely on their ability to move goods and services quickly and efficiently. The additional transit that has been implemented through MUNI Forward is welcome but not sufficient to serve new growth. There does not seem to be sufficient increase in service to meet the increase in population.

Loss of non-profit and institutional space

There are many reports of non-profits and institutions being forced to relocate due to rent pressures.

Urban Design Policies and Guidelines

While the EN Plans did provide urban design provisions to break up building and provide active frontages, additional urban design controls are warranted. New buildings would be more welcome if they provided more commercial activity at the ground level. Other guidelines should be considered to further break down the massing of new structures.

PROPOSED STRATEGIES TO ADDRESS WHAT'S NOT WORKING:

Retaining PDR:

- Study trends of specific PDR sectors, such as repair and construction to see what is happening to them.
- Implement temporary or permanent relocation assistance programs for displaced PDR tenants through the OEWD.
- Consider implementing programs to transition workers from PDR sectors being lost.
- Potentially preserve additional land for PDR - both inside and outside of the EN (i.e. Bayshore).
- Establish new mechanisms and zoning tools to encourage construction and establishment of new and modern PDR space within the PDR districts.
- The EN Plan should consider making a provision for temporary or permanent relocation assistance for PDR uses displaced by implementation of the EN Plan and/or use impact fees to assist in the acquisition/development of a new creative arts facility similar to other city-sponsored neighborhood arts centers like SOMArts.

Retaining Non-Profit Spaces:

- Study impacts of rent increases on non-profit office space.
- Where preservation/incorporation of PDR uses will be required (i.e. Central Waterfront), consider allowing incorporation of non-profit office as an alternative.
- Consider enacting inclusionary office program for non-profit space, PDR, and similar uses.

Housing

- Consider increases in affordability levels.
- More aggressively pursue purchasing opportunity sites to ensure that they can be preserved for affordable housing before they are bought by market-rate developers.

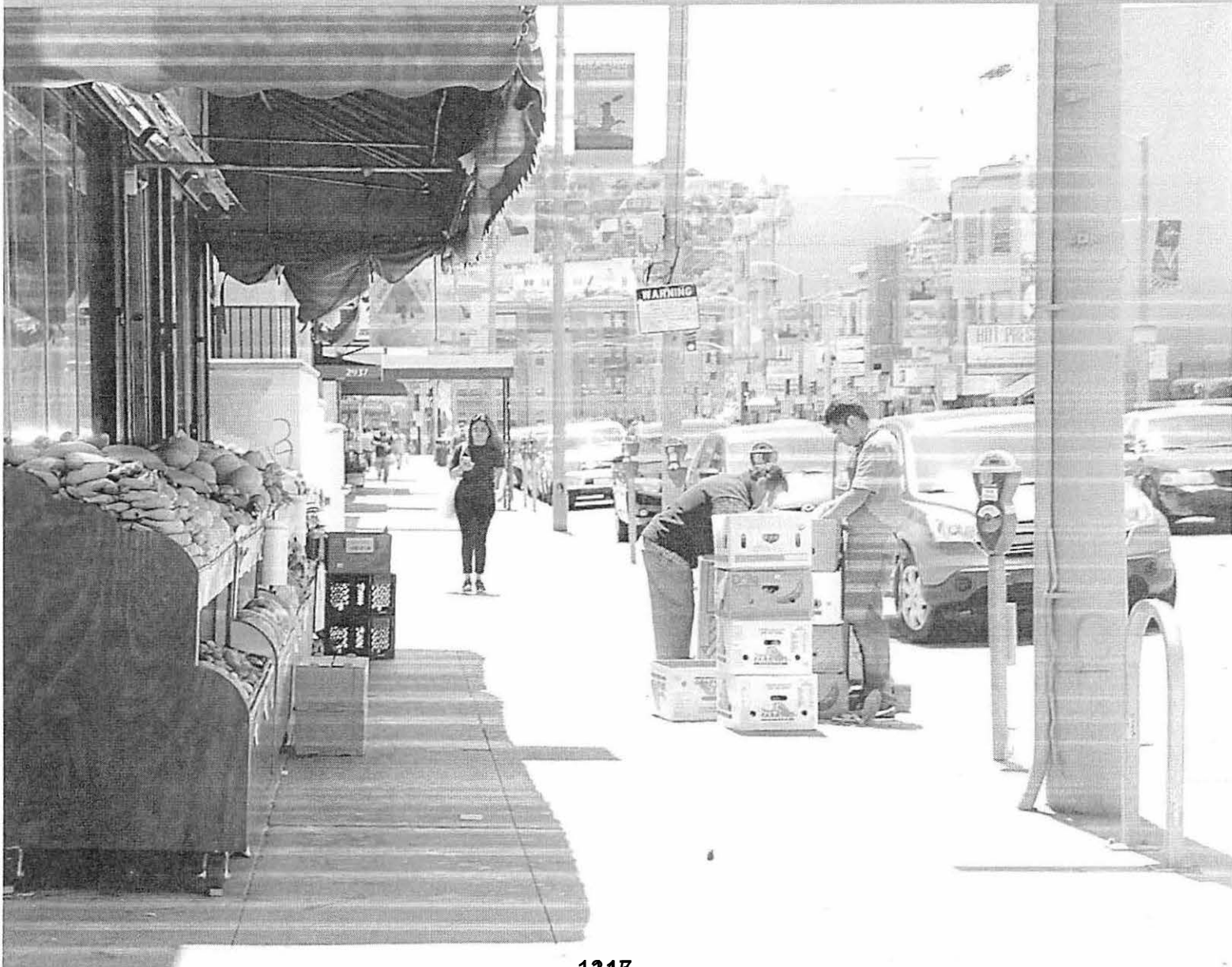
Infrastructure / Complete Neighborhoods

- Work with Controller's Office, Capital Planning Office, and the Mayor's Budget Office to solve the existing known funding gap for EN Infrastructure Projects.
- Deploy impact fees more quickly or find ways to use impact fees to leverage other sources that could be deployed sooner (i.e. bond against revenue stream).
- Consider increasing impact fee levels.
- Increase amount of infrastructure, such as additional parks, given that more development has occurred (and will likely continue to occur) than originally anticipated.
- Study how to bring infrastructure improvements sooner.
- Study new funding strategies (such as an IFD or similar) or other finance mechanisms to supplement impact fees and other finance sources to facilitate the creation of complete neighborhoods, a core objective of the EN Plan.
- Improve the process for in kind agreements.
- Consider allocation of waterfront property to increase the amount of green and open space for use by the general public, as illustrated by the successful implementation in Chicago.
- Review structure of the EN CAC. Consider how the CAC can deploy funds faster. Possibly broaden the role of the CAC to include consideration of creation of complete neighborhoods.
- Consider decreasing the number of members on the EN CAC in order to meet quorum more routinely. Impress on the BOS and the Mayor the importance of timely appointments to the CAC.
- Consider legislation that would enable greater flexibility in spending between infrastructure categories so that funds are not as constrained as they are currently set to be by the Planning Code.
- Explore policies that maximize the utilization of existing and new retail tenant space for neighborhood serving retail, so that they are not kept vacant.

Non EN-EIR Projects

- Encourage the City to take a more holistic expansive approach and analysis that include projects not included in the current EN EIR or the EN Geography.

MISSION AREA PLAN MONITORING REPORT 2011-2015



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Front Cover: Mission Street at 25th Street looking south

MISSION AREA PLAN MONITORING REPORT

2011–2015

San Francisco Planning Department
September 2016



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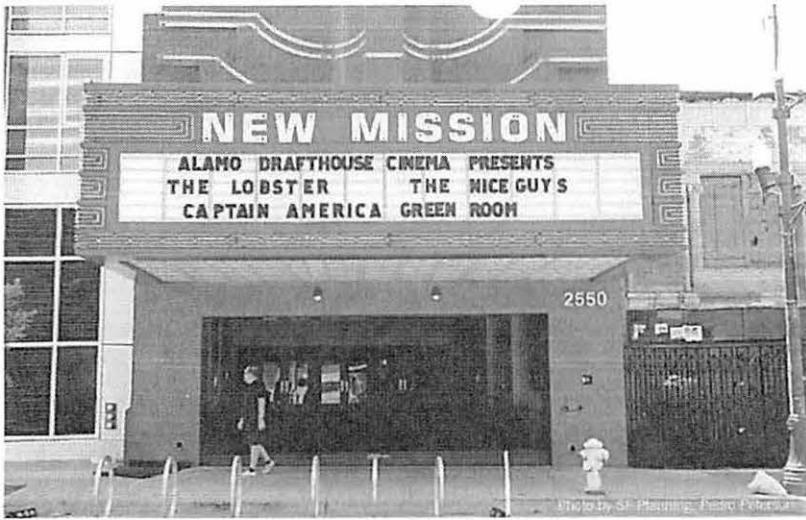
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1. Introduction: Mission Area Plan

San Francisco's Eastern Bayfront neighborhoods have historically been the home of the city's industrial economy and have accommodated diverse communities ranging from families who have lived in the area for generations to more recent immigrants from Latin America and Asia. The combination of a vibrant and innovative industrial economy with the rich cultural infusion of old and new residents is central to San Francisco's character. Among many of the components that contributed to the economic and cultural character of the eastern part of the San Francisco were the wide availability of lands suitable for industrial activities (whether or not they were zoned for such) and the affordability of these neighborhoods' housing stock, relative to other parts of the city. Industrial properties continue to be valuable assets to the city's economy as they provide space for innovative local businesses; large, flexible floor-plans 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 in 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 to develop them into "live-work" lofts serving primarily as a residential use.

Moreover, much of the Eastern Neighborhoods is well-served by public transportation, have vibrant cultural amenities, and feature many attractive

older buildings. These neighborhood assets and employment opportunities have served as magnets for high wage earners and housing developers, creating an 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 also 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.

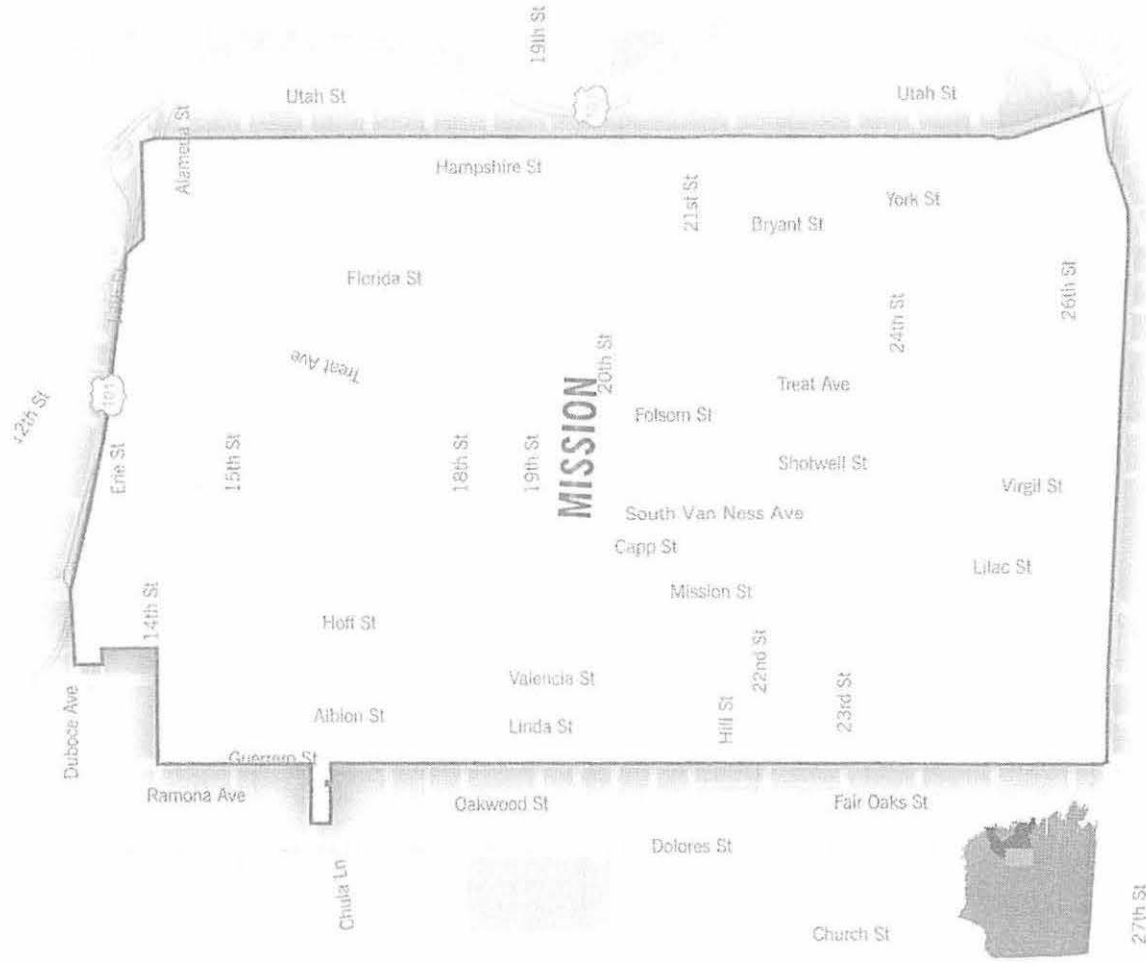
In 2008, four new area plans for the Mission, East SoMa, Showplace Square/Potrero Hill, and Central Waterfront neighborhoods were adopted. Respecting the Western SoMa community's request for more time to complete their planning process, the area plan for that neighborhood was undertaken in parallel and 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 appropriate amenities for the existing and new residents.

The challenges that motivated the Eastern Neighborhoods community planning process

Mission Area Plan Area Boundaries



were evident in the Mission when the plans were adopted and continue to be relevant today. The boundaries of the Mission Area Plan Area, shown in Map 1, run along Duboce/13th to the north, Potrero Avenue to the east, Guerrero Street to the west, and Cesar Chavez Street to the south.¹

The Mission is highly dense with neighborhood amenities, including a variety of shops and restaurants, an architecturally rich and varied housing stock, vibrant cultural resources, and excellent transit access. Traditionally a reservoir of affordable housing relatively accessible to recent immigrants and artists, housing affordability in the Mission has significantly declined in the past decade as demand has rapidly outpaced new housing supply and due to statewide restrictions on tenant protection laws (such as the Ellis Act), which allows landlords to evict residents from rent controlled apartments. Despite inclusionary housing requirements that mandate that a certain percentage of new units be affordable to low and moderate income households, new housing has been largely unaffordable to existing residents.

Mission residents and business owners highlighted a number of policy goals, in addition to the Eastern Neighborhoods-wide objectives, that should be considered for the Area Plan:

- » Preserve diversity and vitality of the Mission
- » Increase the amount of affordable housing
- » Preserve and enhance the existing Production, Distribution and Repair businesses
- » Preserve and enhance the unique character of the Mission's distinct commercial areas
- » Promote alternative means of transportation to reduce traffic and auto use
- » Improve and develop additional community facilities and open space
- » Minimize displacement

1.1 Summary of Ordinance and Monitoring Requirements

The ordinances that enacted the Eastern Neighborhoods Area Plans (including Western SoMa), adopted by the Board of Supervisors, include a requirement that the Planning Department produce five year reports monitoring residential and commercial developments in those neighborhoods, as well as impact fees generated and public and private investments in community benefits and infrastructure.² Appendix A includes the language in the Administrative Code mandating the Monitoring Reports. 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 Plan Area 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; and Western SoMa EIR, certified in 2012. However, a few of the developments that have been completed during this period and some of the proposed projects in the pipeline did not (or will not) receive their environmental clearance through these two EIRs, for these four reasons:

- 1) The developments were entitled prior to the adoption of the Plans, under zoning designations that were subsequently changed by the Plans.
- 2) Under the Eastern Neighborhoods Amnesty Program that expired in 2013, legalization of conversions from PDR to office space that took place prior to Plan adoption was allowed.
- 3) Some large-scale developments and Plan Areas that are within or overlap Project Area boundaries (such as Central SoMa and Pier 70) will undergo separate environmental review processes.

¹ Unless otherwise noted, this report will refer to the Mission Area Plan Area, Mission neighborhood, and "the Mission" interchangeably, as the area shown on Map 1. Other official and community definitions of the boundaries of the Mission neighborhood exist. Where those are used within this report, they will be specifically referenced.

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

- 4) Certain smaller projects did not rely on the rezoning under the EIRs and are therefore excluded.

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

The *Mission Area Plan Monitoring Report 2011-2015* is part of the set of Eastern Neighborhoods monitoring reports covering the period from January 1, 2011 to December 31, 2015. Because Western SoMa was adopted in 2013, no monitoring reports have been produced for that 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 Western SoMa Area Plan Monitoring Report 2011-2015 will be the first five-year report and set the calendar so that future monitoring reports are conducted alongside the other Eastern Neighborhoods. Subsequent time series monitoring reports for the Mission area and other Eastern Neighborhoods (including Western SoMa) will be released in years ending in 1 and 6.

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

2. Commercial Activity and Job Creation

One of the defining characteristics of the Mission neighborhood is its remarkable mix of uses and diversity of businesses, including manufacturing, restaurants and bars, a broad range of retail activities, institutional and educational uses, hospitals, and more. The neighborhood commercial corridors along Mission, Valencia, and 24th Streets support a variety of retail activities including shops and services, housing, and small offices, which serve their immediate neighborhood and also residents from throughout the city and region. Indeed, these commercial corridors have become part of San Francisco's tourism circuit, attracting visitors from around the world.³

The primarily residential portions of the Mission, which occupy the blocks on the southeast and western edges of the neighborhood, are also peppered with neighborhood serving businesses including corner stores, dry cleaning services, restaurants, cafes, and bars. Lastly, the Mission is home to a thriving collection of PDR businesses. The Northeast Mission Industrial Zone (NEMIZ) clusters many of these industrial activities and spaces, but a variety of smaller PDR businesses (such as auto repair garages, light manufacturing work, and the like) are scattered throughout the neighborhood. This mix of uses is an important source of employment opportunities for neighborhood, city and Bay Area residents; contributing to the overall vitality and culture of the Mission.

2.1 Commercial Space Inventory

Table 2.1.1 illustrates the mix of non-residential space in the Mission as of 2015. The table reflects the balanced mix of uses described above, as office, retail, and PDR activities each occupy roughly a quarter of the commercial space in the neighborhood. Cultural, institutional, and educational and medical uses make up roughly another 20% of non-residential buildings and tourist hotels take up about another 1%. The table

³ For example, a recent New York Times feature highlighting 18 San Francisco attractions to visit on a 36-hour stay in the city included 6 sites within the Mission Area Plan Area and another 3 within 2 blocks of its boundaries. See http://www.nytimes.com/2015/11/01/travel/what-to-do-in-36-hours-in-san-francisco.html?_r=0

FIGURE 2.0.1

Produce Market on Mission Street



Photo by SF Planning, Pedro Peterson

also shows the importance of the Mission in the San Francisco's stock of industrial lands. Though the neighborhood only accounts for 5% of the City's overall commercial space, its share of PDR space is much higher, at 8%. 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 2.1.1

Commercial Building Space Square Footage, Mission and San Francisco, 2015

Non-Residential Land Use	Mission		Citywide		Mission as % of San Francisco
	Square Feet	%	Square Feet	%	
Cultural, Institution, Educational	1,760,105	15%	29,898,514	13%	6%
Medical	698,877	6%	17,468,039	7%	4%
Office	3,079,231	27%	107,978,954	45%	3%
PDR / Light Industrial	2,896,338	25%	36,265,832	15%	8%
Retail	3,022,780	26%	42,299,526	18%	7%
Visitor / Lodging	92,560	1%	4,053,422	2%	2%
Total	11,549,891	100%	237,964,287	100%	5%

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

Table 2.1.2 shows commercial and other non-residential development activity in the Mission Area Plan area between January 1, 2011 and December 31, 2015 while Table 2.1.3 shows 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, 206,000 square feet of PDR land was converted to other uses, especially housing, equivalent to roughly 6% of PDR space in the Mission.

Two properties account for more than 75% of the PDR conversion during this period. In 2012, the Planning Department legitimized a conversion of roughly 95,000 square feet of PDR to office at 1550 Bryant; the actual conversion occurred prior to the enactment of Eastern Neighborhoods without the benefit of a permit. The legitimization program (see section 2.3.1), which was enacted

concurrently with Eastern Neighborhoods, enabled the space to be legally permitted as office. Another property at Mission Street and 15th Street, a vacant and non-functioning former printing shop, accounted for another 63,000 square feet of PDR conversion. This project was approved prior to adoption of the Mission Area Plan, but completed construction in 2013. The building was demolished to build a 194-unit residential building, shown in Photo 2.1.1, which includes 40 affordable units (21% of the total). The property is zoned neighborhood commercial transit (NCT) and urban mixed-use (UMU), designations created by the Eastern Neighborhoods Area Plans specifically to transition struggling industrial properties in transit-rich corridors to dense residential uses.

Table 2.1.2 also shows the loss of 25,000 square feet of institutional space in 2015, which took place because the San Francisco SPCA demolished a building on their campus to convert into a dog park in order to better meet their animal

FIGURE 2.1.1
1880 Mission Street



Photo by SF Planning, Pedro Petersen

rescue activities. The table also shows a modest gain of office and retail space during the reporting period. One illustrative project is the development at 1501 15th Street, which redeveloped a vacant lot of a former gas station into a mixed-use building with 40 residential units (7 of them below market rate) and roughly 8,000 square feet of ground floor commercial space.

slightly more than 7% of citywide office development between 2011 and 2015.

Map 2 shows the location of the larger-scale non-residential developments. (See Appendix B for detailed information about completed developments.)

For comparison purposes, Table 2.1.3 shows the commercial development activity throughout San Francisco. Overall, while the Mission saw a decrease of roughly 68,000 square feet, the city gained 2.8 million square feet, mostly serving office and medical uses. The Mission accounted for about 20% of the city's loss of PDR and

TABLE 2.1.2

Net Change in Commercial Space Built, Mission 2011–2015

Year Completed	Cultural, Institutional, Educational	Medical	Office	PDR / Light Industrial	Retail	Visitor / Lodging	Total Commercial Sq. Ft.
2011	–	–	–	(10,800)	–	–	(10,800)
2012	–	–	108,400	(98,326)	4,320	–	14,394
2013	–	–	–	(70,762)	–	–	(70,762)
2014	–	15,200	–	(26,423)	(3,696)	–	(14,919)
2015	(25,211)	–	–	–	39,495	–	14,284
Total	(25,211)	15,200	108,400	(206,311)	40,119	–	(67,803)

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

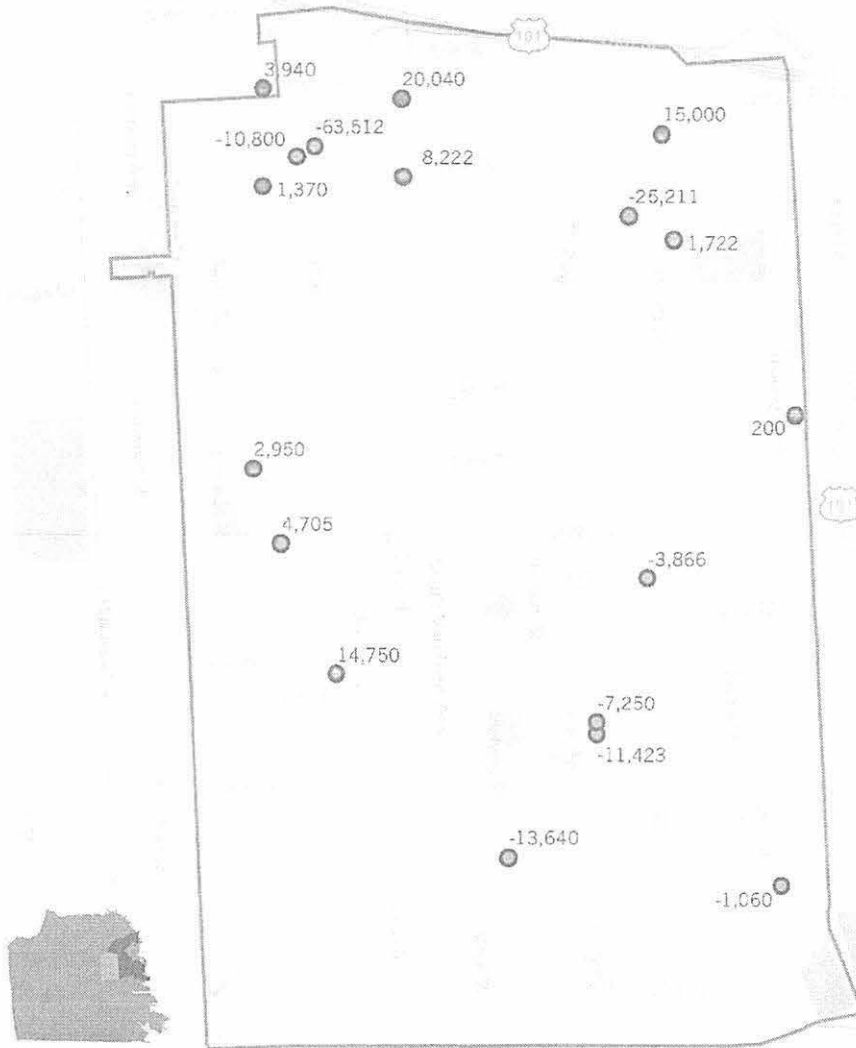
Net Change in Commercial Space, San Francisco 2011–2015

Year Completed	Cultural, Institutional, Educational	Medical	Office	PDR / Light Industrial	Retail	Visitor / Lodging	Total Commercial Sq. Ft.
2011	10,477	0	40,019	(18,075)	16,854	0	49,275
2012	(52,937)	0	24,373	(164,116)	32,445	0	(160,235)
2013	66,417	0	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	0	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.

MAP 2

Completed Projects Causing Net Change in Commercial Space, Mission 2011-2015



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

2.2 Commercial Development Pipeline

The development pipeline is best understood as two separate subcategories, shown in Table 2.2.1 as “Under Review” and “Entitled”. Entitled projects are those that have received Planning Department approvals and are under construction or awaiting financing or other hurdles to break ground. Such projects can be expected to be completed with some confidence, although some of them may take years to finally complete their construction and receive certificates of occupancy. Projects that are under review projects are those that have filed application with the Planning and/or Building Departments, but have not been approved. These projects have to clear several hurdles, including environmental (CEQA) review, and may require conditional use permits or variances. Therefore, under review projects should be considered more speculative.

The commercial development pipeline in the Mission shows a continuation of the trends that have taken place during the reporting period of 2011-15 (Table 2.2.1). The Mission will continue to see some of its PDR space converted to other uses,

particularly residential, as well as the development of some office, medical, and institutional space. However, the City continues to enforce PDR protection policies in specially designated zones in the Mission, such as PDR-1 and PDR-2.

The projects in the pipeline that have received entitlements show a slight net gain (5,000 square feet) of non-residential uses in the Mission in the near future. If all of these developments are completed, the Planning Department expects a loss of about 360,500 square feet of PDR space and concomitant gain of roughly 175,000 square feet in other commercial space, including institutional, medical, office and retail uses. Entitled projects that propose to convert PDR to other uses are mostly small spaces (up to about 6,000 square feet) that will be redeveloped as residential or mixed-use residential buildings. One representative project is at 346 Potrero Avenue, currently under construction, where 3,000 square feet of PDR has been converted to a mixed use building with approximately 1,600 square feet of ground floor retail and 70 residential units, 11 of which are affordable.

TABLE 2.2.1

Commercial and Other Non-Residential Development Pipeline, Mission Q4 2015

Development Status	Cultural, Educational, Institutional	Medical	Office	PDR/Light Industrial	Retail	Visitor/Lodging	Total Commercial Sq Ft
Under Construction	–	–	–	(12,461)	7,396	–	(5,065)
Planning Entitled	3,957	16,000	4,672	(18,607)	4,682	–	10,704
Planning Approved	2,757	–	–	(2,914)	–	–	(157)
Building Permit Filed	–	–	–	(1,939)	844	–	(1,095)
Building Permit Approved/ Issued/ Reinstated	1,200	16,000	4,672	(13,754)	3,838	–	11,956
Under Review	282,932	–	160,591	(329,490)	51,672	–	169,219
Planning Filed	282,932	–	159,388	(303,697)	55,186	–	182,933
Building Permit Filed	–	–	1,203	(25,793)	10,876	–	13,714
Total	286,889	16,000	165,263	(360,558)	67,264	–	174,858

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.

One example of a project that is currently under review, the “Armory Building” at 1800 Mission, has requested to convert roughly 120,000 square feet of PDR space into office use. Another large-scale project currently under review would build 176,000 square feet of non-profit service delivery office space at 1850 Bryant Street. If all projects that are under review come to fruition, the Mission will see roughly 360,000 square feet of PDR transition to other uses.

Table 2.2.2 shows the commercial development pipeline for San Francisco for comparison. The development pipeline in the Mission represents less than 1% of the citywide pipeline. Map 3 shows the locations of the larger proposed commercial developments in the plan area. (See Appendix C for detailed information about pipeline projects.)

TABLE 2.2.2

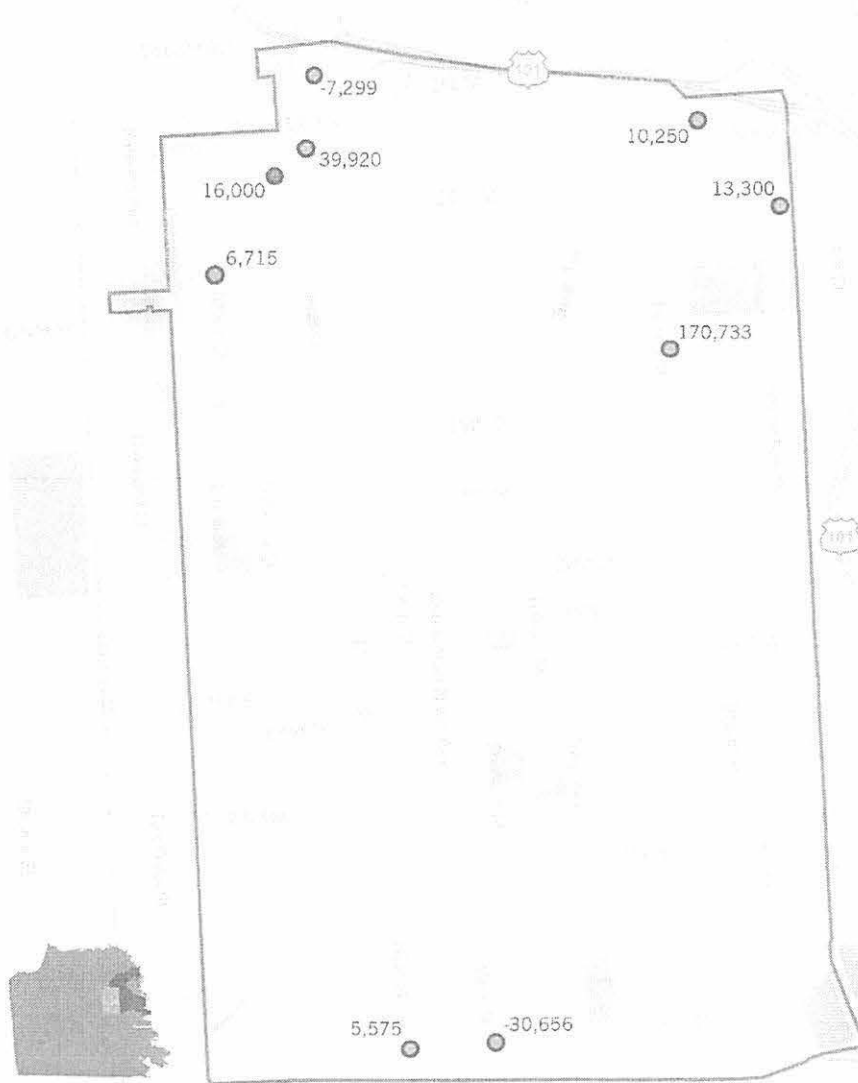
Commercial and Other Non-Residential Development Pipeline, San Francisco Q4 2010

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

Source: San Francisco Planning Department

MAP 3

Commercial and Other Non-Residential Development Pipeline, Mission 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, the Mission (and the Eastern Neighborhoods more broadly), have experienced economic changes that have made many areas highly attractive to residential and office development. These types of uses are generally able to afford higher land costs, and therefore can outbid PDR businesses for parcels that are not specifically zoned for industrial use. 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 2.9 million square feet in PDR space in the Mission in 2015, more than half was scattered throughout zoning districts not specifically geared towards industrial uses, such as neighborhood commercial (NC) zones. Roughly 770,000 (26%) were located in PDR protection districts (PDR-1 and PDR-2) and 20% were in the mixed use UMU district. By comparison, the split between PDR space in PDR protection, mixed use, and other districts in the Eastern Neighborhoods is 38%, 34%, and 29%, respectively. According to Co-Star data, asking lease rates for PDR space in the Eastern Neighborhoods are currently \$22 per square foot (NNN) and vacancy rates are 4.4%.⁴

⁴ Data provided by the City of San Francisco's Real Estate Division.

Since the adoption of the Mission 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. A detailed investigation of the conversion of PDR space in the Mission shows that such conversions have occurred largely outside of the zoning districts created specifically to protect PDR uses (in the case of the Mission, PDR-1 and PDR-2). The only project that recorded a loss of PDR space in a PDR protection zone during this period, 1550 Bryant, involved the legitimization of office conversion undertaken prior to adoption of the plan under an amnesty program that expired in 2013 (discussed in subsection 2.3.1, below). In addition to the project at 1880 Mission, detailed above, other completed projects in the Mission that have converted PDR space have done so in order to build new housing, either with a higher percentage of inclusionary units than required by the City's inclusionary housing ordinance or by paying in-lieu fees, as shown in [Table 2.3.2](#). These projects have all been built in either the transitional UMU district or in districts like NCT and RH-3, which were not intended as PDR protection areas under the Mission Area Plan. The Planning Department has also undertaken some legislative action to strengthen PDR zoning and enable to location, expansion, and operation of PDR businesses. In addition to some "clean

TABLE 2.3.1

Square Footage of PDR Space by Zoning District Type, Mission and Eastern Neighborhoods, 2015

Zoning District Type	Number of Cases			
	Mission	%	Eastern Neighborhoods	%
PDR Protection (1)	767,087	26%	3,465,888	38%
Mixed Use (2)	582,510	20%	3,098,198	34%
Other (3)	1,546,741	53%	2,669,555	29%
TOTAL	2,896,338	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 WMUD 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 in Mission Area Plan Area, 2011–2015

Project	Zoning	Net PDR	Net Office	Net Retail	Net Units	Affordable Units	Percent Affordable
1550 Bryant Street	PDR-1-G	(93,400)	108,400	0	0	0	N/A
1880 Mission Street	NCT/UMU	(63,512)	0	0	194	40	21%
2652 Harrison Street	UMU	(7,250)	0	0	20	Fee payment	N/A
2660 Harrison Street	UMU	(11,423)	0	11,423	3	Below threshold	N/A
3135 24th Street	NCT	(15,000)	0	1,360	9	Below threshold	N/A
1280 Hampshire Street	RH-3	(1,060)	0	0	3	Below threshold	N/A

Source: San Francisco Planning Department

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

up" language making it easier for PDR businesses to receive permits and share retail spaces, the Department also created a program to allow more office development in certain parcels as a way to subsidize more development of PDR space. Recognizing the financial difficulties of developing new industrial buildings in large "soft site" lots, this program gives developers the ability to construct office space in parcels zoned PDR-1 and PDR-2, located north of 20th Street. The parcels must be at least 20,000 square feet as long as existing buildings are not developed to more than 0.3 floor-to-area (FAR) ratio. At least 33% of the space in the new developments must be dedicated to PDR uses. To date, only one development at 100 Hooper Street in the Showplace Square/Potrero Hill Plan Area has taken advantage of this program.

PDR Protection Policies and Enforcement

Illegal conversions from Production, Distribution and Repair (PDR) uses have more recently become an issue in the Eastern Neighborhood Plan areas that the City has sought to resolve. In 2015, the Planning Department received about 44 complaints of alleged violation for illegal conversions of PDR space. Most of these cases (42) are in the Eastern Neighborhoods, 20 of which are in the Mission Area Plan Area. Of these cases, six were found to not be in violation of PDR protection rules, 11 are under or pending review, and three have been found to be in violation. The three cases are on Alabama Street between 16th and Mariposa Streets on parcels zoned PDR-1-G. Owners were issued notices of violation and office tenants were compelled to vacate the properties, as shown in Appendix E.

TABLE 2.3.3

Enforcement Cases for Illegal PDR Conversions, Mission, 2015

Case Type	Number of Cases		
	Mission	Eastern Neighborhoods	Citywide
Closed - Violation	3	6	7
Closed - No Violation	6	9	9
Under Review	1	4	4
Pending Review	10	23	24
TOTAL	20	42	44

Source: San Francisco Planning Department

Most of these complaints describe large warehouses converting into office uses. Many of these 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. The table in Appendix E shows the enforcement cases that were closed and that were actually found to be in violation of the code. 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 to office use; 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 conversion 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 also 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, 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 session 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. Future trainings will be held based on interest.

2.4 Employment

The Mission Area Plan Area 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 the Mission grew from roughly 18,000 jobs in 2010 to almost 24,000 with a related increase from 2,700 to 3,000 establishments, according to the California Employment and Development Department (EDD). The next subsections discuss job growth in the Mission by land use category.

2.4.1 Office Jobs

The largest increase in jobs in the Mission between 2010 and 2015 was in office occupations. According to EDD, the neighborhood experienced an almost 70% increase in office jobs in those 5 years. However, the number of office establishments only increased by about 25%, indicating a shift towards office firms with a

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

TABLE 2.4.1

Employment, Mission and San Francisco, Q2 2015

Landuse	Mission				San Francisco			
	Establishments	%	Jobs	%	Establishments	%	Jobs	%
Cultural, Institutional, Educational	119	4%	17,454	45%	2,010	3%	73,182	11%
Medical	1,223	41%	2,409	6%	21,833	37%	60,214	9%
Office	511	17%	6,344	16%	15,628	27%	293,014	44%
PDR / Light Industrial	349	12%	3,723	10%	5,280	9%	88,135	13%
Retail	605	20%	8,802	23%	8,241	14%	130,550	20%
Visitor / Lodging	10	0%	41	0%	311	1%	16,688	2%
Other	187	6%	254	1%	4,961	9%	6,953	1%
Total	3,004	100%	39,027	100%	58,264	100%	668,736	100%

Source: California Employment Development Department.

larger number of employees or occupying formerly vacant space. In 2015 the Mission held about 3% of all of the City's office jobs and 2% of its establishments (see [Chart 2.4.1](#)).

2.4.2 Retail Jobs

As discussed above, the Mission has also emerged as an important retail destination in San Francisco, with the restaurants, cafes, bars, and shops in the main commercial corridors (particularly Mission, Valencia, 16th, and 24th Streets) attracting visitors from throughout the City, region, and beyond. The number of retail jobs in the Mission increased by 24% between 2010 and 2015 to about 8,800 in more than 600 establishments. The neighborhood represents 7% of the city's retail jobs and establishments.

2.4.3 PDR Jobs

PDR continues to play a critical role in the City's economy, providing quality jobs to employees with a broad range of educational backgrounds, supporting local businesses up- and downstream (for example, many of the city's top restaurants source products from local PDR businesses), and infusing the region with innovative products. Though the trends in loss of PDR space have been widely documented, the City and the Mission both added

PDR jobs since 2010. The Mission experienced a 7% increase in PDR employment (to 3,700 jobs) between 2010 and 2015 and 9% increase in number of firms (to 350). Within the three-digit NAICS classifications that make up the Planning Department's definition of PDR, employment increased across several occupational categories, including "other manufacturing", "film and sound recording", and "printing and publishing" occupations and decreased in "construction", "apparel manufacturing" and "transportation and warehousing" occupations, as shown in Appendix F.

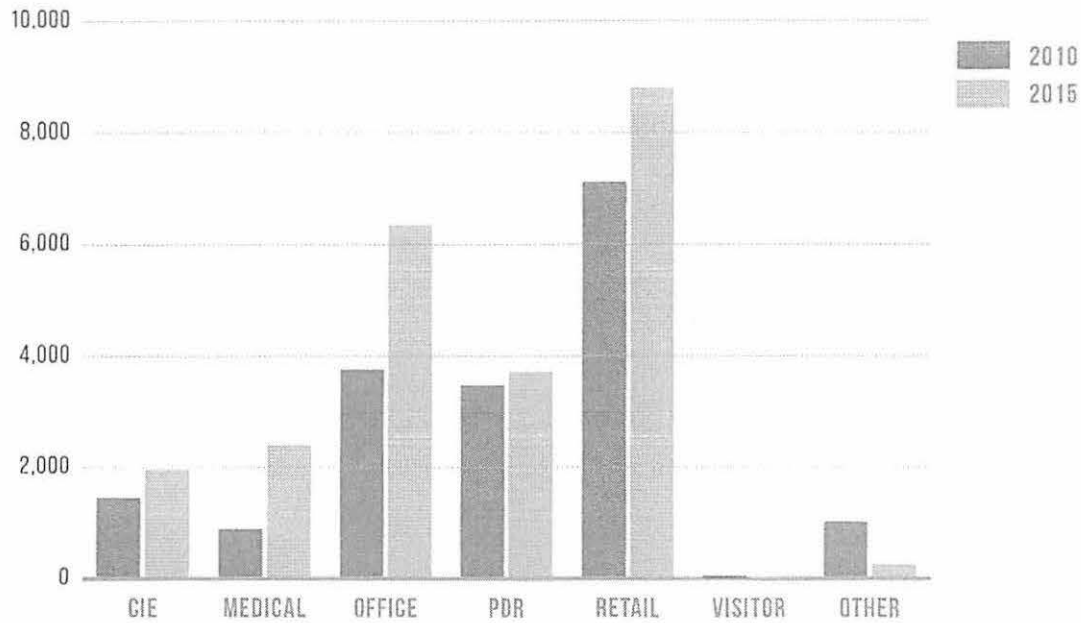
As with other occupations, these increases likely reflect a recovery from the recession as well as the emergence of "maker" businesses and production of customized and high-end consumer products, such as the firm shown in [Photo 2.4.1](#). The success of the Plan in curbing large-scale conversion of PDR space has likely played a key role in ensuring that these re-emergent industrial activities are able to locate within San Francisco. The Mission has roughly 4% of the PDR jobs and 7% of the establishments within the City.

2.4.4 Employment and Commercial Space Trends

Over the past five years, the Mission has added a substantial number of jobs, more than 30%

FIGURE 2.4.1

Jobs by Land Use, Mission, Q3 2010 and 2015

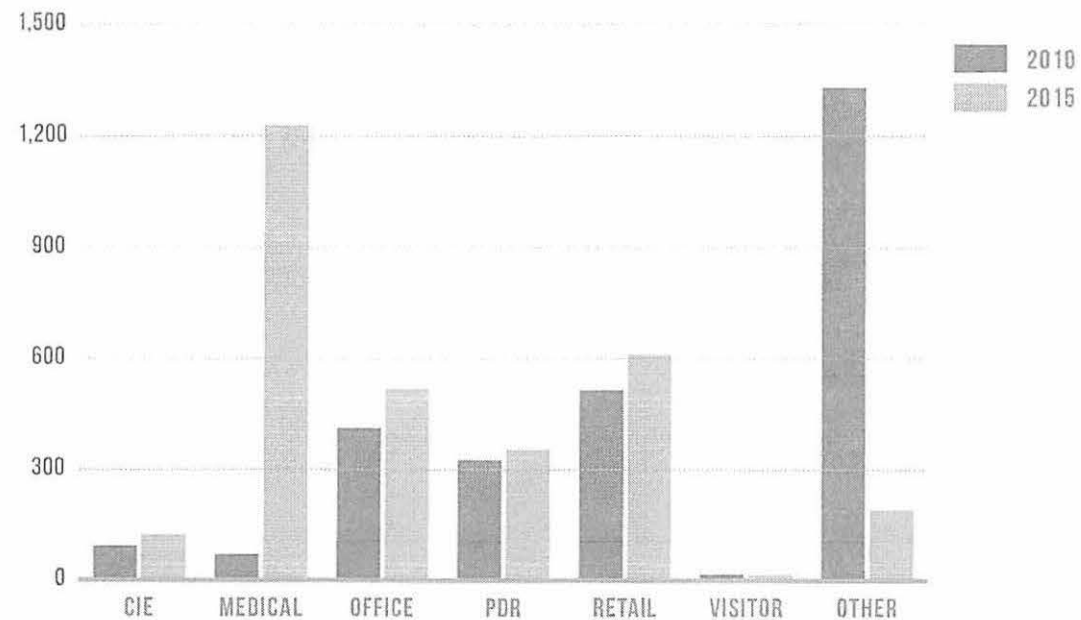


Source: California Employment Development Department

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, Mission, 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".

growth, even as its commercial space square footage increased by a small amount (4,000 square feet). 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.⁶ 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.⁷ 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 the Mission, sales tax collections increased every year from 2011 to 2014, going from \$4.5 million to \$6.2 million in five years, an increase of almost 40%. By comparison, sales tax collections citywide increased by 26% during this period. Property tax collection also increased substantially in the Eastern Neighborhoods. In the Mission, the city collected roughly \$38 million in property taxes in 2008, the year before the plan was adopted. By 2015, property taxes in the Mission increased by 56% to \$59 million, as shown on Table 2.4.3.

⁶ Although data to show vacancy rates for the Mission Area Plan Area is not available, commercial real estate brokerage firms like Cushman & Wakefield show that vacancy rates for different types of land uses decreased substantially in San Francisco between 2011 and 2015 across different sectors. See Cushman & Wakefield San Francisco Office Snapshot Q4 2015 and Retail Snapshot Q4 2015.

⁷ See Gensler, 2013. *US Workplace Survey Key Findings*.

FIGURE 2.4.3

Dandelion Chocolate, 2600 16th Street



Photo by SF Planning, Pedro Peterson

TABLE 2.4.2

Sales Taxes Collected in Mission Area Plan Area, 2011–2015

Year	Mission	% change from previous year	San Francisco	% change from previous year
2011	\$4,486,667	–	\$75,198,021	–
2012	\$4,913,267	9.5%	\$80,709,201	7.3%
2013	\$5,292,732	7.7%	\$84,261,806	4.4%
2014	\$5,598,902	5.8%	\$89,605,413	6.3%
2015	\$6,227,719	11.2%	\$94,546,142	5.5%
TOTAL	\$26,519,287		\$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
Mission	\$37,908,346	\$58,957,413
Central Waterfront	\$5,704,111	\$10,338,391
East SoMa	\$46,831,664	\$63,172,434
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 Mission neighborhood have all seen robust employment growth since the “Great Recession” triggered by the financial crisis in 2007. During this period, the city has added housing units much 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.

In the past five years, the Mission has been a focal point of struggles over housing as well as efforts by the City to ensure that its residents can

continue to live there. One of the main goals of the *Mission Area Plan* is to increase the production of housing affordable to a wide-range of incomes. The environmental analysis conducted for the EN EIR estimated that between 800 and 2,000 additional units could be developed as a result of the rezoning associated with the *Mission Area Plan*.⁸ The Plan also recognizes the value of the existing housing stock and calls for its preservation, particularly given that much of it is under rent control. Dwelling unit mergers are strongly discouraged and housing demolitions are allowed only on condition of adequate unit replacement.

⁸ Eastern Neighborhoods Rezoning and Area Plans Environmental Impact Report (2005).

3.1 Housing Inventory and New Housing Production

The Planning Department's latest housing inventory, using US Census and permit data, shows that the Mission has roughly 25,000 housing units as of the end of 2015; this represents 6.6% of the citywide total.⁹ Table 3.1.1 shows a net gain of approximately 564 units in the past five years in the Mission, compared with 861 net units added between 2006 and 2010. Of the new units produced, 76 were conversions from non-residential uses and the rest were completed from new construction.

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 47 new units were built. Between 2013 and 2015, however, the Mission added 518 new units, or 173 units per year. This yearly average

is almost identical to the average between 2006 and 2010, when the Mission added 164 units per year. Table 3.1.2 shows the citywide figures for comparison. Nearly 6% of the net increase in the City's housing stock in the last five years was in the Mission area.

Map 4 shows the location of recent housing construction. The vast majority of new units added during the 2011-2015 reporting period are located north of 16th Street and west of Mission Street. All of the new residential development in the souther portion of the Mission during this period has been in projects adding one or two net units. Additional details about these new development projects can be found in Appendix B.

⁹ 2015 San Francisco Housing Inventory.

TABLE 3.1.1

New Housing Production, Mission, 2011–2015

Calendar Year	Units Completed from New Construction	Units Demolished	Units Gained or Lost from Alterations	Net Change in Number of Units
2011	–	14	(1)	(15)
2012	47	–	11	58
2013	242	1	16	257
2014	75	1	2	76
2015	140	–	48	188
TOTAL	504	16	76	564

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.

New Housing Production Mission 2011-2015



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

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 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 the Mission as of the end of 2015 is 1,855 units, of

which 1,467 are under review. Roughly 400 units are entitled, of which half are currently under construction, as shown on Table 3.2.1. The pipeline for the Mission accounts for 9% of the total number of projects in the City, though only 3% of the number of units, which suggests that new projects are of a smaller 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 seven projects (with a total of nine units) were under construction, 25 projects with 422 units were entitled, and 53 projects with 585 units were under review. As of the end of 2015, twice as many projects were under review for more than three 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. By-and-large,

TABLE 3.2.1

Housing Development Pipeline, Mission, and San Francisco, Q4 2015

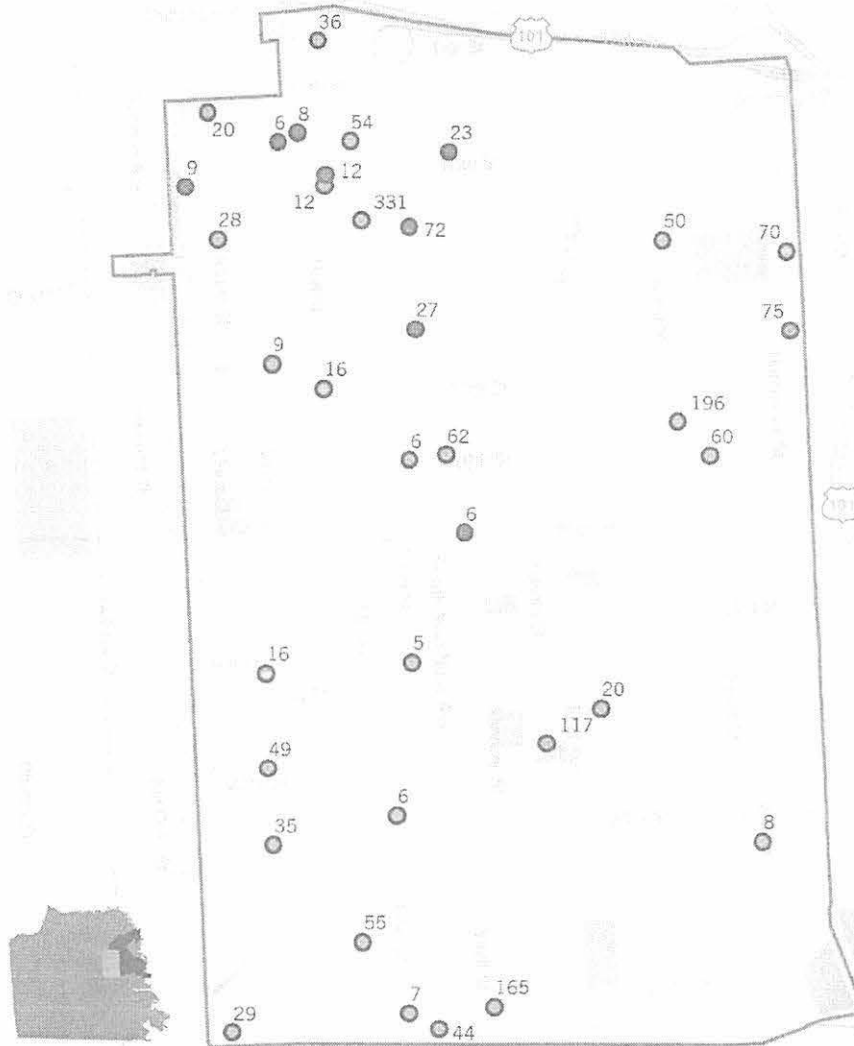
Development Status	Mission			San Francisco		
	No. of Units	No. of Affordable Units	No. of Projects	No. of Units	No. of Affordable Units	No. of Projects
Construction	200	22	17	8,816	979	232
Planning Entitled	188	18	29	31,546	6,141	353
Planning Approved	14	—	5	27,617	12	80
Building Permit Filed	16	—	5	1,529	73	36
Building Permit Approved/Issued/Reinstated	158	18	19	2,400	6,056	237
Under Review	1,467	43	65	21,752	1,797	708
Planning Filed	909	37	25	17,575	1,574	206
Building Permit Filed	558	6	40	4,177	223	502
Total	1,855	83	111	62,114	8,917	1,293

Source: San Francisco Planning Department

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

MAP 5

Housing Development Pipeline by Development Status, Mission, Q4 2015



- Entitled
- Under Construction
- Under Review

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

projects that are entitled and under construction are located north of 20th Street. The southern portion of the Mission Area Plan Area has a number of proposed projects that are currently under review, although only one project is under construction, at 1050 Valencia Street. Appendix C provides a detailed list of these housing pipeline projects.

3.3 Affordable Housing in the Mission

San Francisco and the Mission Area Plan Area have a number of policies in place to facilitate the development of affordable housing. This section describes some of these policies and discusses affordable housing development in the Plan Area over the past five years.

3.3.1 Affordable Housing Efforts: Citywide, Eastern Neighborhoods, and Mission

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 and two in Potrero Hill.

The City has also launched HOPE SF, a partnership between the SFHA, the Mayor's Office of Housing and Community Development (MOHCD), community organizations, real estate developers, and philanthropies to redevelop some of the more dilapidated public housing sites into vibrant mixed-income communities with a central goal of keeping existing residents in their neighborhoods. One of the HOPE SF projects, Potrero Terrace/Annex is located in the Eastern Neighborhoods (Showplace Square/Potrero Hill). MOHCD also maintains a number of funding programs to provide capital financing for affordable housing developments targeting households earning between 30

and 60% of AMI, low-income seniors, and other special needs groups. In most cases, MOHCD funding is leveraged to access outside sources of funding, such as Federal Low Income Housing Tax Credits, allocated by the State.

One of the most powerful tools to promote affordable housing development in San Francisco is the inclusionary housing program specified in Section 415 of the Planning Code. This program requires that developments of 10 or more units of market rate housing must restrict 12% of the units to families earning below 55% of AMI (for rental units) or 90% of AMI (for ownership units). Developers can opt to build the units "off-site" (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. Proposition C, approved by San Francisco voters in June 2016, increases the minimum inclusionary housing requirement to 25% on projects larger than 25 units. The Board of Supervisors may change this amount periodically based on feasibility studies by the Controller's Office. 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 Board recently adopted an ordinance to encourage accessory dwelling units (ADUs) throughout the City, expanding on previous legislation allowing such units 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.¹⁰

Another policy that has the potential to add thousands of units of affordable housing to the city's stock is the Affordable Housing Bonus

¹⁰ Wegmann, Jake, and Karen Chapple. "Hidden density in single-family neighborhoods: backyard cottages as an equitable smart growth strategy." *Journal of Urbanism: International Research on Placemaking and Urban Sustainability* 7.3 (2014): 307-329.

Program, which is currently under review by the City. The Board recently approved the portion of the program that allows developers to build up to three stories above existing height limits in 100% affordable projects. Another component of the program that is under consideration would allow developers in certain areas to build up to an additional two stories of market rate housing 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 local 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 suit-

able 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 New Affordable Housing Production, 2011–2015

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. The Mission in particular has been a symbol of the pressures of exploding housing costs on neighborhood stability and character.

As Table 3.4.1 shows, 56 income-restricted affordable units were built during the 2011-15 five-year monitoring period, compared to 446 developed over the previous five years (2006-2010). The main difference between the two periods is that no publicly subsidized developments were built in the Mission in the most recent five-year stretch, while two large, fully affordable projects were built in 2006 and 2009 (Valencia Gardens and 601 Alabama, respectively) with a total of 411 units.

The 56 units built between 2011 and 2015 make up 11% of the 504 newly constructed units built in the Mission (shown on Table 3.1.1), slightly lower than the inclusionary housing minimum of 12%. The percentage is lower than the minimum because seven projects (shown on Table 3.4.3) chose to pay a fee to the City in lieu of building the units on-site. These fees raised \$7.3 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 the Mission in this period, if successfully leveraged into additional external funding and used to build projects on

publicly controlled land, could yield an additional 30 units.¹¹ Moreover, projects with fewer than 10 units are exempt from the inclusionary housing requirement.

Out of the 56 inclusionary units, 40 were rental units targeted to low-income households (55% of AMI) at the 194-unit development at 1880 Mission Street. The rest were ownership units restricted to moderate-income households (90% AMI). An additional 20 secondary or “granny” units, which are not restricted by income, but are

generally considered “more affordable by design to moderate-income households were added in the Plan Area. [Appendix B](#) lists the affordable housing developments completed between 2011 and 2015.

The inclusionary housing production in the Mission accounts for 7% 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, the Mission only built 2% of the city’s income-restricted units (2,497) during the period.

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

TABLE 3.4.1

Affordable Housing Production, Mission, 2011–2015

Calendar Year	Public Subsidy	Inclusionary	Secondary Units	Total
2011	–	–	5	5
2012	–	2	2	4
2013	–	40	3	43
2014	–	8	3	11
2015	–	6	7	13
TOTAL	–	56	20	76

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 3.4.2

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

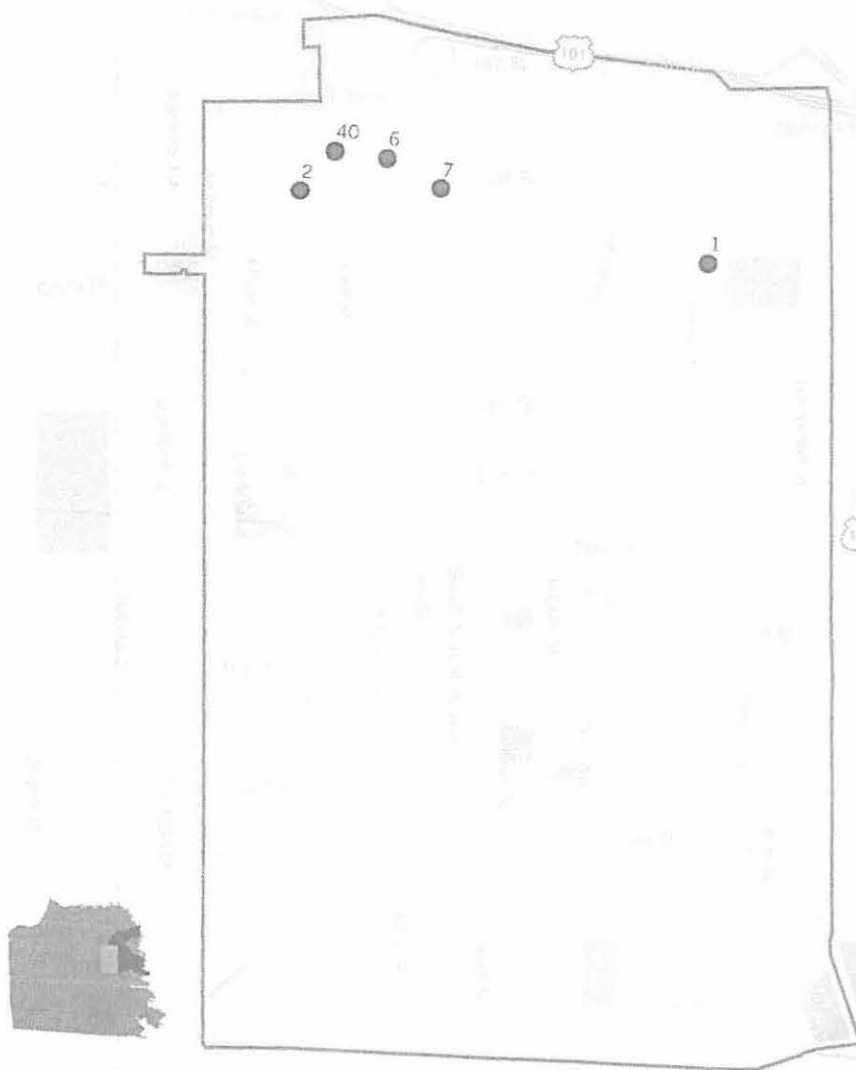
Housing Developments Opting for Affordable Housing "In-lieu" Fee, Mission, 2011–2015

ADDRESS	YEAR	TOTAL FEE AMOUNT
3500 19TH ST	2012	\$1,119,972
3418 26TH ST	2012	\$685,574
2652 HARRISON ST	2012	\$975,904
899 VALENCIA ST	2013	\$1,119,260
1050 VALENCIA ST	2013	\$756,939
3420 18TH ST	2015	\$1,001,589
1450 15TH ST	2015	\$1,654,354
GRAND TOTAL		\$7,313,592

Source: Department of Building Inspection

MAP 6

New Affordable Housing, Mission, 2011-2015



- Market-rate Project with Inclusionary Housing

3.5 Housing Stock Preservation

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

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

their homes.

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

The following subsections document the trends in these various types of changes to the housing stock in the Mission Area Plan Area 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, 30 units were demolished or lost through alteration in the Mission (Table 3.5.1) or less than 3% of units demolished citywide. In the previous reporting period, 15 units were lost to demolition or alteration. Table 3.5.2 shows San Francisco figures for comparison. Illegal units removed also result in loss of housing; corrections to official records, on the other hand, are adjustments to the housing count.

TABLE 3.5.1

Units Lost, Mission, 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	–	7	–	–	7	14	21
2012	–	–	–	–	–	–	–
2013	–	–	–	–	–	1	1
2014	3	–	–	–	3	1	4
2015	4	–	–	–	4	–	4
TOTAL	7	7	–	–	14	16	30

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	–	110	427	537
2014	24	20	1	–	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

3.5.2 Condo Conversions

Condo conversions increase San Francisco's homeownership rate, estimated to be at about 37% in 2014. However, condo conversions also mean a reduction in the City's rental stock. In 2014, an estimated 76% of households in the Mission were renters. According to the American Community Survey, there was no change in the owner/renter split in the Mission or in San Francisco between 2009 and 2014. Almost 8% of San Francisco's rental units are in the Mission as of 2014, the same figure as in 2009.¹²

Table 3.5.3 shows that in the last five years, 284 units in 105 buildings in the Mission were converted to condominiums, compared to 307 units in 133 buildings between 2006 and 2010. In all, approximately 0.6% of all rental units in the Mission were converted to condominiums between 2011 and 2015. This represents 11% of all condo conversions citywide.

12 San Francisco Neighborhood Profiles, American Community Survey 2010–2014; San Francisco Planning Department 2016. According to the Census, there are roughly 19,000 renter-occupied units in the Mission. The neighborhood boundaries for the Mission in the Neighborhood Profiles do not match perfectly with the Plan Area boundaries, though they are very close. Therefore, these percentages should be read as approximations.

TABLE 3.5.3

Condo Conversion, Mission, 2011–2015

Year	Mission		San Francisco		Mission as % of Citywide Total	
	No of Bldgs	No of Units	No of Bldgs	No of Units	No of Bldgs	No of Units
2011	23	55	200	472	12%	12%
2012	18	43	201	488	9%	9%
2013	17	42	147	369	12%	11%
2014	29	81	239	727	12%	11%
2015	18	63	149	500	12%	13%
Totals	105	284	936	2,556	11%	11%

Source: DPW Bureau of Street Use and Mapping

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 103 units (compared to 73 units between 2006 and 2010). The annual trend from 2011 and 2014 (between 13 and 22) was similar to the annual evictions for the previous 5-year reporting period, but these types of evictions surged to 35 in 2015. Similarly, Ellis Act withdrawals led to 113 evictions during the most recent reporting period (compared to 71 in the

previous period). Owner move-in evictions in the Mission accounted for 8% of the citywide total while the Plan Area accounted for 18% of Ellis Act evictions in San Francisco between 2011 and 2015.

During these five years, an estimated 1% of rental units in the Mission experienced owner move-in and Ellis Act evictions. However, this number may not capture buy-outs or evictions carried out illegally without noticing the San Francisco Rent Board. 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.

TABLE 3.5.4
Evictions, Mission, 2011–2015

Year	Mission			San Francisco			Mission 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	13	4	64	123	54	1102	11%	7%	6%
2012	19	23	74	172	99	1343	11%	23%	6%
2013	22	51	95	275	229	1368	8%	22%	7%
2014	14	16	120	315	101	1550	4%	16%	8%
2015	35	19	100	425	142	1518	8%	13%	7%
Totals	103	113	453	1,310	625	6,881	8%	18%	7%

Source: San Francisco Rent Board

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

3.6 Jobs Housing Linkage 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 of 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 the Mission Area Plan Area generated roughly \$900,000 to be used for affordable housing development by the city.

TABLE 3.6.1

Jobs Housing Linkage Fees Collected, Mission, FY 2011/12–2015/16

Fiscal Year	Revenue
2011–12	\$–
2012–13	\$893,542
2013–14	\$–
2014–15	\$6,205
2015–16	\$–
Total	\$899,747

*Department of Building Inspection as of 6/1/16

4. Accessibility and Transportation

The Mission Area Plan Area is characterized by a multitude of mobility options and its residents access employment and other destinations through a variety of transport modes. A much lower share of commuters in the Mission travel to work by car than the rest of San Francisco (29% to 44%, respectively), a comparison that is true for people who drive alone as well as those who carpool. As Table 4.1.1 shows, the most widely used commute mode in the Mission is public transit, which is used by 41% of residents (compared to 33% citywide), and other alternative commute modes also play an important role, including biking at 9% (more than twice the citywide share), walking at 11%, and working at home at 8%. In order to maintain this characteristic and move towards lower dependency on private automobiles, the Mission Area Plan's objectives related to transportation all favor continued investments in public transit and improving pedestrian and bicycle infrastructure rather than facilitating auto ownership, circulation, and parking.

TABLE 4.1.1

Commute Mode Split, Mission and San Francisco

Transport Mode	Mission		San Francisco		Mission as % of San Francisco
	No. of Commuters	%	No. of Commuters	%	
Car	9,057	29%	199,470	44%	5%
Drove Alone	7,809	25%	165,151	36%	5%
Carpooled	1,248	4%	34,319	8%	4%
Transit	12,942	41%	150,222	33%	9%
Bike	2,852	9%	17,356	4%	16%
Walk	3,532	11%	46,810	10%	8%
Other	844	3%	10,579	2%	8%
Worked at Home	2,410	8%	32,233	7%	7%
Total	31,637	100%	456,670	100%	7%

Source: 2014 American Community Survey 5-year estimate

4.1 Eastern Neighborhoods TRIPS Program

The Eastern Neighborhoods Transportation Implementation Planning Study (EN TRIPS) Report assessed the overall transportation needs for the Eastern Neighborhoods and proposed a set of discrete 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 5nd 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 throughout particularly along 17th Street, and mid-block signalizations and crossings in South of Market.

4.2 Pedestrian and Bicycle Improvements

The *Mission Area Plan* calls for the creation of a network of "Green Connector" streets with wider sidewalks and landscaping improvements that connects open spaces and improves area walkability. The Plan proposes improvements in the vicinity of 16th Street, in the center of the Mission around 20th Street and through the southern part of the Mission including Cesar Chavez Street. Additionally north-south connections are suggested for Potrero Avenue and Folsom Streets. Numerous pedestrian improvements have also been proposed in the *Mission Public Realm Plan*.

The Mission District Streetscape Plan furthered the Mission Area Plan and EN Implementation Docu-

ment by identifying general district-wide strategies for improving streets and by providing conceptual designs for 28 discrete projects. The Plan looked to create identifiable plazas and gateways, improve alley and small streets, provide traffic calming in the predominately residential neighborhoods, re-envision the Districts throughways, and mixed-use (i.e. light industrial) streets; and further enliven the commercial corridors at key locations. Several of the Mission District Streetscape Plan projects have been implemented including, but not limited to, the Mission District Folsom Street road diet improvements, Bryant Street streetscaping, and the Bartlett Street Streetscape Improvement Project.

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.

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 the Mission, shown on Table 4.2.1. Pedestrian safety improvements such as new crosswalks and "daylighting" (increasing the visibility of pedestrian crossings) will be constructed along Mission Street between 18th and 23rd Streets. Additionally, a variety of multimodal improvements, such as daylighting and vehicle turn restriction, are being implemented at the intersection of Valencia Street and Duboce Avenue. A new traffic signal has also recently been installed at the intersection of 16th and Capp Streets.

Lastly, the southwest Bart plaza was reconstructed in 2014 to emphasize flexible open space over the previous cluttered configuration; elements include removed fencing, new paving, landscaping and street furniture.

TABLE 4.2.1.

Vision Zero Projects in Mission Area Plan Area

Project Name	Start Date (EST)	Completion Date (EST)	Current Phase	Total Budget (EST)
16th Street at Capp Street – New Traffic Signal	Winter 2013/2014	Fall 2016	Complete	\$350,000
Cesar Chavez SR2S Project	Spring 2014	Winter 2016/17	Design	\$385,000
Valencia St./Duboce Ave Multimodal Improvements	Winter 2014/2015	Summer 2015	Design	\$5,000,000
11th St./13th St./Bryant St. Bicycle and Pedestrian Spot Improvements	Winter 2014/2015	Fall 2015	Design	\$150,000
Potrero Ave., from Division to Cesar Chavez Streetscape Project	Winter 2014/2015	Winter 2017/18	Design	\$4,100,000
Mission Street, from 18th to 23rd (Pedestrian Safety Intersection Improvements)	Winter 2014/2015	Summer 2015	Design	\$86,000
Pedestrian Countdown Signal (3 Signals)	Spring 2015	Winter 2016/17	Design	\$417,000

Source: San Francisco Municipal Transportation Agency

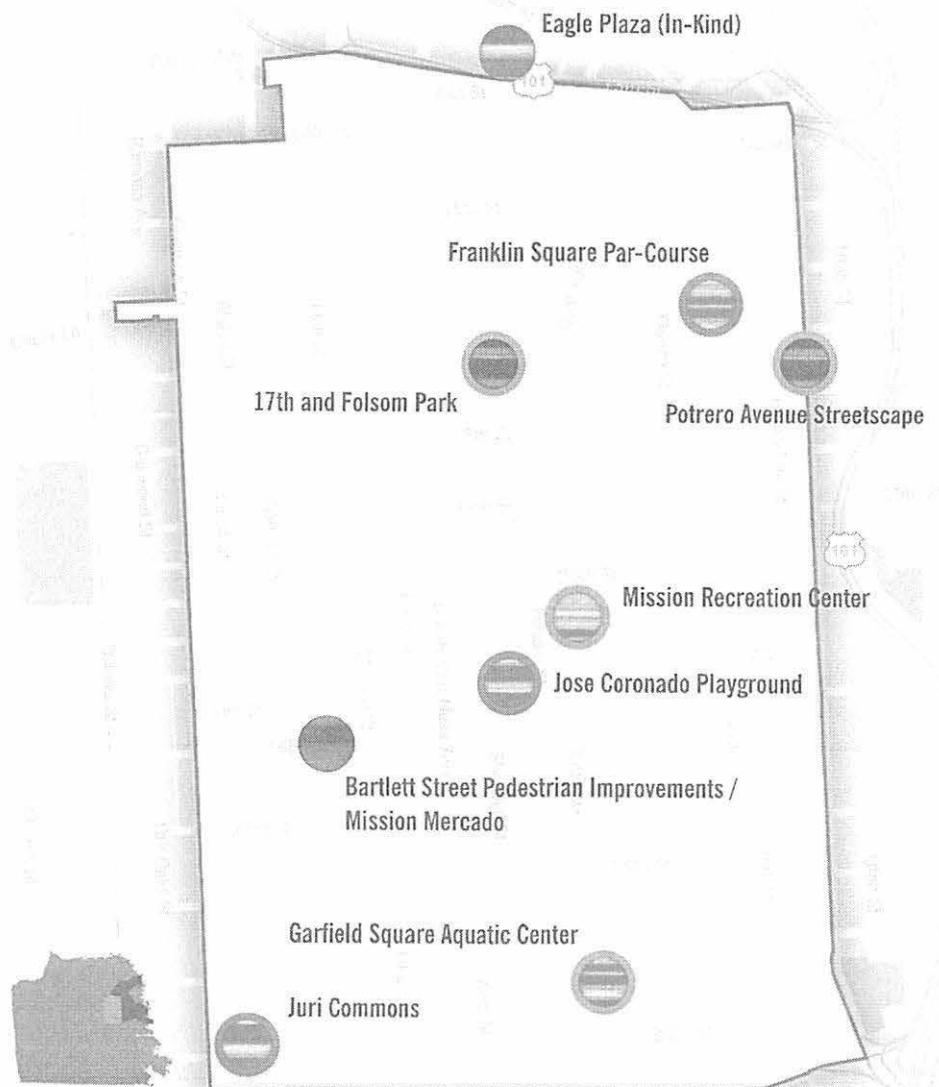
5. Community Improvements

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 descrip-

tion 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 the Mission Area Plan Area between 2011 and 2015.

MAP 7

Community Improvements in the Mission, 2011–2015



Project Status



Complete



Construction /
Near Construction



Planned

Project Size



Major



Community

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 establish 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 1.

5.2 Recreation, Parks, and Open Space

The *Mission Area Plan* also calls for the provision of new recreation and park facilities and maintenance of existing resources. Some portions of the Mission historically have been predominantly industrial, and not within walking distance of an existing park and many areas lack adequate places to recreate and relax. Moreover, the Mission has a concentration of family households with children (27% of Mission households), which is higher than most neighborhoods in the city. Specifically, the *Plan* identifies a need for 4.3 acres of new open space to serve both existing and new residents, workers and visitors. The Plan proposes to provide this new open space by creating at least one substantial new park in the Mission.

A parcel at 2080 Folsom Street (at 17th Street) owned by the San Francisco Public Utilities Commission was identified as a suitable site for a new park in an underserved area of the Mission. After a series of community meetings in 2010, three design alternatives were merged into one design. The new 0.8 acre park, shown in figure 5.2.1, will include a children's play area, demonstration garden, outdoor amphitheater and seating, among other amenities. The project is under construction and is expected to be completed by winter 2017.

FIGURE 5.2.1

Rendering of Park at 17th and Folsom Streets and Adjacent New Housing Development



Source: San Francisco Recreation & Parks.

Another facility planned for the Plan Area, still in conceptual phase, is the Mission Recreation Center. Located on a through block facing both Harrison Street and Treat Avenue between 20th and 21st Street, the facility includes an interior gymnasium and fitness center, along with an outdoor playground located in an interior courtyard. Recreation and Park staff is planning for a major renovation and reconfiguration of the facility that could include relocating the play equipment so that it is visible from the public right-of-way and adding additional courts to the building.

Lastly, Garfield Pool is scheduled to be rehabilitated through the 2012 Park Bond. Recreation and Park staff plan to further enhance the facility

to a higher capacity Aquatics Center, which, besides refurbishing the pool, would also include adding amenities such as a multi-purpose room and a slide. Other possible improvements could include a redesign of the pool structure. Design for the pool rehabilitation is expected to be complete by late 2016 with construction bid award and the construction planned to begin in 2017.

5.3 Community Facilities and Services

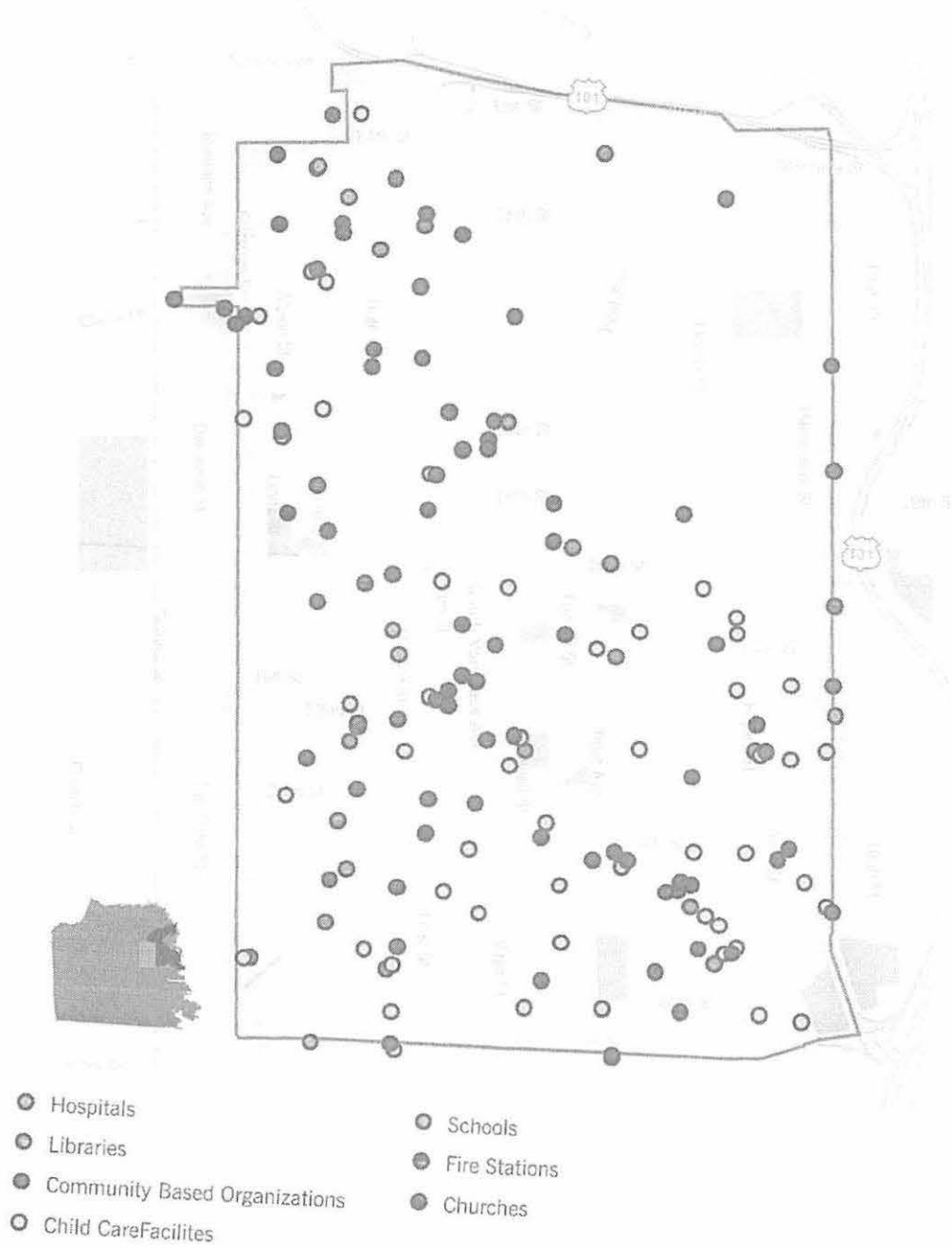
As a significant amount of new housing development is expected in the Mission, new residents will increase the need to add new community facilities and to maintain and expand existing ones. Community facilities can include any type

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 5.3 describes efforts to increase and improve the supply of recreation and park space in the Mission. 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 existing community facilities in the Mission. Community based organizations currently provide a wide range of services at over 50 sites throughout the Mission, ranging from clinics and legal aid, to job and language skills training centers and immigration assistance. Cultural and arts centers are also prominent in the Mission.

MAP 8

Community Facilities in the Mission



5.4 Historic Preservation

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

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 be 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 shows 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 which frequently host other activities, among many other uses, can be considered "neighborhood serving."

By this definition, the Mission is home to almost 600 neighborhood serving businesses and establishments employing over 8,000 people. Although these tend to be smaller businesses frequented by local residents and workers, some also serve a larger market (such as popular restaurants). As shown in Table 4.5.1, the top 10 neighborhood serving establishments in the Mission include eating places (full- and limited-service restaurants, bakeries, etc.), schools, grocery stores, bars, and pharmacies. These businesses are typically along the Mission, Valencia, and 24th Street neighborhood commercial districts, as shown on Map 9.

TABLE 5.5.1

Neighborhood Serving Establishments, Mission

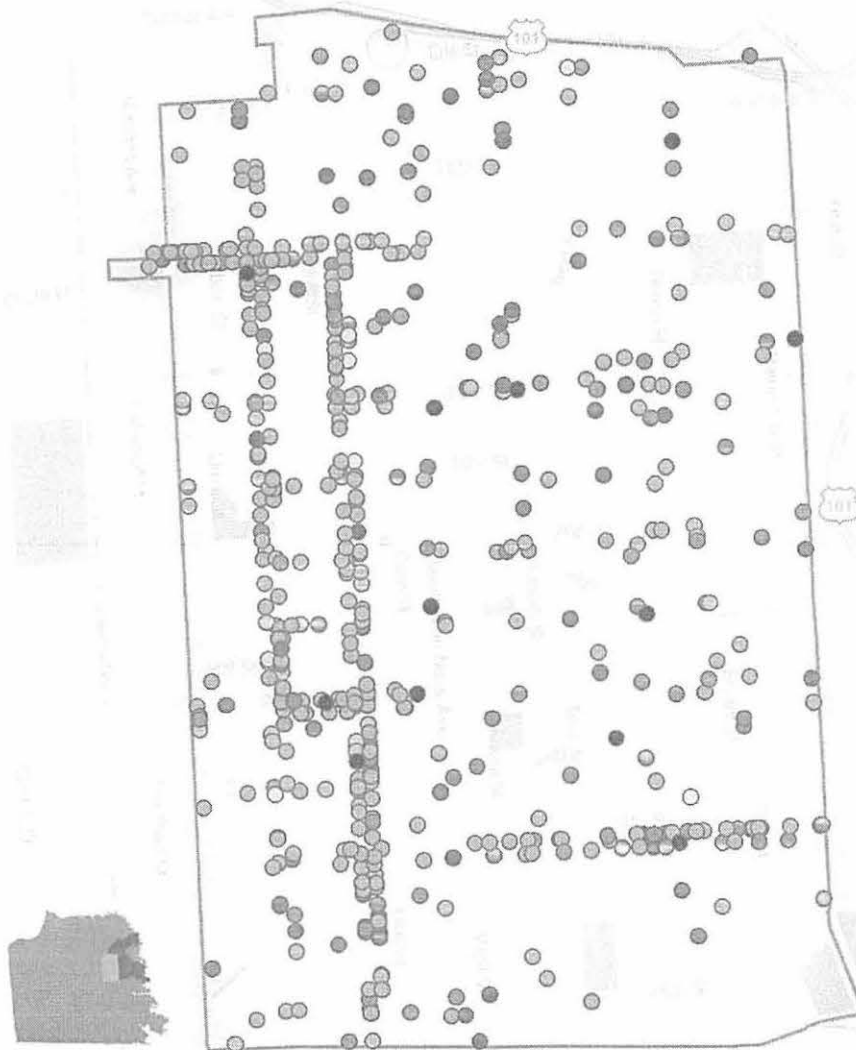
Type	Establishments	Employment
Full-Service Restaurants	155	2,581
Snack and Nonalcoholic Beverage Bars	31	908
Limited-Service Restaurants	62	884
Supermarkets and Other Grocery (except Convenience) Stores	36	521
Elementary and Secondary Schools	20	516
Drinking Places (Alcoholic Beverages)	36	388
Electronics Stores	13	246
Retail Bakeries	12	143
Commercial Banking	7	139
Pharmacies and Drug Stores	10	129
Sporting Goods Stores	7	125
Junior Colleges	2	110
Used Merchandise Stores	6	96
All Other Specialty Food Stores	3	87
Fitness and Recreational Sports Centers	5	85
Discount Department Stores	1	76
Civic and Social Organizations	9	64
Drycleaning and Laundry Services (except Coin-Operated)	7	61
General Automotive Repair	20	57
Pet Care (except Veterinary) Services	10	52
Women's Clothing Stores	9	50
Nail Salons	8	48
Office Supplies and Stationery Stores	2	48
Child Day Care Services	10	47
Shoe Stores	5	41
Savings Institutions	4	40
Book Stores	5	39
Men's Clothing Stores	6	38
All Other General Merchandise Stores	6	38
Religious Organizations	5	34
Family Clothing Stores	3	34
Beauty Salons	9	34
Pet and Pet Supplies Stores	3	32
Barber Shops	1	30
Gasoline Stations with Convenience Stores	3	28
Clothing Accessories Stores	5	26
Meat Markets	6	24
Beer, Wine, and Liquor Stores	6	20
Sewing, Needlework, and Piece Goods Stores	2	19
Fruit and Vegetable Markets	4	12

Type	Establishments	Employment
Cosmetics, Beauty Supplies, and Perfume Stores	3	12
Food (Health) Supplement Stores	1	9
Other Automotive Mechanical and Electrical Repair and Maintenance	3	9
Convenience Stores	4	8
Hobby, Toy, and Game Stores	1	8
Other Clothing Stores	3	8
Coin-Operated Laundries and Drycleaners	3	6
Cafeterias, Grill Buffets, and Buffets	1	5
Video Tape and Disc Rental	1	2
Other Personal and Household Goods Repair and Maintenance	2	2
Automotive Transmission Repair	1	1
Libraries and Archives	1	1
TOTAL	578	8,018

Source: California Employment Development Department

MAP 9

Neighborhood Serving Businesses in the Mission



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

Note: Based on 3-digit NAICS code occupation

6. Implementation of Proposed Programming

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

6.1 Eastern Neighborhoods Citizens Advisory Committee

The Eastern Neighborhoods Citizens Advisory Committee (EN CAC) started meeting on a monthly basis in October 2009. The CAC is comprised of 19 members of the public appointed by the Board of Supervisors or the Mayor. The CAC focuses on implementation of the Eastern Neighborhoods Implementation Program and priority projects. Together with the 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. 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 Plan Areas. The first \$10,000,000 collected are targeted to affordable housing preservation and rehabilitation. To date, the City has collected more than \$48 million in impact fees, as shown on Table 6.2.2.

TABLE 6.2.2

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

Category	Collected
HOUSING	\$4,740,000
TRANSPORTATION / TRANSIT	\$16,940,000
COMPLETE STREETS	\$6,730,000
RECREATION AND OPEN SPACE	\$17,520,000
CHILDCARE	\$2,420,000
Total	\$48,350,000

Source: San Francisco Planning Department

Note: Amount collected includes in-kind improvements.

Over the 2016-2020 period, the City is projected to collect \$145 million from the Eastern Neighborhoods impact fee program, as shown on Table 6.2.3.

TABLE 6.2.3

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

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

As shown in Table 5.2.1, approximately \$5.4 million have been collected from 58 projects in the Mission Area Plan Area to date. Overall, roughly \$48.4 million has been collected in all of the Eastern Neighborhoods, including Western SoMa.

TABLE 6.2.4

**Eastern Neighborhoods Infrastructure Impact Fees
Collected, 2011–2015**

Area	Revenue	Projects
Mission	\$5,357,000	58
East SoMa	\$14,635,000	35
Western SoMa	\$6,940,000	15
Central Waterfront	\$10,034,000	19
Showplace/ Potrero	\$11,384,000	23
TOTAL	\$48,350,000	150

6.3 IPIC Process

The Infrastructure Plan Implementation Committee was established in Administrative Code Chapter 36, Section 36.3; the IPIC's purpose is to bring together City agencies to collectively implement the community improvement plans for specific areas of the City including the Eastern Neighborhood Plan Areas. The IPIC is instrumental in creating a yearly expenditure plan for impact fee revenue and in creating a bi-annual "mini" Capital Plan for the Eastern Neighborhoods. The annual Expenditure Plan is specific to projects that are funded by impact fees. The bi-annual Eastern Neighborhoods Capital Plan also includes infrastructure projects that are funded by other sources, and projects where funding has not been identified.

6.4 Eastern Neighborhood MOU

In 2009, the Planning Department entered into a Memorandum of Understanding with 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

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

CityBuild is a program of the Office of Economic and Workforce Development and is the First Source Hiring Administrator. In accordance to 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 Plan Areas (94107, 94110, 94103), not including projects in Mission Bay, approved under the former Redevelopment Agency. They have also placed 771 residents from the three-zip code area in projects throughout the city.

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

7. Ongoing Planning Efforts

As this report has shown, market pressures and evictions affecting the neighborhood intensified in the Mission District over the six years that followed the adoption of the Eastern Neighborhoods Area Plans and the recovery from the Great Recession. This has necessitated a focused effort to help protect and alleviate the impact on those most affected by the affordability crisis. As a result, the Mission Action Plan 2020 (MAP2020) was launched in early 2015 to take a closer look at the pressures affecting the neighborhood and generate a set of solutions for implementation to help stabilize housing, arts, nonprofits, and businesses.

MAP2020 will also set targets and define solutions for neighborhood sustainability for 2020 and beyond. The solutions may encompass land use and zoning, financing, and identification of opportunity sites and programs; monitoring mechanisms will also be put into place. This first phase of MAP 2020 - solutions development - will be completed by end of Summer 2016. Implementation of certain measures is already underway, with additional implementation (writing legislation, launching new studies, ramping up programs, etc.) scheduled to commence this fiscal year (FY2016) now that a MAP2020 budget has been approved by the Mayor and the Board.

To date, the MAP 2020 collaboration includes a broad range of non-profit and advocacy groups as well as public agencies including the Dolores Street Community (DSCS), the Cultural Action Network (CAN), the Mission Economic Development Agency (MEDA), Calle 24, Pacific Felt Factory, members of the Plaza 16 coalition, the

Planning Department, the Mayor's Office of Housing and Community Development (MOHCD), the Office of Economic and Workforce Development (OEWD), the Health Services Agency (HSA), Department of Building Inspection (DBI), and the Fire Department. The Mayor's Office and District Supervisor Campos have also supported this effort.

These stakeholders are collaborating through working groups co-led by a both City and community leads. A robust community outreach and engagement process has incorporated focus groups and individual presentations to organizations and coalitions such as: tenants' rights organizations, SRO tenants, Mission Girls, PODER, United to Save the Mission, real estate developers, SPUR, San Francisco Housing Action Coalition (SFHAC), San Francisco Bay Area Renters Federation (SFBARF), and others, with the goal of informing and including relevant stakeholders affected by and/or responsible for potential solutions.

Topic-specific working groups have collectively drafted short, medium, and long term strategies, including tenant protections and housing access, housing preservation, housing production, economic development, community planning, SRO acquisition and/or master leasing, and homelessness. The Plan will be presented to the Planning Commission, for endorsement in early Fall 2016.



Mayor

Edwin M. Lee

San Francisco Planning

Board of Supervisors

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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

Planning Commission

Rodney Fong, *President*

Dennis Richards, *Vice President*

Michael Antonini

Rich Hillis

Christine D. Johnson

Kathrin Moore

Cindy Wu

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>



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

DATE: 5 April 2016 – Corrected 11 April 2016
TO: Honorable Members of the San Francisco Board of Supervisors
FROM: John Rahaim
Director of Planning
RE: HOUSING BALANCE REPORT No. 3

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SUMMARY

This report is submitted in compliance with Ordinance No. 53-15 requiring the Planning Department to monitor and report on the housing balance between new market rate and new affordable housing production. One of the stated purposes of the Housing Balance is "to ensure that data on meeting affordable housing targets City-wide and within neighborhoods informs the approval process for new housing development." This report is the third in the series and covers the ten-year period from 1 January 2006 through 31 December 2015.

The "Housing Balance" is defined as the proportion of all new affordable housing units to the total number of all new housing units for a 10-year "Housing Balance Period." In addition, a calculation of "Projected Housing Balance" which includes residential projects that have received approvals from the Planning Commission or Planning Department but have not yet received permits to commence construction will be included.

The Citywide Cumulative Housing Balance for the 2006 Q1 - 2015 Q4 Housing Balance Period is 18%, although this varies by districts. By comparison, 25% of net new housing produced were affordable during the same time period. Distribution of the Cumulative Housing Balance over the 11 Board of Supervisor Districts ranges from -201% (District 4) to 49% (District 5). This variation, especially with negative housing balances, is due to the larger number of units permanently withdrawn from rent control protection relative to the number of total net new units and net affordable units built in those districts.

The Projected Housing Balance Citywide is 15%. Three major development projects were identified in the ordinance for exclusion in the projected housing balance calculations until site permits are obtained. These three projects add up to 22,400 net units, with over 5,170 affordable units and would increase the projected housing balance to 21% if included in the calculations.

It should be noted that this third *Housing Balance Report* adjusted the calculations to conform to the ordinance's specifications and intention. The Cumulative Housing Balance in the first *Housing Balance Report*, for example, included planned RAD public housing unit replacements that have yet to be completed. In addition, the calculations included an accounting of all no-fault eviction notices and were not limited to eviction types that result in permanent removal of units from the

Memo

rental market as specified by the ordinance. (Revised tables for the previous housing balance reporting periods are included in *Appendix A*.)

BACKGROUND

On 21 April 2015, the Board of Supervisors passed Ordinance No. 53-15 amending the *Planning Code* to include a new *Section 103* requiring the Planning Department to monitor and report on the Housing Balance between new market rate housing and new affordable housing production. The Housing Balance Report will be submitted bi-annually by March 1 and September 1 of each year and will also be published on a visible and accessible page on the Planning Department's website. *Planning Code Section 103* also requires an annual hearing at the Board of Supervisors on strategies for achieving and maintaining the required housing balance in accordance with the City's housing production goals. (See *Appendix B* for complete text of Ordinance No. 53-15.)

The stated purposes for the Housing Balance Monitoring and Reporting are: a) to maintain a balance between new affordable and market rate housing Citywide and within neighborhoods; b) to make housing available for all income levels and housing need types; c) to preserve the mixed-income character of the City and its neighborhoods; d) to offset the withdrawal of existing housing units from rent stabilization and the loss of single-room occupancy hotel units; e) to ensure the availability of land and encourage the deployment of resources to provide sufficient housing affordable to households of very low, low, and moderate incomes; f) to ensure adequate housing for families, seniors and the disabled communities; g) to ensure that data on meeting affordable housing targets Citywide and within neighborhoods informs the approval process for new housing development; and h) to enable public participation in determining the appropriate mix of new housing approvals.

Specifically, the *Housing Balance Report* will track performance toward meeting the goals set by Proposition K and the City's *Housing Element*. In November 2014, San Francisco's voters endorsed Proposition K, which set a goal of 33% of all new housing units to be affordable. Housing production targets in the City's *Housing Element*, adopted in April 2015, includes 28,870 new units built between 2015 and 2022, 57%¹ of which should be affordable. In addition, Mayor Ed Lee set a goal of creating 30,000 new and rehabilitated homes by 2020; he pledged at least 30% of these to be permanently affordable to low-income families as well as working, middle income families.

This *Housing Balance Report* was prepared from data gathered from previously published sources including the Planning Department's annual *Housing Inventory* and quarterly *Pipeline Report* data, San Francisco Rent Board data, and the Mayor's Office of Housing and Community Development's *Weekly Dashboard*.

¹ The Ordinance inaccurately stated that "22% of new housing demands to be affordable to households of moderate means"; San Francisco's Regional Housing Needs Assessment (RHNA) allocation for moderate income households is 19% of total production goals.

CUMULATIVE HOUSING BALANCE CALCULATION

Planning Code Section 103 calls for the Housing Balance “be expressed as a percentage, obtained by dividing the cumulative total of extremely low, very low, low, and moderate income affordable housing (all units 0-120% AMI) minus the lost protected units, by the total number of net new housing units within the Housing Balance Period.” The ordinance requires that the “Cumulative Housing Balance” be provided using two calculations: a) one consisting of net housing built within a 10 year Housing Balance period, less units withdrawn from protected status, plus net units in projects that have received both approvals from the Planning Commission or Planning Department and site permits from the Department of Building Inspection, and b) the addition of net units gained through acquisition and rehabilitation of affordable units, HOPE SF and RAD units. “Protected units” include units that are subject to rent control under the City’s Residential Rent Stabilization and Arbitration Ordinance. Additional elements that figure into the Housing Balance include completed HOPE SF and RAD public housing replacement, substantially rehabilitated units, and single-room occupancy hotel units (SROs). The equation below shows the second, expanded calculation of the Cumulative Housing Balance.

$$\begin{array}{rcl}
 & \text{[Net New Affordable Housing +} & \\
 & \text{Completed Acquisitions \& Rehabs + Completed} & \\
 & \text{HOPE SF + RAD Public Housing Replacement +} & \\
 & \text{Entitled \& Permitted Affordable Units]} & \\
 - & \text{[Units Removed from Protected Status]} & \\
 \hline
 & & = \text{CUMULATIVE} \\
 & & \text{HOUSING} \\
 & & \text{BALANCE} \\
 & \text{[Net New Housing Built + Net Entitled \& Permitted Units]} &
 \end{array}$$

The first “Housing Balance Period” is a ten-year period starting with the first quarter of 2005 through the last quarter of 2014. Subsequent housing balance reports will cover the 10 years preceding the most recent quarter. This report covers January 2006 (Q1) through December 2015 (Q4).

Table 1a below shows the constrained Cumulative Housing Balance for 10 year 2006 Q1 – 2015 Q4 period is 9% Citywide. With the addition of completed acquisitions and rehabs and RAD units, the expanded Cumulative Housing Balance is 18%. In comparison, the expanded Cumulative Housing Balance for 10 year 2005 Q1 – 2014 Q4 period is 16%. Owner Move-Ins were not specifically called out by the Ordinance in the calculation of the Housing Balance but are included here because this type of no-fault eviction results in the loss of rent controlled units either permanently or for a period of time.

Expanded Cumulative Housing Balances for Board of Supervisor Districts range from -201% (District 4) to 49% (District 5). Negative balances in Districts 1 (-25%), 2 (-18%), 3 (-3%), 4 (-201%), and 11 (-115%) resulted from the larger numbers of units removed from protected status relative to the net new affordable housing and net new housing units built in those districts.

Table 1A
Cumulative Housing Balance Calculation, 2006 Q1 – 2015

BoS Districts	Net New Affordable Housing Built	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Units	Housing Balance
BoS District 1	172	(439)	4	374	98	-55.7%
BoS District 2	6	(353)	40	350	605	-32.1%
BoS District 3	224	(430)	14	1,207	221	-13.4%
BoS District 4	10	(395)	1	103	88	-201.0%
BoS District 5	589	(402)	217	1,230	730	20.6%
BoS District 6	3,116	(190)	602	13,921	5,564	18.1%
BoS District 7	96	(200)	-	384	160	-19.1%
BoS District 8	313	(616)	170	1,078	626	-7.8%
BoS District 9	226	(568)	20	1,142	255	-23.0%
BoS District 10	758	(215)	442	2,631	2,676	18.6%
BoS District 11	22	(310)	26	111	117	-114.9%
TOTALS	5,532	(4,118)	1,536	22,531	11,140	8.8%

Table 1B
Expanded Cumulative Housing Balance Calculation, 2006 Q1 – 2015 Q4

BoS Districts	Net New Affordable Housing Built	Acquisitions & Rehabs Completed	RAD Program	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Units	Housing Balance
BoS District 1	172	-	144	(439)	4	374	98	-25.2%
BoS District 2	6	24	113	(353)	40	350	605	-17.8%
BoS District 3	224	-	143	(430)	14	1,207	221	-3.4%
BoS District 4	10	-	-	(395)	1	103	88	-201.0%
BoS District 5	589	290	263	(402)	217	1,230	730	48.8%
BoS District 6	3,116	926	189	(190)	602	13,921	5,564	23.8%
BoS District 7	96	-	110	(200)	-	384	160	1.1%
BoS District 8	313	-	132	(616)	170	1,078	626	-0.1%
BoS District 9	226	319	118	(568)	20	1,142	255	8.2%
BoS District 10	758	-	213	(215)	442	2,631	2,676	22.6%
BoS District 11	22	-	-	(310)	26	111	117	-114.9%
TOTALS	5,532	1,559	1,425	(4,118)	1,536	22,531	11,140	17.6%

PROJECTED HOUSING BALANCE

Table 2 below summarizes residential projects that have received entitlements from the Planning Commission or the Planning Department but have not yet received a site or building permit. Overall projected housing balance at the end of 2015 is 15%. This balance is expected to change as several major projects have yet to declare how their affordable housing requirements will be met. In addition, three entitled major development projects – Treasure Island, ParkMerced, and Hunters Point – are not included in the accounting until applications for building permits are filed or issued as specified in the ordinance. Remaining phases from these three projects will yield an additional 22,400 net new units; 23% (or 5,170 units) would be affordable to low and moderate income households.

The Projected Housing Balance does not account for affordable housing units that will be produced as a result of the Inclusionary Housing Fee paid in a given reporting cycle. Those affordable housing units are produced several years after the Fee is collected. Units produced through the Fee typically serve lower income households than do the inclusionary units, including special needs populations requiring services, such as seniors, transitional aged youth, families, and veterans.

Table 2
Projected Housing Balance Calculation, 2015 Q4

BoS District	Very Low Income	Low Income	Moderate	Middle	TBD	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
BoS District 1	-	-	-	-	-	-	14	0.0%
BoS District 2	-	-	-	-	-	-	46	0.0%
BoS District 3	-	-	-	-	16	16	301	5.3%
BoS District 4	-	-	-	-	-	-	2	0.0%
BoS District 5	-	-	-	-	5	5	59	8.5%
BoS District 6	439	74	129	29	25	696	3,320	21.0%
BoS District 7	-	-	-	-	-	-	147	0.0%
BoS District 8	-	-	3	-	-	3	105	2.9%
BoS District 9	-	-	-	-	-	-	33	0.0%
BoS District 10	-	-	10	-	168	178	1,872	9.5%
BoS District 11	-	-	-	-	-	-	7	0.0%
Totals	439	74	142	29	214	898	5,906	15.2%

CUMULATIVE HOUSING BALANCE ELEMENTS

Because the scope covered by the Housing Balance calculation is broad, each element – or group of elements – will be discussed separately. The body of this report will account for figures at the Board of Supervisor district level. The breakdown of each element using the Planning Department District geographies, as required by *Section 103*, is provided separately in an *Appendix C*. This is to ensure simple and uncluttered tables.

Affordable Housing and Net New Housing Production

Table 3 below shows housing production between 2006 Q1 and 2015 Q4. This ten-year period resulted in a net addition of 22,530 units to the City's housing stock, including 5,530 affordable units. A majority of net new housing units and affordable units built in the ten year reporting period were in District 6 (13,920 or 62% and 3,116 or 56% respectively). District 10 follows with about 2,630 (12%) net new units, including 760 (14%) affordable units.

The table below also shows that almost 25% of net new units built between 2006 Q1 and 2015 Q4 were affordable units. While District 1 saw modest gains in net new units built, almost half of these were affordable (46%); almost half of net new units in District 5 were also affordable.

Table 3
New Housing Production by Affordability, 2006 Q1 - 2015 Q4

BoS District	Very Low	Low	Moderate	Middle	Total Affordable Units	Total Net Units	Affordable Units as % of Total Net Units
BoS District 1	170	2	-	-	172	374	46.0%
BoS District 2	-	-	6	-	6	350	1.7%
BoS District 3	161	11	52	-	224	1,207	18.6%
BoS District 4	-	-	10	-	10	103	9.7%
BoS District 5	422	77	90	-	589	1,230	47.9%
BoS District 6	1,969	615	509	23	3,116	13,921	22.4%
BoS District 7	70	26	-	-	96	384	25.0%
BoS District 8	260	32	21	-	313	1,078	29.0%
BoS District 9	138	40	48	-	226	1,142	19.8%
BoS District 10	105	291	362	-	758	2,631	28.8%
BoS District 11	-	10	12	-	22	111	19.8%
TOTAL	3,295	1,104	1,110	23	5,532	22,531	24.6%

It should be noted that units affordable to Extremely Very Low Income (EVLI) households are included under the Very Low Income (VLI) category because certain projects that benefit homeless individuals and families – groups considered as EVLI – have income eligibility caps at the VLI level.

Acquisition and Rehabilitation of Affordable Housing Units

Table 4 below lists the number of units that have been rehabilitated and/or acquired between 2006 and 2015 to ensure permanent affordability. These are mostly single-room occupancy hotel units that are affordable to extremely very low and very low income households.

Table 4
Acquisitions and Rehabilitation of Affordable Housing, 2006-2015

BoS District	No. of Buildings	No. of Units
BoS District 2	1	24
BoS District 5	2	290
BoS District 6	11	926
BoS District 9	2	319
TOTALS	16	1,559

RAD Program

The San Francisco Housing Authority's Rental Assistance Demonstration (RAD) program preserves at risk public and assisted housing projects. According to the Mayor's Office, RAD Phase 1 transferred 1,425 units to developers in December 2015.

Table 5
RAD Affordable Units

BoS Districts	Projects	Units
BoS District 1	2	144
BoS District 2	1	113
BoS District 3	2	143
BoS District 5	3	263
BoS District 6	2	189
BoS District 7	1	110
BoS District 8	2	132
BoS District 9	1	118
BoS District 10	1	213
TOTALS	15	1,425

Units Removed From Protected Status

San Francisco's Residential Rent Stabilization and Arbitration Ordinance protects tenants and preserves affordability of about 175,000 rental units by limiting annual rent increases. Landlords can, however, terminate tenants' leases through no-fault evictions including condo conversion, owner move-in, Ellis Act, demolition, and other reasons that are not the tenants' fault. The Housing Balance calculation takes into account units permanently withdrawn from rent stabilization as loss of affordable housing. The following no-fault evictions affect the supply of rent controlled units by removing units from the rental market: condo conversion, demolition, Ellis Act, and owner move-ins (OMIs). It should be noted that OMIs were not specifically called out by the Ordinance to be included in the calculation. However, because owner move-ins have the effect of the losing rent controlled units either permanently or for a substantial period of time, these numbers are included in the Housing Balance calculation as intended by the legislation's sponsors. Some of these OMI units may return to being rentals and will still fall under the rent control ordinance.

Table 6 below shows the distribution of no-fault eviction notices issued between January 2006 and December 2015. Eviction notices have been commonly used as proxy for evictions. Owner Move-In and Ellis Out notices made up the majority of no fault evictions (52% and 35% respectively). Distribution of these no-fault eviction notices is almost evenly dispersed, with Districts 8 and 9 leading (15% and 14% respectively).

Table 6
Units Removed from Protected Status, 2006 – 2015

BoS District	Condo Conversion	Demolition	Ellis Out	Owner Move-In	Units Removed from Protected Status
BoS District 1	1	26	132	280	439
BoS District 2	8	13	136	196	353
BoS District 3	6	12	289	123	430
BoS District 4	1	94	66	234	395
BoS District 5	16	23	140	223	402
BoS District 6	2	80	65	43	190
BoS District 7	2	24	39	135	200
BoS District 8	12	33	268	303	616
BoS District 9	4	71	219	274	568
BoS District 10	2	36	35	142	215
BoS District 11	-	93	43	174	310
TOTALS	54	505	1,432	2,127	4,118

Entitled and Permitted Units

Table 7 lists the number of units that have received entitlements from the Planning Commission or the Planning Department. These pipeline projects have also received site permits from the Department of Building Inspection and most are under construction as of the final quarter of 2015. Half of these units are being built in or will be built in District 6. Fourteen percent of units that have received Planning entitlements and site permits from the DBI will be affordable.

Table 7
Permitted Units, 2015 Q4

BoS District	Very Low Income	Low Income	Moderate	Middle	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
BoS District 1	-	-	4	-	4	98	4.1%
BoS District 2	-	-	40	-	40	605	6.6%
BoS District 3	-	-	14	-	14	221	6.3%
BoS District 4	-	-	1	-	1	88	1.1%
BoS District 5	181	8	28	-	217	730	29.7%
BoS District 6	166	417	19	-	602	5,564	10.8%
BoS District 7	-	-	-	-	-	160	0.0%
BoS District 8	110	60	-	-	170	626	27.2%
BoS District 9	-	-	20	-	20	255	7.8%
BoS District 10	120	287	35	-	442	2,676	16.5%
BoS District 11	-	-	26	-	26	117	22.2%
TOTALS	577	772	187	-	1,536	11,140	13.8%

PERIODIC REPORTING AND ONLINE ACCESS

This report complies with *Planning Code Section 103* requirement that the Planning Department publish and update the *Housing Balance Report* bi-annually on September 1 and March 1 of each year. *Housing Balance Reports* are available and accessible online as mandated by the ordinance by going to this link: <http://www.sf-planning.org/index.aspx?page=4222>.

ANNUAL HEARING

An annual hearing on the Housing Balance before the Board of Supervisors will be scheduled by April 1 of each year. This year's Housing Balance Report will be heard before the Board of Supervisors at a hearing scheduled on 18 April 2016. The Mayor's Office of Housing and Community Development, the Mayor's Office of Economic and Workforce Development, the Rent Stabilization Board, the Department of Building Inspection, and the City Economist will present strategies for achieving and maintaining a housing balance consistent with the City's housing goals at this annual hearing. The ordinance also requires that MOHCD will determine the amount of funding needed to bring the City into the required minimum 33% should the cumulative housing balance fall below that threshold.

APPENDIX A

REVISED TABLES 2005 Q1 – 2014 Q4 and 2005 Q3 – 2015 Q2

The following tables for Housing Balance Report No. 1 were revised to reflect a ten year reporting period (2005 Q1 to 2014 Q4) because the timing of that first report included figures from the recently concluded quarter (Q1 2015), resulting in a ten year plus one quarter timeframe. Furthermore, that cumulative balance calculation for the first report included RAD project units even though those projects have not transpired. For both Report No. 1 and Report No. 2, all no-fault evictions were counted. The tables have been revised to include only condo conversions, demolitions, Ellis, and owner move-ins (OMIs).

Table A-1
Expanded Cumulative Housing Balance Calculation, 2005 Q1 – 2014 Q4

BoS Districts	Net New Affordable Housing Built	Acquisitions & Rehabs Completed	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Units	Housing Balance
BoS District 1	186	-	(442)	4	401	79	-52.5%
BoS District 2	6	24	(368)	9	358	441	-41.2%
BoS District 3	262	-	(441)	2	1,332	507	-9.6%
BoS District 4	10	-	(354)	-	116	66	-189.0%
BoS District 5	587	290	(412)	216	1,257	761	33.7%
BoS District 6	3,316	926	(215)	717	12,886	5,915	25.2%
BoS District 7	26	-	(196)	36	260	273	-25.1%
BoS District 8	309	-	(659)	174	1,034	744	-9.9%
BoS District 9	240	319	(556)	1	1,023	125	0.3%
BoS District 10	770	-	(190)	419	2,504	2,260	21.0%
BoS District 11	47	-	(271)	26	175	131	-64.7%
TOTALS	5,759	1,559	(4,104)	1,604	21,346	11,302	14.8%
Planning Districts	New Affordable Housing Built	Acquisitions & Rehabs Completed	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Permitted Units	Housing Balance
1 Richmond	186	-	(554)	87	540	139	-41.4%
2 Marina	2	24	(199)	-	113	245	-48.3%
3 Northeast	236	-	(463)	-	967	488	-15.6%
4 Downtown	1,598	726	(114)	420	4,802	1,958	38.9%
5 Western Addition	489	290	(214)	137	1,010	818	38.4%
6 Buena Vista	119	-	(246)	175	562	661	3.9%
7 Central	21	-	(423)	-	361	48	-98.3%
8 Mission	603	319	(578)	26	1,546	303	20.0%
9 South of Market	1,952	200	(114)	459	9,638	5,463	16.5%
10 South Bayshore	355	-	(54)	237	933	644	34.1%
11 Bernal Heights	2	-	(163)	-	114	28	-113.4%
12 South Central	160	-	(266)	10	329	113	-21.7%
13 Ingleside	26	-	(166)	53	227	254	-18.1%
14 Inner Sunset	-	-	(196)	-	93	74	-117.4%
15 Outer Sunset	10	-	(354)	-	111	66	-194.4%
TOTALS	5,759	1,559	(4,104)	1,604	21,346	11,302	14.8%

Table A-2
Projected Housing Balance, 2014 Q4

BoS District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
BoS District 1	-	-	4	4	59	6.8%
BoS District 2	-	-	-	-	130	0.0%
BoS District 3		2	12	14	545	2.6%
BoS District 4			-	-	-	0.0%
BoS District 5	-	-	-	-	4	0.0%
BoS District 6	47		164	211	1,992	10.6%
BoS District 7	-	3	-	3	63	4.8%
BoS District 8	-	-	-	-	88	0.0%
BoS District 9	-	-	12	12	88	13.6%
BoS District 10	-		60	60	295	20.3%
BoS District 11	-	-	-	-	6	0.0%
TOTALS	47	5	252	304	3,270	9.3%

Planning District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
1 Richmond	-	-	4	4	60	6.7%
2 Marina	-	-	-	-	126	0.0%
3 Northeast	-	-	12	12	499	2.4%
4 Downtown		2	115	117	782	15.0%
5 Western Addition	-	-	-	-	4	0.0%
6 Buena Vista				-	66	0.0%
7 Central	-	-	-	-	19	0.0%
8 Mission	-	-	12	12	94	12.8%
9 South of Market	47	-	49	96	1,518	6.3%
10 South Bayshore	-		60	60	29	206.9%
11 Bernal Heights	-	-	-	-	4	0.0%
12 South Central	-	-	-	-	3	0.0%
13 Ingleside	-	3	-	3	28	10.7%
14 Inner Sunset	-	-	-	-	38	0.0%
15 Outer Sunset	-	-	-	-	-	0.0%
TOTALS	47	5	252	304	3,270	9.3%

Table A-3
New Housing Production by Affordability, 2005 Q1 - 2014 Q4

BoS District	Very Low	Low	Moderate	Total Affordable Units	Total Net Units	Affordable Units as % of Total Net Units
BoS District 1	184	2	-	186	401	46.4%
BoS District 2	-	-	6	6	358	1.7%
BoS District 3	193	15	54	262	1,332	19.7%
BoS District 4	-	-	10	10	116	8.6%
BoS District 5	422	77	88	587	1,257	46.7%
BoS District 6	2,249	626	441	3,316	12,886	25.7%
BoS District 7	-	26	-	26	260	10.0%
BoS District 8	260	32	17	309	1,034	29.9%
BoS District 9	158	40	42	240	1,023	23.5%
BoS District 10	126	282	362	770	2,504	30.8%
BoS District 11	37	10	-	47	175	26.9%
TOTALS	3,629	1,110	1,020	5,759	21,346	27.0%

Planning Districts	Very Low	Low	Moderate	Total Affordable Units	Total Net Units	Affordable Units as % of Total Net Units
1 Richmond	184	2		186	540	34.4%
2 Marina			2	2	113	1.8%
3 Northeast	193	11	32	236	967	24.4%
4 Downtown	1,183	283	132	1,598	4,802	33.3%
5 Western Addition	367	77	45	489	1,010	48.4%
6 Buena Vista	55	14	50	119	562	21.2%
7 Central		18	3	21	361	5.8%
8 Mission	494	40	69	603	1,546	39.0%
9 South of Market	990	404	558	1,952	9,638	20.3%
10 South Bayshore	25	225	105	355	933	38.0%
11 Bernal Heights			2	2	114	1.8%
12 South Central	138	10	12	160	329	48.6%
13 Ingleside		26		26	227	11.5%
14 Inner Sunset				-	93	0.0%
15 Outer Sunset			10	10	111	9.0%
TOTALS	3,629	1,110	1,020	5,759	21,346	27.0%

Please note that Tables 4 and 5 did not change and are therefore not included in this Appendix.

Table A-6

Units Removed from Protected Status, 2005 Q1 – 2014 Q4

BoS District	Condo Conversion	Demolition	Ellis Out	Owner Move-In	Units Removed from Protected Status
BoS District 1	1	25	141	275	442
BoS District 2	8	14	160	186	368
BoS District 3	6	11	320	104	441
BoS District 4	1	90	55	208	354
BoS District 5	14	22	158	218	412
BoS District 6	2	85	90	38	215
BoS District 7	2	27	40	127	196
BoS District 8	11	44	315	289	659
BoS District 9	3	72	229	252	556
BoS District 10	2	30	34	124	190
BoS District 11	-	84	39	148	271
TOTALS	50	504	1,581	1,969	4,104

Planning District	Condo Conversion	Demolition	Ellis Out	Owner Move-In	Total Units Permanently Lost
1 Richmond	2	31	209	312	554
2 Marina	4	5	70	120	199
3 Northeast	9	12	325	117	463
4 Downtown	-	70	33	11	114
5 Western Addition	7	12	83	112	214
6 Buena Vista	3	11	111	121	246
7 Central	8	34	185	196	423
8 Mission	2	44	310	222	578
9 South of Market	2	16	37	59	114
10 South Bayshore	1	10	12	31	54
11 Bernal Heights	3	27	40	93	163
12 South Central	-	85	32	149	266
13 Ingleside	-	41	17	108	166
14 Inner Sunset	8	16	62	110	196
15 Outer Sunset	1	90	55	208	354
TOTALS	50	504	1,581	1,969	4,104

Table A-7
Permitted Units, 2014 Q4

BoS District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
BoS District 1	-	-	4	4	79	5.1%
BoS District 2	-	-	9	9	441	2.0%
BoS District 3	-	2	-	2	507	0.4%
BoS District 4	-	-	-	-	66	0.0%
BoS District 5	181	8	27	216	761	28.4%
BoS District 6	47	338	332	717	5915	12.1%
BoS District 7	-	-	36	36	273	13.2%
BoS District 8	-	170	4	174	744	23.4%
BoS District 9	-	-	1	1	125	0.8%
BoS District 10	-	358	61	419	2,260	18.5%
BoS District 11	-	-	26	26	131	19.8%
TOTALS	228	876	500	1,604	11,302	14.2%

Planning District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
1 Richmond	83	-	4	87	139	62.6%
2 Marina	-	-	-	-	245	0.0%
3 Northeast	-	-	-	-	488	0.0%
4 Downtown	-	109	311	420	1,958	21.5%
5 Western Addition	98	8	31	137	818	16.7%
6 Buena Vista	-	170	5	175	661	26.5%
7 Central	-	-	-	-	48	0.0%
8 Mission	-	22	4	26	303	8.6%
9 South of Market	47	375	37	459	5,463	8.4%
10 South Bayshore	-	192	45	237	644	36.8%
11 Bernal Heights	-	-	-	-	28	0.0%
12 South Central	-	-	10	10	113	8.8%
13 Ingleside	-	-	53	53	254	20.9%
14 Inner Sunset	-	-	-	-	74	0.0%
15 Outer Sunset	-	-	-	-	66	0.0%
TOTALS	228	876	500	1,604	11,302	14.2%

Table B-1

Expanded Cumulative Housing Balance Calculation, 2005 Q3 – 2015 Q2

BoS Districts	Net New Affordable Housing Built	Acquisitions & Rehabs Completed	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Net Entitled and Permitted Units	Housing Balance
BoS District 1	186	-	(432)	4	387	92	-50.5%
BoS District 2	6	24	(358)	40	363	603	-29.8%
BoS District 3	334	72	(429)	15	1,382	109	-0.5%
BoS District 4	10	-	(379)	1	100	83	-201.1%
BoS District 5	587	430	(411)	217	1,263	733	41.2%
BoS District 6	3,406	1,014	(205)	424	13,323	4,765	25.6%
BoS District 7	96	-	(199)	-	354	240	-17.3%
BoS District 8	313	-	(638)	170	1,072	625	-9.1%
BoS District 9	226	319	(575)	26	1,178	296	-0.3%
BoS District 10	669	-	(207)	418	2,406	2,309	18.7%
BoS District 11	15	-	(288)	13	116	126	-107.4%
TOTALS	5,848	1,859	(4,121)	1,328	21,944	9,981	15.4%
Planning Districts	New Affordable Housing Built	Acquisitions & Rehabs Completed	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Permitted Units	Housing Balance
1 Richmond	186	-	(548)	87	527	192	-38.2%
2 Marina	2	24	(190)	-	113	143	-64.1%
3 Northeast	310	72	(447)	15	1,056	92	-4.4%
4 Downtown	1,615	745	(104)	219	5,134	1,232	38.9%
5 Western Addition	489	362	(215)	168	1,023	1,005	39.6%
6 Buena Vista	119	-	(247)	176	563	596	4.1%
7 Central	21	-	(404)	-	356	46	-95.3%
8 Mission	593	319	(572)	37	1,743	353	18.0%
9 South of Market	2,023	337	(121)	365	9,717	5,212	17.4%
10 South Bayshore	355	-	(52)	236	927	508	37.6%
11 Bernal Heights	2	-	(181)	-	113	31	-124.3%
12 South Central	22	-	(296)	20	166	202	-69.0%
13 Ingleside	101	-	(170)	4	319	248	-11.5%
14 Inner Sunset	-	-	(195)	-	91	39	-150.0%
15 Outer Sunset	10	-	(379)	1	96	82	-206.7%
TOTALS	5,848	1,859	(4,121)	1,328	21,944	9,981	15.4%

Table B-2
Projected Housing Balance, 2015 Q2

BoS District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
BoS District 1	-	-	-	-	11	0.0%
BoS District 2	-	-	-	-	42	0.0%
BoS District 3	-	-	12	12	340	3.5%
BoS District 4	-	-	-	-	2	-
BoS District 5	-	-	-	-	51	0.0%
BoS District 6	170	83	71	324	2,552	12.7%
BoS District 7	-	-	-	-	51	0.0%
BoS District 8	-	-	3	3	103	2.9%
BoS District 9	-	-	-	-	56	0.0%
BoS District 10	-	126	196	322	1,971	16.3%
BoS District 11	-	-	-	-	11	0.0%
TOTALS	170	209	282	661	5,190	12.7%

Planning Districts	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
1 Richmond	-	-	-	-	12	0.0%
2 Marina	-	-	-	-	38	0.0%
3 Northeast	-	-	12	12	314	3.8%
4 Downtown	170	83	-	253	1,183	21.4%
5 Western Addition	-	-	-	-	4	0.0%
6 Buena Vista	-	-	3	3	135	2.2%
7 Central	-	-	-	-	8	0.0%
8 Mission	-	-	-	-	57	0.0%
9 South of Market	-	-	81	81	1,671	4.8%
10 South Bayshore	-	126	186	312	1,691	18.5%
11 Bernal Heights	-	-	-	-	7	0.0%
12 South Central	-	-	-	-	16	0.0%
13 Ingleside	-	-	-	-	14	0.0%
14 Inner Sunset	-	-	-	-	38	0.0%
15 Outer Sunset	-	-	-	-	2	0.0%
TOTALS	170	209	282	661	5,190	12.7%

Table B-3
New Housing Production by Affordability, 2005 Q3 - 2015 Q2

BoS District	Very Low	Low	Moderate	Total Affordable Units	Total Net Units	Affordable Units as % of Total Net Units
BoS District 1	184	2	-	186	387	48.1%
BoS District 2	-	-	6	6	363	1.7%
BoS District 3	267	15	52	334	1,382	24.2%
BoS District 4	-	-	10	10	100	10.0%
BoS District 5	422	77	88	587	1,263	46.5%
BoS District 6	2,289	674	443	3,406	13,323	25.6%
BoS District 7	70	26	-	96	354	27.1%
BoS District 8	260	32	21	313	1,072	29.2%
BoS District 9	138	40	48	226	1,178	19.2%
BoS District 10	25	282	362	669	2,406	27.8%
BoS District 11	-	10	5	15	116	12.9%
TOTALS	3,655	1,158	1,035	5,848	21,944	26.6%

Planning Districts	Very Low	Low	Moderate	Total Affordable Units	Total Net Units	Affordable Units as % of Total Net Units
1 Richmond	184	2	-	186	527	35.3%
2 Marina	-	-	2	2	113	1.8%
3 Northeast	267	11	32	310	1,056	29.4%
4 Downtown	1,154	331	130	1,615	5,134	31.5%
5 Western Addition	367	77	45	489	1,023	47.8%
6 Buena Vista	55	14	50	119	563	21.1%
7 Central	-	18	3	21	356	5.9%
8 Mission	474	40	79	593	1,743	34.0%
9 South of Market	1,059	404	560	2,023	9,717	20.8%
10 South Bayshore	25	225	105	355	927	38.3%
11 Bernal Heights	-	-	2	2	113	1.8%
12 South Central	-	10	12	22	166	13.3%
13 Ingleside	70	26	5	101	319	31.7%
14 Inner Sunset	-	-	-	-	91	0.0%
15 Outer Sunset	-	-	10	10	96	10.4%
TOTALS	3,655	1,158	1,035	5,848	21,944	26.6%

Please note that Tables 4 and 5 did not change and are therefore not included in this Appendix.

Table B-6

Units Removed from Protected Status, 2005 Q3 – 2015 Q2

BoS Districts	Demolition	Ellis Out	Owner Move-In	Condo Conversion	Units Removed
BoS District 1	1	25	121	285	432
BoS District 2	8	14	150	186	358
BoS District 3	6	11	293	119	429
BoS District 4	1	92	62	224	379
BoS District 5	16	22	147	226	411
BoS District 6	2	85	77	41	205
BoS District 7	2	25	40	132	199
BoS District 8	12	32	289	305	638
BoS District 9	4	76	224	271	575
BoS District 10	2	31	35	139	207
BoS District 11	-	86	42	160	288
TOTALS	54	499	1,480	2,088	4,121

Planning Districts	Demolition	Ellis Out	Owner Move-In	Condo Conversion	Units Removed
1 Richmond	2	32	193	321	548
2 Marina	4	4	61	121	190
3 Northeast	9	12	296	130	447
4 Downtown	-	69	26	9	104
5 Western Addition	8	11	78	118	215
6 Buena Vista	4	11	110	122	247
7 Central	9	23	160	212	404
8 Mission	2	44	289	237	572
9 South of Market	2	17	37	65	121
10 South Bayshore	1	11	8	32	52
11 Bernal Heights	4	30	51	96	181
12 South Central	-	89	34	173	296
13 Ingleside	-	41	18	111	170
14 Inner Sunset	8	13	57	117	195
15 Outer Sunset	1	92	62	224	379
TOTALS	54	499	1,480	2,088	4,121

APPENDIX B
Ordinance 53-15

AMENDED IN COMMITTEE

4/6/15

FILE NO. 150029

ORDINANCE NO. 53-15

[Planning Code - City Housing Balance Monitoring and Reporting]

Ordinance amending the Planning Code to require the Planning Department to monitor the balance between new market rate housing and new affordable housing, and publish a bi-annual Housing Balance Report; requiring an annual hearing at the Board of Supervisors on strategies for achieving and maintaining the required housing balance in accordance with San Francisco's housing production goals; and making environmental findings, Planning Code, Section 302 findings, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

NOTE: Unchanged Code text and uncodified text are in plain Arial font. Additions to Codes are in single-underline italics Times New Roman font. Deletions to Codes are in ~~strikethrough italics Times New Roman font~~. Board amendment additions are in double-underlined Arial font. Board amendment deletions are in ~~strikethrough Arial font~~. Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 150029 and is incorporated herein by reference. The Board of Supervisors affirms this determination.

(b) On March 19, 2015, the Planning Commission, in Resolution No. 19337, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the

1 adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the
2 Board of Supervisors in File No. 150029, and is incorporated herein by reference.

3 (c) Pursuant to Planning Code Section 302, this Board finds that this Planning Code
4 Amendment will serve the public necessity, convenience, and welfare for the reasons set forth
5 in Planning Commission Resolution No. 150029 and the Board incorporates such reasons
6 herein by reference.

7
8 Section 2. The Planning Code is hereby amended by adding new Section 103 to read
9 as follows:

10 **SEC. 103. HOUSING BALANCE MONITORING AND REPORTING.**

11 **(a) Purposes.** *To maintain a balance between new affordable and market rate housing City-*
12 *wide and within neighborhoods, to make housing available for all income levels and housing need*
13 *types, to preserve the mixed income character of the City and its neighborhoods, to offset the*
14 *withdrawal of existing housing units from rent stabilization and the loss of single-room-occupancy*
15 *hotel units, to ensure the availability of land and encourage the deployment of resources to provide*
16 *sufficient housing affordable to households of very low, low, and moderate incomes, to ensure adequate*
17 *housing for families, seniors and the disabled community, to ensure that data on meeting affordable*
18 *housing targets City-wide and within neighborhoods informs the approval process for new housing*
19 *development, and to enable public participation in determining the appropriate mix of new housing*
20 *approvals, there is hereby established a requirement, as detailed in this Section 103, to monitor and*
21 *regularly report on the housing balance between market rate housing and affordable housing.*

22 **(b) Findings.**

23 **(1)** *In November 2014, the City voters enacted Proposition K, which established City*
24 *policy to help construct or rehabilitate at least 30,000 homes by 2020. More than 50% of this housing*
25 *would be affordable for middle-class households, with at least 33% affordable for low- and moderate-*

1 income households, and the City is expected to develop strategies to achieve that goal. This section
2 103 sets forth a method to track performance toward the City's Housing Element goals and the near-
3 term Proposition K goal that 33% of all new housing shall be affordable housing, as defined herein.

4 (2) The City's rent stabilized and permanently affordable housing stock serves very low-,
5 low-, and moderate-income families, long-time residents, elderly seniors, disabled persons and others.
6 The City seeks to achieve and maintain an appropriate balance between market rate housing and
7 affordable housing City-wide and within neighborhoods because the availability of decent housing and
8 a suitable living environment for every San Franciscan is of vital importance. Attainment of the City's
9 housing goals requires the cooperative participation of government and the private sector to expand
10 housing opportunities to accommodate housing needs for San Franciscans at all economic levels and to
11 respond to the unique needs of each neighborhood where housing will be located.

12 (3) For tenants in unsubsidized housing, affordability is often preserved by the
13 Residential Rent Stabilization and Arbitration Ordinance's limitations on the size of allowable rent
14 increases during a tenancy. As documented in the Budget and Legislative Analyst's October 2013
15 Policy Analysis Report on Tenant Displacement, San Francisco is experiencing a rise in units
16 withdrawn from rent controls. Such rises often accompany periods of sharp increases in property
17 values and housing prices. From 1998 through 2013, the Rent Board reported a total of 13,027 no-fault
18 evictions (i.e., evictions in which the tenant had not violated any lease terms, but the owner sought to
19 regain possession of the unit). Total evictions of all types have increased by 38.2% from Rent Board
20 Year (i.e. from March through February) 2010 to Rent Board Year 2013. During the same period, Ellis
21 Act evictions far outpaced other evictions, increasing by 169.8% from 43 in Rent Board Year 2010 to
22 116 in Rent Board Year 2013. These numbers do not capture the large number of owner buyouts of
23 tenants, which contribute further to the loss of rent-stabilized units from the housing market. Any fair
24 assessment of the affordable housing balance must incorporate into the calculation units withdrawn
25 from rent stabilization.

1 (4) Pursuant to Government Code Section 65584, the Association of Bay Area
2 Governments (ABAG), in coordination with the California State Department of Housing and
3 Community Development (HCD), determines the Bay Area's regional housing need based on regional
4 trends, projected job growth, and existing needs. The regional housing needs assessment (RHNA)
5 determination includes production targets addressing housing needs of a range of household income
6 categories. For the RHNA period covering 2015 through 2022, ABAG has projected that at least 38%
7 of new housing demands for San Francisco will be from very low and low income households
8 (households earning under 80% of area median income), and another 22% of new housing demands to
9 be affordable to households of moderate means (earning between 80% and 120% of area median
10 income). Market-rate housing is considered housing with no income limits or special requirements
11 attached.

12 (5) The Housing Element of the City's General Plan states: "Based on the growing
13 population, and smart growth goals of providing housing in central areas like San Francisco, near jobs
14 and transit, the State Department of Housing and Community Development (HCD), with the
15 Association of Bay Area Governments (ABAG), estimates that in the current 2015-2022 Housing
16 Element period San Francisco must plan for the capacity for roughly 28,870 new units, 57% of which
17 should be suitable for housing for the extremely low, very low, low and moderate income households to
18 meet its share of the region's projected housing demand." Objective 1 of the Housing Element states
19 that the City should "identify and make available for development adequate sites to meet the City's
20 housing needs, especially permanently affordable housing." Objective 7 states that San Francisco's
21 projected affordable housing needs far outpace the capacity for the City to secure subsidies for new
22 affordable units.

23 (6) In 2012, the City enacted Ordinance 237-12, the "Housing Preservation and
24 Production Ordinance," codified in Administrative Code Chapter 10E.4, to require Planning
25 Department staff to regularly report data on progress toward meeting San Francisco's quantified

1 production goals for different household income levels as provided in the General Plan's Housing
2 Element. That Ordinance requires data on the number of units in all stages of the housing production
3 process at various affordability levels to be included in staff reports on all proposed projects of five
4 residential units or more and in quarterly housing production reports to the Planning Commission. The
5 Planning Department has long tracked the number of affordable housing units and total number of
6 housing units built throughout the City and in specific areas and should be able to track the ratio called
7 for in this Section 103.

8 (7) As the private market has embarked upon, and government officials have urged, an
9 ambitious program to produce significant amounts of new housing in the City, the limited remaining
10 available land makes it essential to assess the impact of the approval of new market rate housing
11 developments on the availability of land for affordable housing and to encourage the deployment of
12 resources to provide such housing.

13 (c) Housing Balance Calculation.

14 (1) For purposes of this Section 103, "Housing Balance" shall be defined as the
15 proportion of all new housing units affordable to households of extremely low, very low, low or
16 moderate income households, as defined in California Health & Safety Code Sections 50079.5 et seq.,
17 as such provisions may be amended from time to time, to the total number of all new housing units for a
18 10 year Housing Balance Period.

19 (2) The Housing Balance Period shall begin with the first quarter of year 2005 to the
20 last quarter of 2014, and thereafter for the ten years prior to the most recent calendar quarter.

21 (3) For each year that data is available, beginning in 2005, the Planning Department
22 shall report net housing construction by income levels, as well as units that have been withdrawn from
23 protection afforded by City law, such as laws providing for rent-controlled and single resident
24 occupancy (SRO) units. The affordable housing categories shall include net new units, as well as
25 existing units that were previously not restricted by deed or regulatory agreement that are acquired for

1 preservation as permanently affordable housing as determined by the Mayor's Office of Housing and
2 Community Development (MOHCD) (not including refinancing or other rehabilitation under existing
3 ownership), protected by deed or regulatory agreement for a minimum of 55 years. The report shall
4 include, by year, and for the latest quarter, all units that have received Temporary Certificates of
5 Occupancy within that year, a separate category for units that obtained a site or building permit, and
6 another category for units that have received approval from the Planning Commission or Planning
7 Department, but have not yet obtained a site or building permit to commence construction (except any
8 entitlements that have expired and not been renewed during the Housing Balance Period). Master
9 planned entitlements, including but not limited to such areas as Treasure Island, Hunters Point
10 Shipyard and Park Merced, shall not be included in this latter category until individual building
11 entitlements or site permits are approved for specific housing projects. For each year or approval
12 status, the following categories shall be separately reported:

13 (A) Extremely Low Income Units, which are units available to individuals or
14 families making between 0-30% Area Median Income (AMI) as defined in California Health & Safety
15 Code Section 50106, and are subject to price or rent restrictions between 0-30% AMI;

16 (B) Very Low Income Units, which are units available to individuals or families
17 making between 30-50% AMI as defined in California Health & Safety Code Section 50105, and are
18 subject to price or rent restrictions between 30-50% AMI;

19 (C) Lower Income Units, which are units available to individuals or families
20 making between 50-80% AMI as defined in California Health & Safety Code Section 50079.5, and are
21 subject to price or rent restrictions between 50-80% AMI;

22 (D) Moderate Income Units, which are units available to individuals or families
23 making between 80-120% AMI, and are subject to price or rent restrictions between 80-120% AMI;

24 (E) Middle Income Units, which are units available to individuals or families
25 making between 120-150% AMI, and are subject to price or rent restrictions between 120-150% AMI;

1 (F) Market-rate units, which are units not subject to any deed or regulatory
2 agreement with price restrictions;

3 (G) Housing units withdrawn from protected status, including units withdrawn
4 from rent control (except those units otherwise converted into permanently affordable housing),
5 including all units that have been subject to rent control under the San Francisco Residential Rent
6 Stabilization and Arbitration Ordinance but that a property owner removes permanently from the
7 rental market through condominium conversion pursuant to Administrative Code Section 37.9(a)(9),
8 demolition or alterations (including dwelling unit mergers), or permanent removal pursuant to
9 Administrative Code Section 37.9(a)(10) or removal pursuant to the Ellis Act under Administrative
10 Code Section 37.9(a)(13);

11 (H) Public housing replacement units and substantially rehabilitated units
12 through the HOPE SF and Rental Assistance Demonstration (RAD) programs, as well as other
13 substantial rehabilitation programs managed by MOHCD.

14 (4) The Housing Balance shall be expressed as a percentage, obtained by dividing the
15 cumulative total of extremely low, very low, low and moderate income affordable housing units (all
16 units 0-120% AMI) minus the lost protected units, by the total number of net new housing units within
17 the Housing Balance Period. The Housing Balance shall also provide two calculations:

18 (A) the Cumulative Housing Balance, consisting of housing units that have
19 already been constructed (and received a Temporary Certificate of Occupancy or other certificate that
20 would allow occupancy of the units) within the 10-year Housing Balance Period, plus those units that
21 have obtained a site or building permit. A separate calculation of the Cumulative Housing Balance
22 shall also be provided, which includes HOPE SF and RAD public housing replacement and
23 substantially rehabilitated units (but not including general rehabilitation / maintenance of public
24 housing or other affordable housing units) that have received Temporary Certificates of Occupancy
25

1 within the Housing Balance Period. The Housing Balance Reports will show the Cumulative Housing
2 Balance with and without public housing included in the calculation; and

3 (B) the Projected Housing Balance, which shall include any residential project
4 that has received approval from the Planning Commission or Planning Department, even if the
5 housing project has not yet obtained a site or building permit to commence construction (except any
6 entitlements that have expired and not been renewed during the Housing Balance period). Master
7 planned entitlements shall not be included in the calculation until individual building entitlements or
8 site permits are approved.

9 (d) Bi-annual Housing Balance Reports. Within 30 days of the effective date of this
10 Section 103 By June 1, 2015, the Planning Department shall calculate the Cumulative and Projected
11 Housing Balance for the most recent two quarters City-wide, by Supervisorial District, Plan Area, and
12 by neighborhood Planning Districts, as defined in the annual Housing Inventory, and publish it as an
13 easily visible and accessible page devoted to Housing Balance and Monitoring and Reporting on the
14 Planning Department's website. By August September 1st and February March 1st of each year, the
15 Planning Department shall publish and update the Housing Balance Report, and present this report at
16 an informational hearing to the Planning Commission and Board of Supervisors, as well as to any
17 relevant body with geographic purview over a plan area upon request, along with the other quarterly
18 reporting requirements of Administrative Code Chapter 10E.4. The annual report to the Board of
19 Supervisors shall be accepted by resolution of the Board, which resolution shall be introduced
20 by the Planning Department. The Housing Balance Report shall also be incorporated into the
21 Annual Planning Commission Housing Hearing and Annual Report to the Board of Supervisors
22 required in Administrative Code Chapter 10E.4.

23 (e) Annual Hearing by Board of Supervisors.

24 (1) The Board of Supervisors shall hold a public Housing Balance hearing on an annual
25 basis by April 1 of each year, to consider progress towards the City's affordable housing goals.

1 including the goal of a minimum 33% affordable housing to low and moderate income households, as
2 well as the City's General Plan Housing Element housing production goals by income category. The
3 first hearing shall occur no later than 30 days after the effective date of this ordinance, and by April 1
4 of each year thereafter.

5 (2) The hearing shall include reporting by the Planning Department, which shall present
6 the latest Housing Balance Report City-wide and by Supervisorial District and Planning District; the
7 Mayor's Office of Housing and Community Development, the Mayor's Office of Economic and
8 Workforce Development, the Rent Stabilization Board, by the Department of Building Inspection, and
9 the City Economist on strategies for achieving and maintaining a housing balance in accordance with
10 San Francisco's housing production goals. If the Cumulative Housing Balance has fallen below 33% in
11 any year, MOHCD shall determine how much funding is required to bring the City into a minimum
12 33% Housing Balance and the Mayor shall submit to the Board of Supervisors a strategy to accomplish
13 the minimum of 33% Housing Balance. City Departments shall at minimum report on the following
14 issues relevant to the annual Housing Balance hearing: MOHCD shall report on the annual and
15 projected progress by income category in accordance with the City's General Plan Housing Element
16 housing production goals, projected shortfalls and gaps in funding and site control, and progress
17 toward the City's Neighborhood Stabilization goals for acquiring and preserving the affordability of
18 existing rental units in neighborhoods with high concentrations of low and moderate income
19 households or historically high levels of evictions; the Planning Department shall report on current
20 and proposed zoning and land use policies that affect the City's General Plan Housing Element
21 housing production goals; the Mayor's Office of Economic and Workforce Development shall report on
22 current and proposed major development projects, dedicated public sites, and policies that affect the

1 City's General Plan Housing Element housing production goals; the Rent Board shall report on the
2 withdrawal or addition of rent-controlled units and current or proposed policies that affect these
3 numbers; the Department of Building Inspection shall report on the withdrawal or addition of
4 Residential Hotel units and current or proposed policies that affect these numbers; and the City
5 Economist shall report on annual and projected job growth by the income categories specified in the
6 City's General Plan Housing Element.

7 (3) All reports and presentation materials from the annual Housing Balance hearing
8 shall be maintained by year for public access on the Planning Department's website on its page
9 devoted to Housing Balance Monitoring and Reporting.

10
11 Section 4. Effective Date. This ordinance shall become effective 30 days after
12 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
13 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
14 of Supervisors overrides the Mayor's veto of the ordinance.

15
16 APPROVED AS TO FORM:
17 DENNIS J. HERRERA, City Attorney

18 By: 

19 MARLENA BYRNE
20 Deputy City Attorney

21 n:\eganas2015\1500366\01006068.doc



City and County of San Francisco

Tails
Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 150029

Date Passed: April 21, 2015

Ordinance amending the Planning Code to require the Planning Department to monitor the balance between new market rate housing and new affordable housing, and publish a bi-annual Housing Balance Report; requiring an annual hearing at the Board of Supervisors on strategies for achieving and maintaining the required housing balance in accordance with San Francisco's housing production goals; and making environmental findings, Planning Code, Section 302, findings, and findings of consistency with the General Plan, and the eight priority policies of Planning Code, Section 101.1.

April 06, 2015 Land Use and Transportation Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

April 06, 2015 Land Use and Transportation Committee - RECOMMENDED AS AMENDED

April 14, 2015 Board of Supervisors - PASSED, ON FIRST READING

Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

April 21, 2015 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 150029

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 4/21/2015 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved

APPENDIX C
CUMULATIVE HOUSING BALANCE REPORT No 3 TABLES BY PLANNING DISTRICTS

Table 1A
Cumulative Housing Balance Calculation, 2006 Q1 – 2015 Q4

Planning Districts	New Affordable Housing Built	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Permitted Units	Cumulative Housing Balance 1
1 Richmond	172	(552)	87	514	198	-41.2%
2 Marina	2	(188)	-	101	146	-75.3%
3 Northeast	204	(447)	12	934	200	-20.4%
4 Downtown	1,637	(100)	114	5,229	1,305	25.3%
5 Western Addition	491	(217)	168	987	1,000	22.2%
6 Buena Vista	119	(236)	176	570	595	5.1%
7 Central	21	(395)	-	351	48	-93.7%
8 Mission	593	(553)	41	1,724	386	3.8%
9 South of Market	1,707	(113)	681	10,183	6,033	14.0%
10 South Bayshore	444	(59)	229	1,153	782	31.7%
11 Bernal Heights	2	(179)	-	95	33	-138.3%
12 South Central	22	(313)	10	142	131	-102.9%
13 Ingleside	108	(179)	17	359	154	-10.5%
14 Inner Sunset	-	(192)	-	91	41	-145.5%
15 Outer Sunset	10	(395)	1	98	88	-206.5%
Totals	5,532	(4,118)	1,536	22,531	11,140	8.8%

Table 1B
Cumulative Housing Balance Calculation, 2006 Q1 – 2015 Q4

Planning Districts	New Affordable Housing Built	Acquisitions & Rehabs Completed	RAD	Units Removed from Protected Status	Total Entitled Affordable Units Permitted	Total Net New Units Built	Total Entitled Permitted Units	Cumulative Housing Balance 2
1 Richmond	172	-	144	(552)	87	514	198	-20.9%
2 Marina	2	24	-	(188)	-	101	146	-65.6%
3 Northeast	204	-	143	(447)	12	934	200	-7.8%
4 Downtown	1,637	726	189	(100)	114	5,229	1,305	39.3%
5 Western Addition	491	290	376	(217)	168	987	1,000	55.8%
6 Buena Vista	119	-	132	(236)	176	570	595	16.4%
7 Central	21	-	-	(395)	-	351	48	-93.7%
8 Mission	593	319	-	(553)	41	1,724	386	19.0%
9 South of Market	1,707	200	-	(113)	681	10,183	6,033	15.3%
10 South Bayshore	444	-	213	(59)	229	1,153	782	42.7%
11 Bernal Heights	2	-	118	(179)	-	95	33	-46.1%
12 South Central	22	-	-	(313)	10	142	131	-102.9%
13 Ingleside	108	-	-	(179)	17	359	154	-10.5%
14 Inner Sunset	-	-	110	(192)	-	91	41	-62.1%
15 Outer Sunset	10	-	-	(395)	1	98	88	-206.5%
Totals	5,532	1,559	1,425	(4,118)	1,536	22,531	11,140	17.6%

Table 2
Projected Housing Balance Calculation, 2015 Q2

BoS District	Very Low Income	Low Income	Moderate	Middle	TBD	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
1 Richmond	-	-	-	-	-	-	15	0.0%
2 Marina	-	-	-	-	-	-	44	0.0%
3 Northeast	-	-	-	-	-	-	207	0.0%
4 Downtown	439	74	58	29	32	632	2,054	30.8%
5 Western Addition	-	-	-	-	-	-	8	0.0%
6 Buena Vista	-	-	3	-	5	8	139	5.8%
7 Central	-	-	-	-	-	-	8	0.0%
8 Mission	-	-	-	-	-	-	38	0.0%
9 South of Market	-	-	81	-	9	90	1,537	5.9%
10 South Bayshore	-	-	-	-	168	168	1,691	9.9%
11 Bernal Heights	-	-	-	-	-	-	3	0.0%
12 South Central	-	-	-	-	-	-	12	0.0%
13 Ingleside	-	-	-	-	-	-	110	0.0%
14 Inner Sunset	-	-	-	-	-	-	38	0.0%
15 Outer Sunset	-	-	-	-	-	-	2	0.0%
TOTALS	439	74	142	29	214	898	5,906	15.2%

Table 3
New Housing Production by Affordability, 2006 Q1 – 2015 Q4

Planning Districts	Very Low	Low	Moderate	Middle Income	Total Affordable Units	Total Net Units	Affordable Units as % of Total Net Units
1 Richmond	170	2	-	-	172	514	33.5%
2 Marina	-	-	2	-	2	101	2.0%
3 Northeast	161	11	32	-	204	934	21.8%
4 Downtown	1,048	269	297	23	1,637	5,229	31.3%
5 Western Addition	367	77	47	-	491	987	49.7%
6 Buena Vista	55	14	50	-	119	570	20.9%
7 Central	-	18	3	-	21	351	6.0%
8 Mission	474	40	79	-	593	1,724	34.4%
9 South of Market	845	403	459	-	1,707	10,183	16.8%
10 South Bayshore	105	234	105	-	444	1,153	38.5%
11 Bernal Heights	-	-	2	-	2	95	2.1%
12 South Central	-	10	12	-	22	142	15.5%
13 Ingleside	70	26	12	-	108	359	30.1%
14 Inner Sunset	-	-	-	-	-	91	0.0%
15 Outer Sunset	-	-	10	-	10	98	10.2%
TOTALS	3,295	1,104	1,110	23	5,532	22,531	24.6%

Table 4
Acquisitions and Rehabilitation of Affordable Housing, 2006 Q1 – 2015 Q4

Planning District	No. of Buildings	No. of Units
2 Marina	1	24
4 Downtown	5	726
5 Western Addition	2	290
8 Mission	2	319
9 South of Market	6	200
TOTALS	16	1,559

Table 5
RAD Affordable Units

Planning District	No. of Units	as % of Total
1 Richmond	144	10.1%
3 Northeast	143	10.0%
4 Downtown	189	13.3%
5 Western Addition	376	26.4%
6 Buena Vista	132	9.3%
10 South Bayshore	213	14.9%
11 Bernal Heights	118	8.3%
14 Inner Sunset	110	7.7%
TOTALS	1,425	100.0%

Table 6
Units Removed from Protected Status, 2006 – 2015

Planning District	Condo Conversion	Demolition	Ellis Out	Owner Move-In	Total Units Permanently Lost
1 Richmond	2	32	199	319	552
2 Marina	4	4	52	128	188
3 Northeast	9	13	292	133	447
4 Downtown	-	68	24	8	100
5 Western Addition	8	11	75	123	217
6 Buena Vista	4	12	98	122	236
7 Central	9	24	154	208	395
8 Mission	2	35	280	236	553
9 South of Market	2	18	29	64	113
10 South Bayshore	1	14	8	36	59
11 Bernal Heights	4	30	45	100	179
12 South Central	-	94	33	186	313
13 Ingleside	-	42	20	117	179
14 Inner Sunset	8	14	57	113	192
15 Outer Sunset	1	94	66	234	395
Totals	54	505	1,432	2,127	4,118

Table 7
Entitled and Permitted Units, 2015 Q4

Planning District	Very Low Income	Low Income	Moderate	Total Affordable Units	Net New Units	Total Affordable Units as % of Net New Units
1 Richmond	83	-	4	87	198	43.9%
2 Marina	-	-	-	-	146	0.0%
3 Northeast	-	-	12	12	200	6.0%
4 Downtown	-	102	12	114	1,305	8.7%
5 Western Addition	98	8	62	168	1,000	16.8%
6 Buena Vista	110	60	6	176	595	29.6%
7 Central	-	-	-	-	48	0.0%
8 Mission	-	22	19	41	386	10.6%
9 South of Market	166	487	28	681	6,033	11.3%
10 South Bayshore	120	93	16	229	782	29.3%
11 Bernal Heights	-	-	-	-	33	0.0%
12 South Central	-	-	10	10	131	7.6%
13 Ingleside	-	-	17	17	154	11.0%
14 Inner Sunset	-	-	-	-	41	0.0%
15 Outer Sunset	-	-	1	1	88	1.1%
TOTALS	577	772	187	1,536	11,140	13.8%



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

RESIDENTIAL PIPELINE ENTITLED HOUSING UNITS 2016 Q1

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State law requires each city and county to adopt a Housing Element as a part of its general plan. The State Department of Housing and Community Development (HCD) determines a Regional Housing Need (RHNA) that the Housing Element must address. The need is the minimum number of housing units that a region must plan for in each RHNA period.

This table represents completed units and development projects in the current residential pipeline to the first quarter of 2016 (Q1). The total number of entitled units is tracked by the San Francisco Planning Department and is updated quarterly in coordination with the *Quarterly Pipeline Report*. Subsidized housing units – including moderate and low income units – as well as inclusionary units are tracked by the Mayor's Office of Housing; these are also updated quarterly.

	RHNA Production Goals 2015 - 2022	New Units Built to 2016 Q1	Entitled by Planning in 2016 Q1 Pipeline*	Percent of RHNA Goals Built and Entitled by Planning
Total Units	28,869	4,564	18,242	79.0%
Above Moderate (> 120% AMI)	12,536	3,860	15,879	157.5%
Moderate Income (80 - 120% AMI)	5,460	297	317	11.2%
Low Income (< 80% AMI)	10,873	407	1,730	19.7%
<i>Affordability to be Determined</i>			316	

* This column does not include three entitled major development projects with a remaining total of 22,710 net new units: Hunters' Point, Treasure Island and ParkMerced. However, as phases of these projects will be included when applications for building permits are filed. These three projects will include over 5,170 affordable units (23% affordable).

Memo



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

RESIDENTIAL PIPELINE COMPLETED AND ENTITLED HOUSING UNITS 2007 to 2014

California state law requires each city and county to adopt a Housing Element as a part of its general plan. The State Department of Housing and Community Development (HCD) determines a Regional Housing Need (RHNA) and sets production targets that each jurisdiction's Housing Element must address. The RHNA allocation represents the minimum number of housing units that a region must plan for in each reporting period.

The table below shows completed units to the fourth quarter of 2014 (Q4), or the end of the 2007-2014 RHNA reporting period.

2014 Q4	RHNA Allocation 2007 - 2014	Units Built 2007 - 2014	Percent of RHNA Targets Built
Total Units	31,193	20,455	65.6%
Above Moderate (> 120% AMI)	12,315	13,391	108.7%
Moderate Income (80 - 120% AMI)	6,754	1,283	19.0%
Low Income (< 80% AMI)	12,124	5,781	47.7%

65%
67%
28%

The second table below lists production targets for the new 2015-2020 RHNA reporting period. It also accounts for units that have received entitlements from the Planning Department but have not been built as of December 31, 2014. Once completed, these entitled units will count towards the 2015-2022 RHNA production targets. The total number of entitled units is tracked by the San Francisco Planning Department and is updated quarterly in coordination with the *Quarterly Pipeline Report*. Publicly subsidized housing units (including moderate and low income units) and inclusionary units are tracked by the Mayor's Office of Housing; these are also updated quarterly.

2014 Q4	RHNA Allocation 2015 - 2022	Entitled by Planning*	Percent of RHNA Targets Entitled by Planning
Total Units	28,869	13,860	48.0%
Above Moderate (> 120% AMI)	12,536	11,996	95.7%
Moderate Income (80 - 120% AMI)	5,460	676	12.4%
Low Income (< 80% AMI)	10,873	1,188	10.9%

86%
47%
8%

*These totals do not include a total of 23,270 net new units from three major entitled projects: Hunters' Point, Treasure Island and ParkMerced. However, Phase I of Hunter's Point (about 444 units) is under construction and is included in this table.

Memo

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The Eviction Defense Collaborative strives to prevent homelessness, preserve affordable housing and protect the diversity of San Francisco. We work toward these goals by providing emergency rental assistance and by helping low-income tenants gain equal access to the law in order to assert their rights at court.

The Anti-Eviction Mapping Project is a data visualization, data analysis, and oral history collective documenting the displacement and resistance of Bay Area residents. With numerous partner organizations including the EDC, we seek to empower community knowledge production through our collaborative visualizations.



Donate or Volunteer at evictiondefense.org
Tax id # (94-3342323)

EVICTION REPORT 2015



EDC 1338 MISSION ST 4th FLOOR | SF CA 94103 | 415.947.0797 | evictiondefense.org

WE'VE MOVED! as of January 2016
1338 MISSION ST 4th FLOOR | SF CA 94103 | 415.947.0797

Welcome to **SAN FRANCISCO**

CLEANER, WHITER, BRIGHTER TABLECLOTHS

NARRATIVES OF DISPLACEMENT

12000*

NO-FAULT EVICTIONS
SINCE 1991: ELLIS ACT EVICTIONS, OWNER MOVE-INS (O.M.I.), DEMOLITION...

MORE THAN 33000 PEOPLE DISPLACED!

BUY OUTS, RENT INCREASES, HARASSMENT, NO-FAULT EVICTIONS
SINCE THE LATEST TECH **BOOM!**

threatened with an eviction
Eviction made possible through EDC's assistance. 415.947.0797

Have you been evicted?
If so, please contact EDC for assistance. 415.947.0797

Narratives of Displacement
Oral History Project
www.anti-evictionmappingproject.net/narratives

The Eviction Defense Collaborative

strives to prevent homelessness, preserve affordable housing, and protect the diversity of San Francisco by providing emergency rental assistance and advocating for low-income tenants to gain equal access to the law.

Drop-In Clinic

EDC's drop-in clinic welcomes any San Francisco tenant facing an eviction. Open every weekday, services include guidance in the brief legal process of evictions; help in preparing papers to file in court; referrals to other legal resources; and hands-on negotiation, guidance, and support during the settlement conference.

Trial Project

The Trial Project offers ongoing and full-scope representation for tenants who do not settle their cases at a settlement conference. Eviction cases are heard in civil court where no public defenders are provided, but it is generally impossible for people in low-income households to afford a private attorney. The EDC charges a sliding scale fee and arranges payment plans for its services on an as-needed basis. No one is turned away due to lack of funds.

RADCo - Rental Assistance Disbursement Component

Starting in 1999, the EDC began developing a more complete preventative package of services for families and individuals dealing with an eviction lawsuit. A crucial part of this package is financial relief for renters. We provide rental assistance, grants, and interest-free loans to approximately 500 households per year, enabling families to pay overdue rent and keep their homes. RADCO works with tenants who have fallen behind in rent because of a crisis such as a family health emergency, an injury at work, or the theft of rent money. One does not need to have received an eviction notice to qualify for RADCo funds.

Shelter Client Advocates

EDC also assists those who are homeless and in need of advocates in the City's homeless shelters. San Francisco is unique in the country to have a formal grievance process for those who have been denied services from City-funded shelters. Our Shelter Client Advocates work with residents of homeless shelters to monitor conditions and rules, acting as informal conflict resolvers between the shelters and their clients and assisting clients in appealing denials of service. A recent evaluation of our program shows that the EDC's involvement leads to a 70% positive outcome for clients—either the denial of service is overturned or the denial of service is positively modified.

EVICTIION DEFENSE COLLABORATIVE

San Francisco's Changing Landscape of Inequality

San Francisco is experiencing a crisis of affordability.

In 2014 & 2015, the city ranked second in the nation in income inequality, with the fastest growing gap between rich and poor¹. This year, the poorest household incomes are finally going up. However, with the median rent for a one-bedroom apartment at \$3,100, and for a two-bedroom at \$4,125², this shift may be a result of tenants being priced out of the city. This is the landscape that SF tenants are navigating. In partnership with many others, the Eviction Defense Collaborative is fighting for tenants to stay.

¹ Brookings Institute analysis of American Community Service Data

² Data according to Rent Jungle, ACS Census Data, and San Francisco Rent Board Data

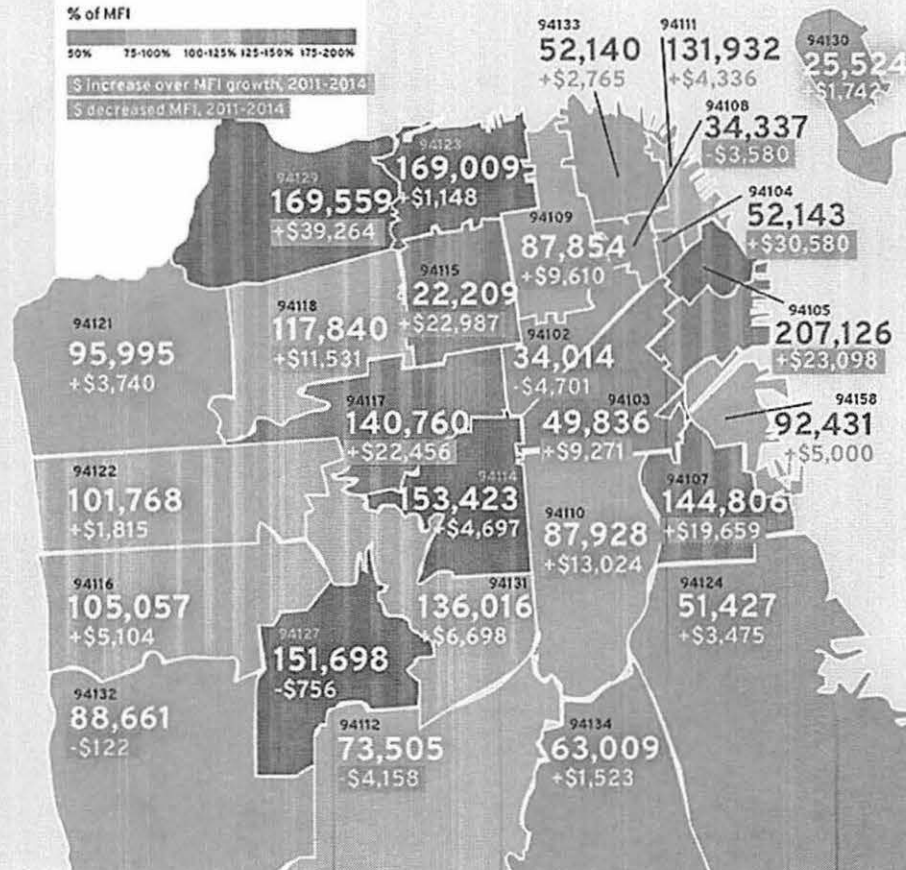
2014 San Francisco Median Family Income (MFI)

% of MFI

50% 75-100% 100-125% 125-150% 175-200%

\$ increase over MFI growth, 2011-2014

\$ decreased MFI, 2011-2014



-00208-

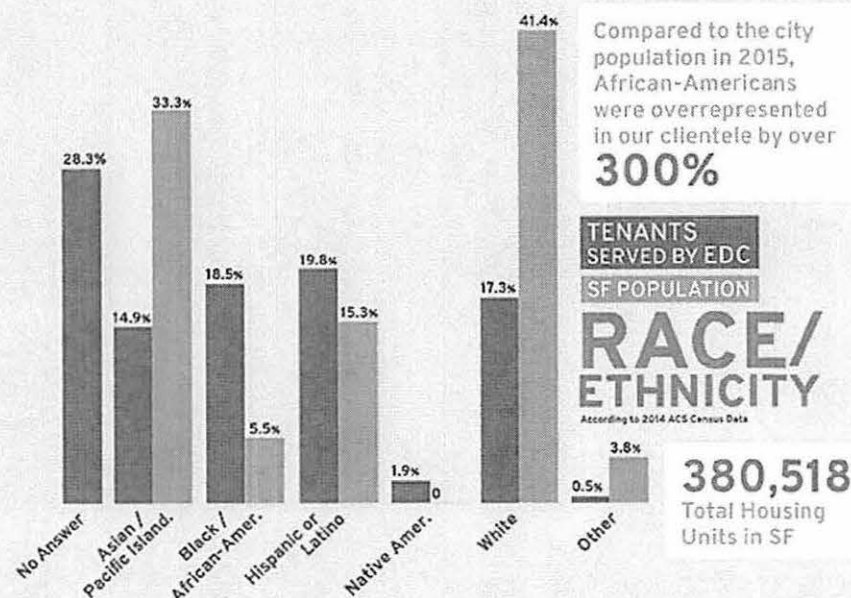
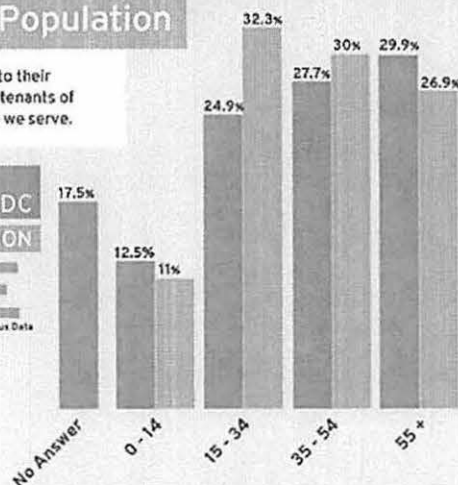
2015 EDC Clients who Accessed Legal Services / San Francisco Population

Over 90% of San Francisco tenants who respond to their eviction lawsuit do so with EDC's help. Each year, tenants of color are disproportionately represented in those we serve.

829,072
SF Population

6,720 Individuals
Served by EDC in 2015

TENANTS
SERVED BY EDC
SF POPULATION
AGE
According to 2014 ACS Census Data



Compared to the city population in 2015, African-Americans were overrepresented in our clientele by over **300%**

TENANTS
SERVED BY EDC
SF POPULATION
**RACE/
ETHNICITY**
According to 2014 ACS Census Data
380,518
Total Housing Units in SF

Without EDC, I would have had to return to my parents' home in Tulsa, Oklahoma, where they have no protections for transgender rights. EDC saved both my own and my son's lives from very radical change.

For ten years, Octavia Reising had been sharing a home in the Mission District with her son when she fell behind on her rent. Her landlord assured her that she could take time to make up payments as she organized her finances. In the meantime, the landlord had filed an eviction lawsuit against her for late rent. Ms. Reising realized the pitfalls of trying to self-represent and came to the EDC for help. Staff attorneys acted on her behalf on the day of her trial, negotiating a settlement in which she and her son could remain in their home. The impact of the successful settlement for Ms. Reising, a transgender woman, and her son was enormous. The resolution of their case allowed them to continue living in their home and remain in San Francisco with its inclusive culture and protections for the transgender community.

EDC's help was a blessing. I see a lot of homeless people on the streets and I feel for them. I came very close—that was a scary feeling. I wouldn't have been able to survive being homeless.

Deborah McDonald was living in public housing that was poorly managed by the San Francisco Housing Authority. In the spring of 2014, SFHA sued her for nonpayment of rent. She came to the EDC where staff attorneys discovered that SFHA's ledgers were in a shambles and that her case could not be resolved until the account was reconciled. Ms. McDonald's apartment was also falling into disrepair, including a cockroach infestation that was so bad she could not handle the eradication herself. At the trial, the EDC's attorney pushed for financial recognition that she had been living in terrible conditions for years because of SFHA's negligence. Ms. McDonald received a 20% reduction in her rental balance, lifting a huge financial burden. She was able to stay in her home, have repairs made to her unit, and pay off a much smaller balance of rent owed.

EVICION DEFENSE COLLABORATIVE

EVICION REPORT 2015

Households Facing Eviction in 2015

2,248 Total EDC SF Eviction Cases in 2015 UP 15% SINCE 2014



% INCREASE OF EVICTION CASES BY ZIP CODE, 2014-2015

*all zip codes without indication of change saw little to no variation in eviction rates

TOP 5 NEIGHBORHOODS BY
NUMBER OF EVICTION CASES

316 TENDERLOIN 14% OF TOTAL 2015
94102 EVICTION CASES

274 SOMA 12.2%
94103

177 BAYVIEW 7.8%
94124

198 INNER MISSION 8.8%
94110

248 POLK / NOB HILL 11%
24109

TOP 5 NEIGHBORHOODS BY
NUMBER OF FORECLOSURES

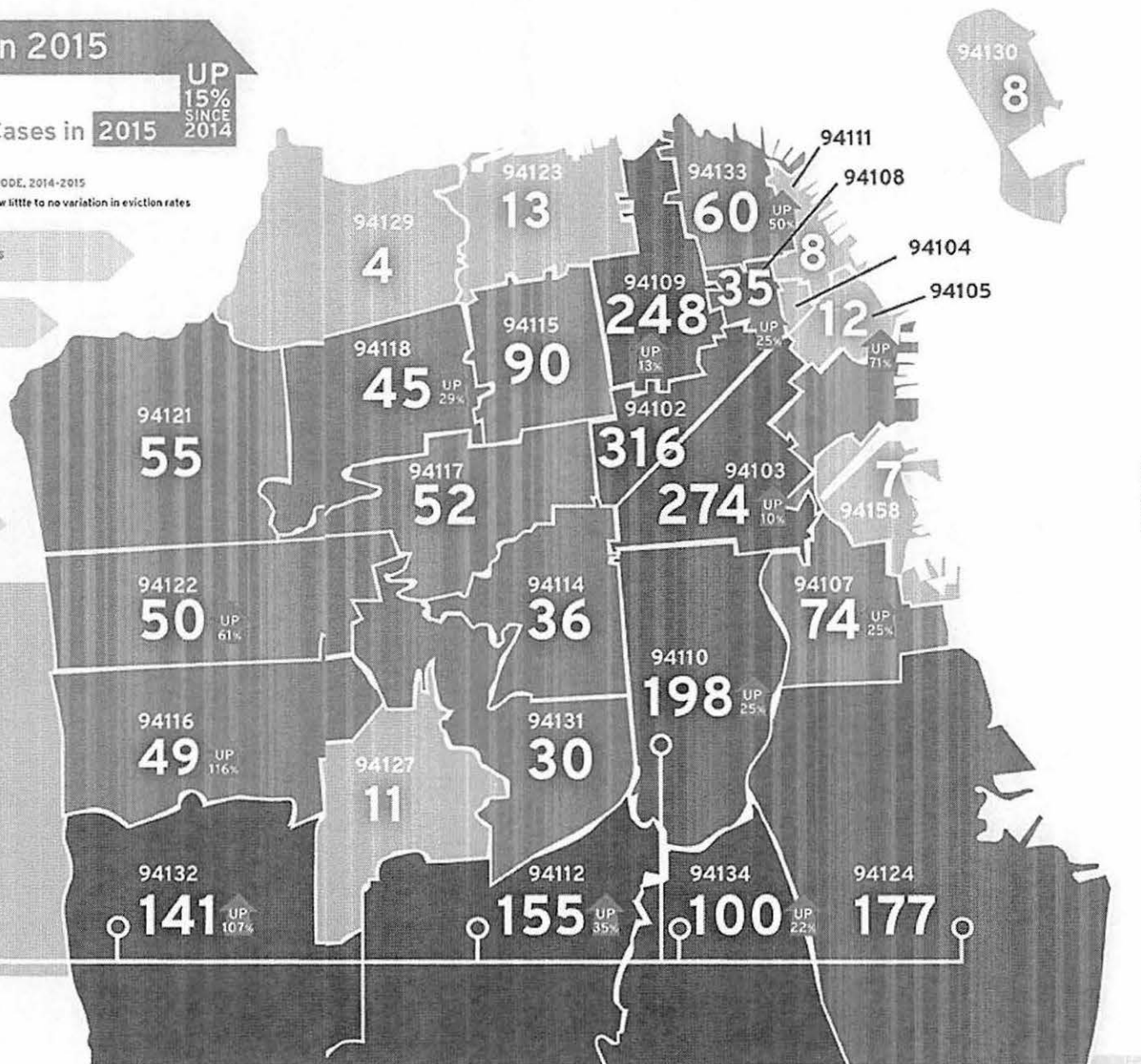
2 LAKE MERCED
94132

15 EXCELSIOR
94112

5 OUTER MISSION
94134

9 BAYVIEW
94124

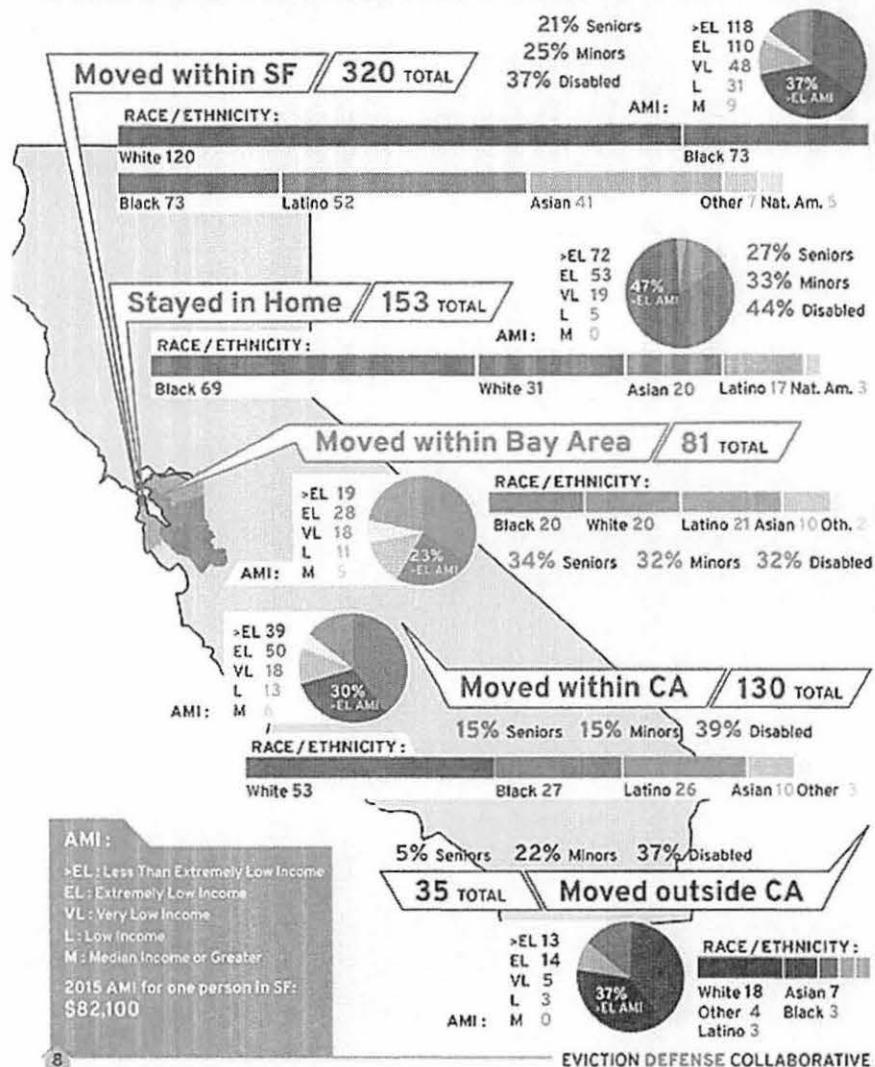
7 INNER MISSION
94110



-00210-

2012 Relocation Data

In 2013, EDC followed up with a random sample of our clients from the previous year. This is where they ended up.



EVICION DEFENSE COLLABORATIVE

RADCo Rental Assistance June 2014 - July 2015

257

Rent Controlled Units we Preserved



257 Rental Control Units [62% of clients]

155

Children we kept housed



230 Clients with Disabilities [55% of clients]

92

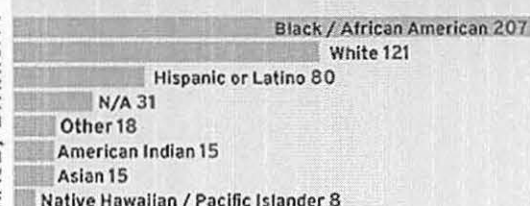
Seniors we assisted



87 Households with seniors [20% of clients]

415 HOUSEHOLDS RECEIVED RENTAL ASSISTANCE FROM EDC

RACE/ETHNICITY



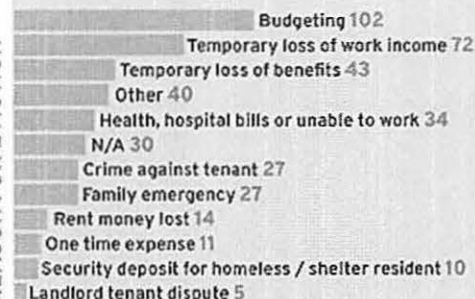
95%

Clients remained in their homes after 3 months

81%

Clients remained in their homes after 9 months

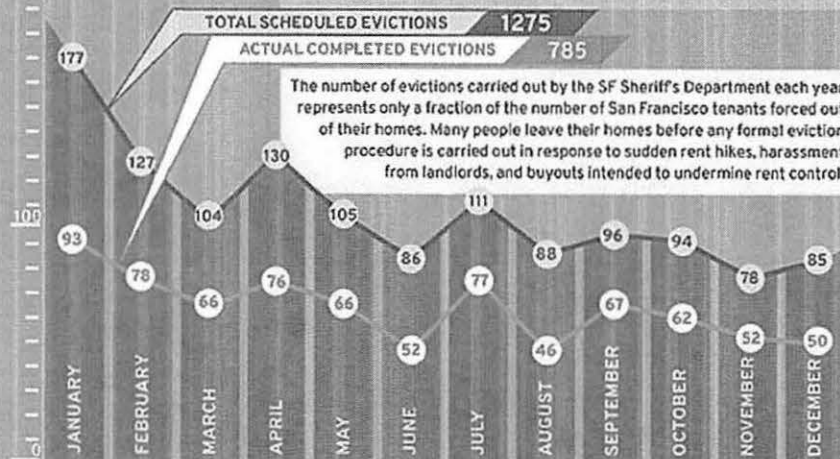
REASON FOR EVICTION



EVICION REPORT 2015

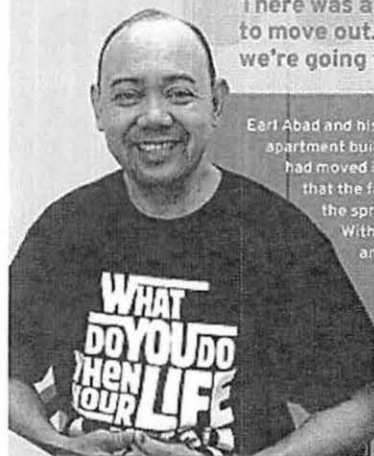
-00211-

2015 Sheriff's Eviction Data



EDC's work to have a Stay of Eviction (outlined in the chart on the following page) granted in many cases accounts for the difference in number of scheduled and completed evictions shown here.

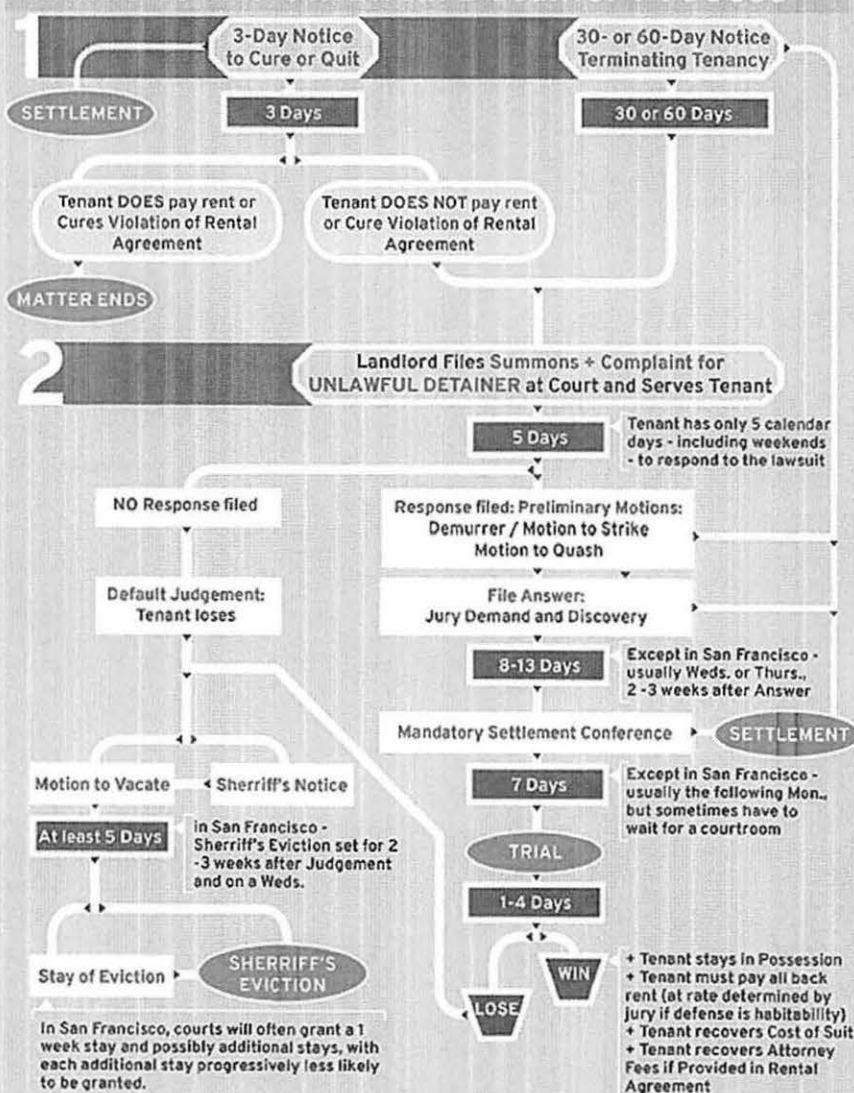
We were so stressed because we didn't know what to do. There was a time when we were going to give up, going to move out. But EDC said don't worry about a thing, we're going to help you. EDC gave us 130% effort."



Earl Abad and his family emigrated from the Philippines, settling in an apartment building in San Francisco's SOMA district that his grandparents had moved into in the 1970s. Through the years, there were no signs that the family would be in danger of losing their long-time home until the spring of 2015 when a new landlord purchased the building. Within weeks of the purchase, the landlord served the family and two other tenants with a notice to move out because of nuisance and illegal activities. Caught completely by surprise at the accusations, Mr. Abad sought the EDC's help. Staff attorneys counseled the family, helping to bring their case to trial. The settlement allowed them to remain in the apartment building with the added agreement by the landlord to waive recovery of all unpaid rent. Mr. Abad and his family were able to return to the peaceful enjoyment of their home.

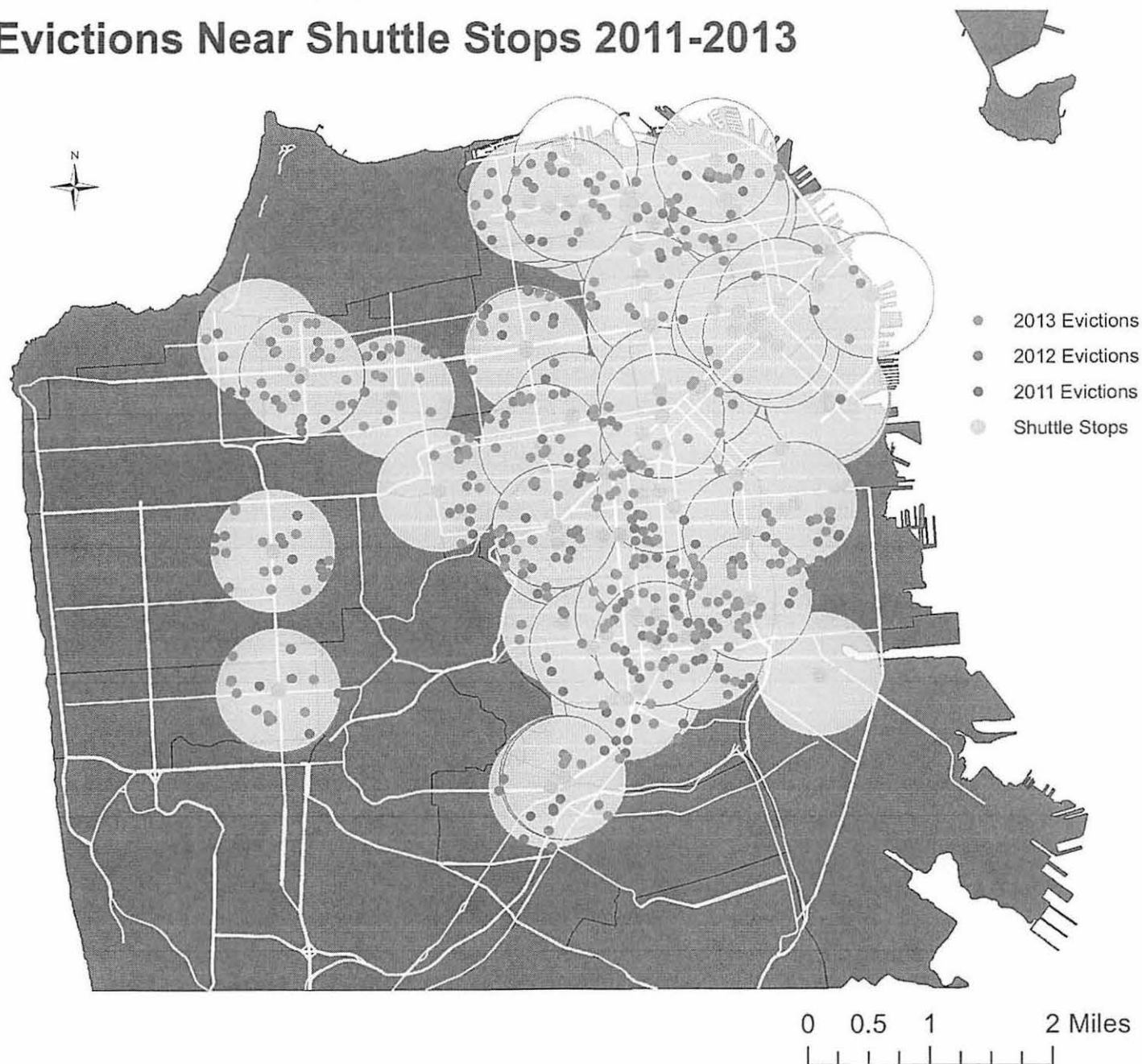
EVICION DEFENSE COLLABORATIVE

Guide to the Unlawful Detainer Process



-00212-

Evictions Near Shuttle Stops 2011-2013



Overall:

No-Fault Evictions increased 42% between 2011 and 2012.
No-Fault Evictions increased 57% between 2012 and 2013.

69% of No-Fault Evictions each year occurred
within four blocks of known shuttle stops.

**Residential Nexus Analysis
City and County of San Francisco**

**Prepared for:
*City and County of San Francisco***

**Prepared by:
*Keyser Marston Associates, Inc.***

April 2007

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OVERVIEW AND SUMMARY OF FINDINGS

Keyser Marston Associates (KMA) has prepared a residential nexus analysis for the City and County of San Francisco. The report has been prepared to support the City's Inclusionary Housing Program, including the updated requirements enacted in the summer of 2006. This residential nexus analysis addresses market rate residential projects which are subject to the inclusionary program and quantifies the linkages between new market rates units and the demand for affordable housing generated by the residents of the units.

Context and Purpose

The City of San Francisco is undertaking a comprehensive program of analyses to update its programs and supporting documentation for many types of fees, including updating nexus analyses in support of impact fees. As part of this program, the City has contracted with Keyser Marston Associates to prepare a nexus analysis in support of the Inclusionary Housing Program, or an analysis of the impact of the development of market rate housing on affordable housing demand.

The City's current position is that the City's Inclusionary Housing Program including the in lieu provision which is offered as an alternative to building units within market rate projects, is not subject to the requirements of the Mitigation Fee Act, Government Code Sections 66000 and following. The City does not expect to alter its position on this matter. However, because the City agreed to sponsor a supporting nexus analysis as part of past legislative actions, and because there is interest in determining whether the Inclusionary Program can be supported by a nexus type analysis as an additional support measure, the City has contracted for the preparation of a nexus analysis at this time.

San Francisco Inclusionary Program

The City of San Francisco Inclusionary program that is the subject of this analysis requires that all residential projects of five units or more provide a share of units affordable to lower income households. The San Francisco program, which was amended in the summer of 2006, is contained in Planning Code Sections 315 and following (the "Inclusionary Program"). Briefly summarized, the San Francisco program now requires 15% of units be affordable to lower income households and defines lower income as up to 120% of median income. For purposes of application, affordable units in condominium projects must average 100% of median and affordable units in rental projects must be provided at 60% of median or less. The Inclusionary Program also has off-site and in-lieu fee alternatives. The Inclusionary Program contains many particulars regarding application, definitions, entitlement process, and administration of the program.

Use of This Study

An impact analysis of this nature has been prepared for the limited purpose of demonstrating nexus support to the San Francisco Inclusionary Program. It has not been prepared as a document to guide policy design in the broader context. We caution against the use of this study, or any impact study for that matter, for purposes beyond the intended use. All impact studies are limited and imperfect, but can be helpful for addressing narrow concerns.

To cite a parallel example, a study could be prepared on the relative fiscal impacts of developing various price (or value) residential units in San Francisco. Fiscal impact analysis, unlike this nexus analysis, is a widely prepared type of analysis in which revenues to a governmental entity are quantified and compared to the costs of services provided by the entity. For residential development, revenues include property tax, sales tax from expenditures of residents, intergovernmental transfers and subventions (such as vehicle license tax) and a number of other revenues to the General Fund. Cost of services cover police, fire, health care, general administration and all else that the City/County expends from its General Fund to serve its residents. If such an analysis were prepared for various price residential units in San Francisco, it can be predicted with assurance that higher price units would yield more revenues to the City than lower price units and a more favorable fiscal balance. If fiscal impact analysis alone were to guide policy, then San Francisco would never pursue the development of another unit of affordable housing. Needless to say, governments must develop housing policy based on a range of competing goals and objectives.

Impact Methodology and Models Used

The methodology or analysis procedure for this nexus analysis starts with the sales price (or rental rate) of a market rate residential unit, and moves through a series of linkages to the income of the household that purchased or rented the unit, the disposable income of the household, the annual expenditures on goods and services, the jobs associated with the purchases and delivery of services, the income of the workers doing those jobs, the household income and, ultimately, the affordability level of the housing needed by the worker households. The steps of the analysis from disposable income to jobs generated was performed using the IMPLAN model, a model widely used for the past 25 years to quantify employment impacts from personal income. From jobs generation by industry, KMA used its own nexus model to quantify the income of worker households by affordability level.

To illustrate the linkages by looking at a simplified example, we can take an average household that buys a condominium at a certain price. From that price, we can determine the gross income of the household (from mortgage rates and lending practices) and the disposable income of the household. The disposable income, on average, will be used to "purchase" or consume a range of goods and services, such as purchases at the supermarket or services at the bank. Purchases in the local economy in turn generate employment. The jobs generated are at different compensation levels. Some of the jobs are low paying and as a result, even when there

is more than one worker in the household, there are some lower and middle-income households who cannot afford market rate housing in San Francisco.

The IMPLAN model quantifies direct, indirect and induced employment impacts. Direct jobs are generated at establishments that serve new residents directly (i.e. supermarket, bank or school); indirect jobs are generated by increased demand at firms which service or supply these establishments (wholesaler, janitorial contractor, accounting firm, or any jobs down the service/supply chain from direct jobs); induced jobs are generated when direct and indirect employees spend their wages in the local economy and generate additional jobs. The analysis is presented in a manner that indicates direct impacts alone and all impacts - direct, indirect and induced impacts. Consistent with other nexus analyses that have used the IMPLAN model and adopted programs supported by the analyses, KMA used all impacts, inclusive of indirect and induced impacts for nexus purposes.

Analysis Starting Point

An important starting point of the analysis is the sales price or rent level of market rate units. For this KMA was able to utilize material prepared in the spring of 2006 to analyze the inclusionary program and proposed changes to the program. KMA, under contract to the City, worked under the direction of the Planning Department and Major's Office of Housing (MOH), and was guided by a Technical Advisory Committee (TAC) comprised of residential developers, affordable housing advocates, non-profit developers, and others concerned with the policy issues. A major body of work was devoted to the identification of prototypical projects and full schedules of costs and revenues to establish pro forma feasible projects. A summary of the prototypes and the analysis of inclusionary impacts on them is contained in a report entitled *Keyser Marston Associates, Summary Report, Inclusionary Housing Program, San Francisco, Sensitivity Analysis, July 2006*. This report was released as a public document as part of the package for the July 12, 2006 meeting of the Land Use Committee of the Board of Supervisors.

The lowest cost and sales price (or rent level) of the four prototypes developed as part of the *Sensitivity Analysis* work program is utilized as the starting point of the nexus analysis. The analysis could have been conducted using an average price of a new unit, but the more conservative selection of least expensive prototype was used for the analysis.

Net New Underlying Assumption

An underlying assumption of the analysis is that households that rent or purchase new units represent net new households in the City of San Francisco. If purchasers or renters have relocated from elsewhere in the City, a vacancy has been created that will be filled. An adjustment to new construction of units would be warranted if the City were experiencing demolitions or loss of existing housing inventory. However, the rate of housing unit removal is so low as to not warrant an adjustment or offset.

Since the analysis addresses net new households in the City and the impacts generated by their consumption expenditures, the analysis quantifies net new demands for affordable units to accommodate new worker households. As such, the impact results do not address nor in any way include existing deficiencies in the supply of affordable housing.

Nexus Findings

Nexus analyses were conducted separately for condominium units (or other for-sale product) and for rental units since the occupants have different income levels which result in differentiated impacts. For summary overview purposes the results are presented together in the following synopsis of major steps and findings.

Income of Purchaser/Renter of New Units

The income of residents of new market rate buildings is estimated based upon the income required to purchase or rent a unit in a prototypical new low-rise wood frame building.

The prototype condominium unit, drawn from the *Sensitivity Analysis*, is 800 square feet and sells for \$580,000 or \$725 per square foot. The household income required to purchase a unit at this price is estimated based upon standard long term mortgage lending practices. Key assumptions are a 20% down payment, and a mortgage at 7% interest, a longer term rate that is a little higher than would be achievable today, homeowner's association (HOA) dues and property taxes. All housing expenditures are assumed at 35% of gross income. This produces a gross household income of \$138,400 for the purchaser of the \$580,000 unit.

The prototype rental unit, also drawn from the *Sensitivity Analysis* work program is also 800 square feet and rents for \$2,500 per month or a little under \$3.20 per square foot per month. New rental units are not feasible in today's market; however, the inclusionary program will be in place beyond the current market cycle and must anticipate development of rental units in the future. The assumed rental rate is higher than is achievable in the current market except under extraordinary circumstances (luxury projects in premier locations, etc.). The rental rate has been estimated as the required minimum level for a project to be feasible, given total development costs, conventional financing terms, and typical operating expenses. The household living in this unit is likely to be paying approximately 30% of income on rent (not including utilities). This translates to a household with a gross income of \$102,000 per year.

	Condo Units	Rental Units
Sales Price or Rent	\$580,000	\$2,544 / Mo
Annual Housing Cost	\$48,400 (mortgage, property taxes, HOA)	\$30,500 (rent)
Percent of Income Spent on Housing	35%	30%
Gross Household Income	\$138,400	\$102,000

Disposable Income

A second step is to determine Disposable Household Income, the income that the IMPLAN model uses as a starting place. Disposable Income, as defined for purposes of the IMPLAN model, is income after state and federal income taxes, Social Security and Medicare deductions, and personal savings. Housing expenses are not deducted from disposable income; rather they are handled internally within the IMPLAN model. Disposable Income as a share of gross income is estimated at 69% for purchasers of condominium units. This percentage is based on consultation with a number of governmental and institutional sources as noted in the main body of the report. The household that purchases our prototypical condominium unit has a Disposable Income of \$95,500.

The renter household has a higher proportion of gross income that is disposable because the renter household is in a lower tax bracket. The renter household of the prototypical unit has a Disposable Income of a little over \$74,000 per year.

	Condo Units	Rental Units
Gross Household Income	\$138,400	\$102,000
Percent Disposable	69%	73%
Disposable Income	\$95,500	\$74,000

IMPLAN Job Generation

The IMPLAN model input is the Disposable Income of 100 condominium purchasers and 100 apartment renters. The output is numbers of jobs generated by the expenditures of the households for goods and services in San Francisco. The employment impacts associated with these 100 units are:

	100 Condo Units	100 Rental Units
Disposable Income	\$9.6 M	\$7.4 M
Job Generation		
Direct Jobs	49	38
Indirect & Induced Jobs	<u>40</u>	<u>31</u>
Total Jobs	89	69

The IMPLAN output provides the jobs by industry, for the most part a wide dispersion among over 30 industries with little concentration in any one. The highest single concentration is in Food Service and Drinking Places, representing 15% of direct jobs and 11% of total jobs.

Lower Income Worker Households

The jobs by industry, per the IMPLAN analysis, have been input into the KMA jobs housing nexus analysis model to quantify the income of the worker households. The first step is a conversion of jobs to worker households, recognizing that there is more than one worker in each household today.

The KMA nexus model converts jobs by industry per the IMPLAN output to a distribution of jobs by occupation. State of California data on compensation level in San Francisco is applied to each occupation. Workers are allocated into households of sizes ranging from one to six persons taking into account the fact that households with two or more persons may have multiple earners. The output of the model is the number of households by income level.

The nexus model was configured for this San Francisco application to produce findings for "lower income households" defined as households with incomes from zero through 120% of median. Income definitions are keyed to the San Francisco City and County Median (SF Median) for 2006 as revised in the Inclusionary Program amendments enacted in the summer of 2006. The income range is consistent with the range of incomes covered in the Inclusionary Housing Program in San Francisco and the range of incomes assisted by the City's housing programs overall.

Output of Households by Affordability Level

The findings of the analysis are as follows for 100 market rate units in low-rise wood-frame buildings in San Francisco:

Affordable Unit Demand Associated with 100 Market Rate Units	Direct Impacts Only	Direct, Indirect & Induced Impacts
Condominium Units - Number of New Lower Income Households	25.00	43.31
Rental Units - Number of New Lower Income Households	19.44	33.68

In summary, for every 100 market rate condominium units there are 25.0 lower income households generated through the direct impact of the consumption of the condominium buyers and a total of 43.31 households if total direct, indirect, and induced impacts are counted in the analysis.

For every 100 market rate rental units there are 19.44 lower income households generated through the direct impact of the consumption of the renters and a total of 33.68 households if total direct, indirect, and induced impacts are counted in the analysis.

The table below adjusts these figures to percentages for purposes of supporting "inclusionary" type requirements of total units. The percentages are calculated including both market rate and affordable units (for example to convert 25.0 affordable units per 100 market rate units into a percentage, 25.0 is divided by 125.0, which equals 20%).

Supported Inclusionary Requirement	Direct Impacts Only	Direct, Indirect & Induced Impacts
Condos	20.0%	30.2%
Rentals	16.3%	25.2%

Location of Jobs and Housing/Commute Issues

The findings of the nexus analysis count only the jobs located in San Francisco. The analysis results could have included jobs and worker households located elsewhere in the Bay Area and beyond the Bay Area as well. If the five county Bay Region (San Francisco, San Mateo, Marin, Alameda and Contra Costa) were included, results would be a third higher inclusive of Direct, Indirect and Induced Impacts. In summary, the analysis does not count total job impacts, only San Francisco located job impacts.

An inevitable question arises as to whether worker households are assumed to live in the same jurisdiction as the jobs. For purposes of this analysis, the interest was in determining job impacts in San Francisco. Whether all the new worker households associated with the San Francisco located jobs should also be assumed to live in San Francisco or commute from another county is a matter of policy.

Overlap / Duplication of Commercial Nexus Fee

San Francisco has a jobs-housing linkage fee designed to mitigate the need for affordable housing associated with jobs in new commercial buildings. The jobs housing analysis is based on a similar analytical framework as the residential nexus analysis and under certain circumstances counts some of the same jobs. A separate analysis has been prepared which demonstrates that in the rare situations where there is a high degree of overlap in jobs counted between the two analyses, the City's Inclusionary program and jobs-housing program combined remain within the nexus.

Conclusion

The residential nexus analysis has determined that 100 market rate condominium units generate direct impacts that result in the demand for 25.0 affordable units in San Francisco and 43.31 units if all indirect and induced impacts are taken into account. As percentages, these results translate to direct impacts supporting 20% of units affordable, or inclusive of indirect and induced impacts 30% of units affordable. Findings for rental units are roughly a third lower. Since the San Francisco Inclusionary Program requires that 15% of units be affordable, the San Francisco program is well supported by this nexus analysis.

SECTION I - MARKET RATE UNITS AND DISPOSABLE INCOME

Section I describes the prototypical market rate units that are subject to the inclusionary program, the income of the purchaser and renter households and the disposable income of the households. Disposable Income is the input to the IMPLAN model described in Section II of this report. These are the initial starting points of the chain of linkages that connect new market rate units to incremental demand for affordable residential units.

Introduction

The San Francisco inclusionary program is applicable to all residential projects of five units or more. Construction activity in the City for projects of five or more units includes a range of products including apartments and condominiums (or other forms of ownership units) in building types from low-rise wood-frame construction to steel high-rise buildings. The least expensive construction type, the low-rise wood-frame unit, has been selected as the prototype for the analysis. The selected prototype units are intended to represent the low-end of cost and value range for both the for-sale and the rental market in San Francisco. The objective is to establish the nexus for the least expensive product, on average, to be conservative. Mid- and high-rise buildings are more expensive to construct and must generally achieve greater sales prices or rents in order to be feasible; likewise, the disposable income of occupant households and consumer expenditures will, on average, be greater than in low-rise units. Use of an average price unit, such as in a mid-rise building, might well have been used in the analysis since use of averages is generally considered acceptable for establishing regulations and public policy.

The prototypes used in the analysis are drawn from the prior work program on proposed changes to the San Francisco inclusionary program. KMA, under contract to the City, worked under the direction of the Planning Department and Major's Office of Housing (MOH), and was guided by a Technical Advisory Committee (TAC) comprised of residential developers, affordable housing advocates, non profit developers, and other concerned with the policy issues. A major body of work was devoted to the identification of prototypical projects and full schedules of costs and revenues to establish pro forma feasible projects. A summary of the prototypes and the analysis of inclusionary impacts on them was assembled in a report entitled *Keyser Marston Associates, Summary Report, Inclusionary Housing Program, San Francisco, Sensitivity Analysis, July 2006*. This report was released as a public document as part of the package for the July 12, 2006 meeting of the Land Use Committee of the Board of Supervisors.

The major assumptions with respect to price or value of units and income of purchasers or renters are presented first for for-sale or condominium units, followed by rental units.

Prototypical Condominium Unit

For the purposes of the analysis, the low-rise wood-frame construction Prototype 1 articulated in the *Sensitivity Analysis* was selected as an average new unit to represent the lower-end of the for-sale market in San Francisco. As indicated above, prototypes in the *Sensitivity Analysis*, were fully analyzed for cost of development and sales prices. In addition, market surveys were conducted for establishing the sales prices of units and also sales per square foot basis.

A profile of the Prototype 1 size and sales price is:

	Prototypical Unit
Size	800 sq.ft.
Sales Price per Sq.Ft.	\$725
Sales Price Total	\$580,000

Most of the new condominium units constructed in San Francisco will sell for over this amount. Smaller one-bedrooms and studios may have lower sales prices, but will likely equal or exceed the prototype unit on a price per square foot basis. It is unlikely that significant sales activity will occur at lower prices, except for occasional projects or units. The vast majority of units will sell at a higher price per square foot than the Prototype 1 unit.

Income of Condominium Purchasers

The next step in the analysis is to determine the income of the purchasing household of the prototypical condominium. To make the determination, typical terms for the purchase of units in San Francisco are used — 20% down payment, 30 year fixed rate mortgage, property taxes, and homeowners or condominium association dues. The mortgage rate assumption was selected to cover a future average rate, 7% interest, recognizing that at the current time mortgages are available at lower rates. Also lesser down payments are currently achievable. However these terms are not likely to be available over the longer term.

A key assumption is that housing costs will, on average run about 35% of gross income. In recent years lending institutions have been more willing to accept higher than 35% for all debt as a share of income, but most households do have other forms of debt, such as auto loans, student loans, and credit card debt. Looking ahead, most analysts see a return to more conservative lending practices than those of the last few years. Housing costs are defined as mortgage payments and Homeowners Association dues and property taxes.

Table I-1 at the end of this section summarizes the analysis for the prototypical condo unit. The conclusion is that the purchaser of the \$580,000 prototypical unit must have an income of 138,400 per year. The ratio of sales price to income of the purchasing household is 4.2:1, which is to say that a condominium selling for \$420,000 would require a household income of \$100,000, using the assumptions of the analysis.

Rental Market Conditions

Development of new market rate apartments (with conventional financing) is generally not feasible in San Francisco and in most cities in the U.S. in the current cycle of the real estate development market due to a combination of factors. Over the past several years, historically low mortgage rates have propelled the homebuyer market, driving strong value escalations affecting all home ownership products from condominiums to single family detached homes, to vacation homes, etc. In addition, low mortgage rates have enabled renters to enter homeownership at unprecedented rates, leaving the rental housing stock with vacancies that have not been rapidly refilled due to weak job growth.

Over the past year, the number of home sales has decreased significantly and prices have leveled off or declined slightly in some markets (although there is little evidence of decline in San Francisco). Rents have trended upwards in the San Francisco in response to job growth, and would be first-time homebuyers are taking a "wait and see" approach to entry into the ownership market. If these trends continue or other conditions change, new rental buildings could become feasible again. In any case, the analysis must anticipate that at some point in the future, the market will produce new market rate rental projects subject to the inclusionary program.

Prototypical Rental Units

For the purposes of the analysis, Prototype 5, which was identified and analyzed in the *Sensitivity Analysis* work program, was used as the prototypical rental unit for purposes of this analysis. (Information on Prototype 5 was presented to the Technical Advisory Committee, but was not, however, contained in the aforementioned *Summary Report*) KMA with assistance from MOH, San Francisco Redevelopment Agency, and developers active in the market, prepared an analysis to determine total development costs and the rent level required for project feasibility. With no recently constructed market rate rentals, rental survey information was of limited value. Required rents for new units are higher than current prevailing rents.

The prototypical apartment unit is similar to the condominium at 800 square feet but assumed to be constructed to lesser standards than the condominium in terms of finishes, appliances, and amenities. The cost to develop the unit was estimated at \$330,000 (including land and all indirect costs but excluding developer profit) requiring a rent of approximately \$2,544 per month, or just under \$3.20 per square foot per month. This rent level is higher than the average rent achieved at this time in projects in the greater eastern half of the City, south of Market Street, where most new development is expected to occur.

It is noted that tax exempt bond money has been used to develop rental projects that contain the 20% low income units required to qualify for the bonds. Units in these projects may rent for less (for the project to be feasible) due to the lower interest rates afforded by the tax exempt bonds.

Income of Apartment Renter

The assumption for relating annual rent to household income is 30%. For affordable units, utilities are included in the 30%; for market rate units, the 30% does not include utilities. While leasing agents and landlords may permit rental payments to represent a slightly higher share of total income, 30% represents an average, given that renters are likely to have other debt; also many renters do not choose to spend more than 30% of their income on rent, since, unlike ownership of a condominium, the unit is not viewed as an investment with value enhancement potential. The resulting relationship is that annual household income is 3.3 times annual rent. See Table 1-2.

The conclusion with respect to the Prototype 5 apartment renter household in a newly constructed building is an income of slightly over \$100,000 per year.

Disposable Income

The IMPLAN model used in this analysis uses disposable household income as the primary upfront input. To arrive at disposable income, gross income for residents of prototypical units must be adjusted downward to account for taxes and savings. Per KMA correspondence with the producers of the IMPLAN model (Minnesota IMPLAN Group), gross income is adjusted to disposable income for purposes of the model by deducting Federal and State Income taxes, Social Security and Medicare (FICA) taxes, and personal savings. Other taxes including sales tax, gas tax, and property tax are handled internally within the model.

Disposable income is estimated at approximately 69% of gross income in the case of the condominium owner. The assumption is based on a review of data from the Tax Policy Center (a joint venture of the Brookings Institution and the Urban Institute) and California Franchise Tax Board tax tables. Per the Tax Policy Center, households earning between \$100,000 and \$200,000 per year, or the residents of our prototypical condominium units, will pay an average of 15% of gross income for federal taxes. State taxes are estimated at 7% of gross income based on tax rates per the California Franchise Tax Board. The employee share of the FICA payroll taxes is 7.65% of gross income (conservatively assumes all earners in the household are within the \$94,200 ceiling on income subject to social security taxes).

Savings represent another adjustment from gross income to disposable income. Savings including various IRA and 401 K type programs are estimated at 1.3% of gross income based on the projected average for U.S. households per the 2006 RREEF report (a local real estate investment trust) "*Prospects for the U.S. Economy and Sectors*" and sourced to Global Insight a company that produces forecasts of market and economic data. This savings rate was also confirmed by a Federal Reserve Bank paper, sourced in the footnote of Table 1-3.

After deducting income taxes and savings, the disposable income factor for a condominium purchaser used in this analysis is 69%, for purposes of the IMPLAN model. This factor also works with higher incomes than the purchase income used in the analysis, because while the

average federal and state tax burden goes up with income, FICA taxes go down since Social Security taxes apply only to income below \$94,200. As indicated above, other forms of taxation (including property tax) are handled internally within the model.

The disposable income for the prototypical renter household is based on the same evaluation, but for a lower income tax bracket. The renter household would be in a lower tax bracket, with the result that the renter would have a disposable income factor of 73%. The savings rate for the renter and owner were assumed to be the same.

In summary the gross income and disposable income of the households in the new market rate units presented in detail in Table I-4 with the results indicated below:

	New Condo Units	New Apartment Units
Average Gross Household Income of Buyers / Renters	\$138,400/year	\$102,000/year
Disposable Income	69%	73%
Average Disposable Household Income	\$95,500/year	\$74,000/year

"Pied a Terre" Units

Before moving on to the next step of the analysis, it is important to acknowledge that there is some activity in the current market in sales of units as second homes or city "pied a terre" units. Based on a limited survey, it appears that the vast majority of such activity is occurring in the luxury price ranges, particularly in several new high rise towers now in marketing phases. Some of the towers report figures such as 10% to 20% of units being sold to buyers not for a primary place of residence. As a share of overall units built in the City 10% to 20% in a few individual projects represents a share closer to 2% to 4% of the total market.

In addition to second home sales representing a small share of the market overall, the prototype unit used in this analysis is at a far lower price unit than most of the units selling as second homes, which tend to be located in the luxury towers. The income of second home purchasers and all impacts attributable to the higher priced units would be substantially higher than the impacts attributable to the more modest priced unit used in the analysis. The net effect of second home purchasers (who do spend some income while in San Francisco) on the nexus being established in this analysis is negligible, in our opinion.

Summary

Table I-4 summarizes the key assumptions and steps from the market rate residential price or rent level, to the annual income of the purchaser or renter household, to the disposable income of the household. The disposable income, used to consume goods and services, is the generator of jobs and ultimately the demand for more affordable housing for worker households.

**TABLE I-1
CONDOMINIUM UNITS
CONDO SALES PRICE TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO**

			<u>Prototype Condo Unit</u>
Sales Price	\$725 /SF	800 SF	\$580,000
Mortgage Payment			
Downpayment @ 20%		20%	\$116,000
Loan Amount			\$464,000
Interest Rate			7.0%
Term of Mortgage			30 years
Annual Mortgage Payment			\$37,044
Other Costs			
HOA Dues	\$400 per month		\$4,800
Property Taxes	1.14% of sales price		\$6,600
Total Annual Housing Cost			<u>\$48,444</u>
% of Income Spent on Hsg			35%
Annual Income Required			\$138,412
Sales Price to Income Ratio			4.2

Source: KMA 2006 sensitivity analysis, prototype 1.

**TABLE I-2
RENTAL UNITS
ANNUAL RENT TO INCOME RATIO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO**

			<u>Prototype Rental Unit</u>
Market Rent			
Monthly	\$3.18 /SF	800 SF	\$2,544
Annual			\$30,528
% of Income Spent on Rent (excludes utilities)			30%
Annual Household Income Required			\$101,760
Annual Rent to Income Ratio			3.3

Source: KMA 2006 sensitivity analysis, prototype 5.

TABLE I-3
DISPOSABLE INCOME¹
RESIDENTIAL NEXUS ANALYSIS
ECONOMIC NEXUS ANALYSIS

	<u>Residents of Prototypical Condo Units</u>	<u>Residents of Prototypical Rental Units</u>
Gross Income	100%	100%
(Less) Average Federal Income Tax Rate ²	15.3% (for AGI of 100k-200k)	11.6% (for AGI of 75k-100k)
(Less) FICA Tax Rate ³	7.7%	7.7%
(Less) Average State Income Tax Rate ⁴	7.0%	6.0%
(Less) Savings ⁵	1.3%	1.3%
Disposable Income (Input to IMPLAN model)	69%	73%

Notes:

¹ As defined within the IMPLAN model. Includes all income except income taxes and savings.

² Per the Urban-Brookings Tax Policy Center (joint venture between the Brookings Institution and the Urban Institute)

³ Conservatively assumes all households will be below the ceiling applicable to social security taxes, currently \$94,200.

⁴ Estimated by KMA based on marginal rates per the California Franchise Tax Board.

⁵ Projected based on the forecast of average U.S. household savings rate included in the RREEF publication *Prospects for the US Economy and Property Sectors*. Page 7. November 8, 2006. Savings rate is consistent with the average U.S. household savings rate in 2000 per Maki, Dean M. and Palumbo, Michael G. Federal Reserve System Working Paper No. 2001-21. *Disentangling the Wealth Effect: A Cohort Analysis of Household Savings in the 1980s*. April 2001.

**TABLE I-4
RESIDENTIAL HOUSEHOLD SUMMARY
RESIDENTIAL NEXUS ANALYSIS
ECONOMIC NEXUS ANALYSIS**

		<u>Per Unit</u>	<u>Per Sq.Ft.</u>	<u>100 Unit Building Module</u>
Low-Rise Market Condominium Prototype				
Units				100 Units
Building Sq.Ft. (net rentable or salable area)		800	1	80,000
Sales Price		\$580,000	\$725	\$58,000,000
Sales Price to Income Ratio ¹		4.2		4.2
Gross Household Income		\$138,412	\$173.01	\$13,841,000
Disposable Household Income ⁴	69% of gross	\$95,500	\$119.38	\$9,550,000
Low-Rise Market Apartment Prototype				
Units				100 Units
Building Sq.Ft. (net rentable or salable area)		800	1	80,000
Rent				
Monthly		\$2,544	\$3.18	\$254,400
Annual		\$30,528	\$38.16	\$3,052,800
Gross Household Income	30% allocated to rent	\$101,760	\$127.20	\$10,176,000
Disposable Household Income ⁴	73% of gross	\$74,285	\$92.85	\$7,428,000

Notes:

¹ See Table I-1

⁴ Estimated income available after deduction of federal income, state income, payroll taxes and savings. (Per discussions with the Minnesota IMPLAN group, sales tax and property tax are not deducted from disposable household income). See Table I-3.

SECTION II – THE IMPLAN MODEL

Consumer spending by residents of new residential buildings will create jobs, particularly in sectors such as restaurants, health care, and retail that are driven by the expenditures of residents. The widely used economic analysis tool, IMPLAN (IMpact Analysis for PLANning), was used to quantify these new jobs by industry sector.

IMPLAN Model Description

The IMPLAN model is an economic analysis software package now commercially available through the Minnesota IMPLAN Group. IMPLAN was originally developed by the U.S. Forest Service, the Federal Emergency Management Agency, and the U.S. Department of the Interior Bureau of Land Management and has been in use since 1979 and refined over time. It has become a widely used tool for analyzing economic impacts from a broad range of applications from major construction projects to natural resource programs.

IMPLAN is based on an input-output accounting of commodity flows within an economy from producers to intermediate and final consumers. The model establishes a matrix of supply chain relationships between industries and also between households and the producers of household goods and services. Assumptions about the portion of inputs or supplies for a given industry likely to be met by local suppliers, and the portion supplied from outside the region or study area are derived internally within the model using data on the industrial structure of the region.

The output or result of the model is driven by tracking how changes in purchases for final use (final demand) filter through the supply chain. Industries that produce goods and services for final demand or consumption must purchase inputs from other producers, which in turn, purchase goods and services. The model tracks these relationships through the economy to the point where leakages from the region stop the cycle. This allows the user to identify how a change in demand for one industry will affect a list of over 500 other industry sectors. The projected response of an economy to a change in final demand can be viewed in terms of economic output, employment, or income.

Data sets are available for each county and state, so the model can be tailored to the specific economic conditions of the region being analyzed. This analysis utilizes the data set for San Francisco City and County. The City is, of course, part of a larger regional economy and impacts will likewise extend throughout the region. However, consistent with the conservative approach taken in quantifying the nexus, only employment impacts occurring within the City of San Francisco have been included.

Economic impacts estimated using the IMPLAN model are divided into three categories:

- *Direct Impacts* – are associated with the direct final demand changes. A relevant example is restaurant employment created when households in new residential buildings

spend money dining out. Employment at the restaurant would be considered a direct impact.

- *Indirect Impacts* – are those associated with industries down the supply chain from the industry experiencing the direct impact. With the restaurant example, indirect impacts would include employment at food wholesalers, kitchen suppliers, and producers of agricultural products. Since the analysis has been run for San Francisco, only jobs located in San Francisco are counted.
- *Induced Impacts* – are generated by the household spending induced by direct and indirect employment. Again using the restaurant example, induced impacts would include employment generated when restaurant, food wholesaler and kitchen suppliers spend their earnings in the local economy.

We have summarized the results of the analysis separately for direct impacts alone and including all direct, indirect and induced impacts.

Application of the IMPLAN Model to Estimate Job Growth

IMPLAN has been applied to link household consumption expenditures to job growth occurring in San Francisco. Employment generated by the consumer spending of residents has been analyzed in our prototypical 100-unit buildings. The IMPLAN model distributes spending among various types of goods and services (industry sectors) based on data from the Consumer Expenditure Survey and the Bureau of Economic Analysis Benchmark input-output study to estimate direct, indirect, and induced employment generated. Job creation, driven by increased demand for products and services, is projected for each of the industries which serve the new households. The employment generated by this new household spending is summarized below.

Estimated Employment Growth Per IMPLAN

	Per 100 Market Rate Units	
	Condos	Rental
Disposable Household Income	\$9,550,000	\$7,428,000
Employment Generated Per IMPLAN (jobs)		
Direct	49.4	38.4
Indirect & Induced	<u>39.3</u>	<u>30.6</u>
Total	88.7	69.0

Table II-1 provides a detailed summary of direct employment by industry. The table shows industries sorted by projected employment. Estimated employment is shown for each IMPLAN industry sector representing 1% or more of employment.

As discussed previously, the analysis separately analyzes the nexus considering only direct impacts and with including total direct, indirect, and induced impacts. Considering total impacts yields approximately 80% more employees than considering direct impact alone.

Only employment growth occurring within San Francisco City and County has been included. Residents of new market-rate condo and apartment buildings will generate jobs that produce demand for units for worker households employed throughout San Francisco Bay Area and beyond. However, as discussed above, the analysis conservatively limits the nexus to the City and County of San Francisco.

**TABLE II-1
IMPLAN MODEL OUTPUT
EMPLOYMENT GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO**

	Per 100 Market Rate Units					
	Direct Impacts Only			Direct, Indirect & Induced Impacts		
	Condos	Rentals	% of Jobs ³	Condos	Rentals	% of Jobs ³
Disposable Income of New Residents(after taxes & savings¹)	\$9,550,000	\$7,428,000		\$9,550,000	\$7,428,000	
Employment Generated by Industry²						
Food services and drinking place:	7.4	5.7	15%	10.0	7.8	11%
Offices of physicians- dentists- and other health	3.1	2.4	6%	3.9	3.1	4%
Hospitals	3.0	2.3	6%	3.7	2.9	4%
Private household:	2.3	1.8	5%	2.8	2.2	3%
Social assistance- except child day care service	2.2	1.7	4%	2.7	2.1	3%
Wholesale trade	1.8	1.4	4%	3.0	2.4	3%
Nursing and residential care facilities:	1.8	1.4	4%	2.2	1.7	2%
Automotive repair and maintenance- except car wash	1.8	1.4	4%	2.3	1.8	3%
Food and beverage store	1.8	1.4	4%	2.4	1.8	3%
Hotels and motels:	1.7	1.3	3%	2.2	1.7	2%
Religious organization:	1.5	1.2	3%	1.9	1.5	2%
General merchandise store:	1.2	0.9	2%	1.5	1.2	2%
Miscellaneous store retailer:	1.0	0.8	2%	1.4	1.1	2%
Elementary and secondary school	1.0	0.8	2%	1.2	0.9	1%
Clothing and clothing accessories store:	1.0	0.7	2%	1.3	1.0	1%
Child day care service:	0.9	0.7	2%	1.1	0.8	1%
Insurance carriers	0.8	0.6	2%	1.3	1.0	1%
Other ambulatory health care service	0.8	0.6	2%	1.0	0.8	1%
Health and personal care store	0.7	0.6	2%	1.0	0.8	1%
Other educational services:	0.6	0.5	1%	0.0	0.0	0%
Sporting goods- hobby- book and music store	0.6	0.5	1%	0.0	0.0	0%
Nonstore retailers:	0.6	0.4	1%	0.0	0.0	0%
Other amusement- gambling- and recreation	0.5	0.4	1%	0.0	0.0	0%
Legal services:	0.5	0.4	1%	1.2	0.9	1%
Building material and garden supply store	0.5	0.4	1%	0.0	0.0	0%
State & Local Education	0.0	0.0	0%	4.3	3.4	5%
State & Local Non-Education	0.0	0.0	0%	2.2	1.7	3%
Fitness and recreational sports center:	0.0	0.0	0%	1.6	1.3	2%
Custom computer programming service:	0.0	0.0	0%	1.4	1.1	2%
Employment services:	0.0	0.0	0%	1.0	0.8	1%
Services to buildings and dwelling:	0.0	0.0	0%	1.0	0.8	1%
Other Industries	10.5	8.2	21%	29.1	22.6	33%
	49.4	38.4	100%	88.7	69.0	100%

¹ The IMPLAN model tracks how increases in consumer spending creates jobs in the local economy. See Tables I-4 for estimates of the disposable income available to residents of the prototypical 100 unit buildings.

² For Industries representing more than 1% of total employment.

³ Applies to both rental and condominium units.

SECTION III – THE NEXUS MODEL

This section presents a summary of the analysis linking the employment growth associated with residential development or the output of the IMPLAN model (see Section II) to the estimated number of lower income housing units required.

Analysis Approach and Framework

The analysis approach is to examine the employment growth for industries related to consumer spending by residents of the 100-unit residential building modules. Then, through a series of linkage steps, the number of employees is converted to the number of lower income households or housing units. The findings are expressed in terms of numbers of lower income households related to the 100-unit building module.

The analysis addresses affordable unit demand associated with both condominium and rental units in San Francisco. The table below shows the income limits for "lower income households," defined as households from zero through 120% of median income. The median income definition is for San Francisco, not for a multi county region, per the amendments to the San Francisco Inclusionary Program enacted in the summer of 2006. The median income definition for San Francisco, described in the *Sensitivity Analysis* report, is at approximately 92% of the three county region (Primary Metropolitan Statistical Area defined as San Francisco, San Mateo and Marin) median income published annually by the U.S. Department Housing and Urban Development, adjusted based on information in the U.S. Census 2000. MOH will annually establish and publish the median income for San Francisco for a range of household sizes.

The nexus model was configured for this San Francisco application to produce findings for households with incomes from zero through 120% of median. The income range is consistent with the range of incomes covered in the Inclusionary Program in San Francisco and the range of incomes assisted by the City's housing programs overall.

The current 2006 income definitions used in this analysis are:

	Household Size					
	1	2	3	4	5	6 +
SF Income Limits 120% of SF Median	\$73,350	\$83,800	\$94,300	\$104,750	\$113,150	\$121,500

The analysis is conducted using a model that KMA has developed for application in many other jurisdictions for which the firm has conducted similar analyses of jobs and housing demand analyses. This same model was utilized by KMA in 1996 in preparing the analysis in support of the Jobs Housing Linkage Program, contained in Section 313 of the San Francisco Code. (Jobs Housing Nexus Analysis, prepared for City and County of San Francisco, Keyser Marston Associates, Inc., Gabriel Roche, Inc., 1997.)

The model inputs are all local data to the extent possible, and are fully documented in the following description.

Analysis Steps

Tables III-1 through III-5 at the end of this section present a summary of the nexus analysis steps for the condominium and rental prototype units. Following is a description of each step of the analysis:

Step 1 – Estimate of Total New Employees

The first step in Table III-1 commences with the total number of employees associated with the new market rate unit. The employment figures applied here are estimated based on household expenditures of new residents using the IMPLAN model. The 100-unit condo building is associated with 49 new direct jobs and 89 total direct, indirect, and induced jobs. The prototype rental building is associated with 38 new direct jobs and 69 total direct, indirect, and induced jobs.

Step 2 – Adjustment from Employees to Employee Households

This step (Table III-1) converts the number of employees to the number of employee households. This step recognizes that there is, on average, more than one worker per household, and thus the number of housing units in demand for new workers must be reduced. The workers per worker household ratio eliminates from the equation all non-working households, such as retired persons, students, and those on public assistance. The San Francisco average of 1.63 workers per worker households (from the U. S. Census 2000) is used in the analysis. The number of jobs is divided by 1.63 to determine the number of worker households. (By comparison, average household size is a lower ratio because all households are counted in the denominator, not just worker households; using average household size produces greater demand for housing units.)

Step 3 – Occupational Distribution of Employees

The occupational breakdown of employees is the first step to arrive at income level. The output from the IMPLAN model provides the number of employees by industry sector. The IMPLAN output is paired with data from the Department of Labor, Bureau of Labor Statistics 2005 Occupational Employment Survey (OES) to estimate the occupational composition of employees for each industry sector.

Pairing of OES and IMPLAN data was accomplished by matching IMPLAN industry sector codes with the four-digit NAICS industry codes used in the OES. Each IMPLAN industry sector is associated with one or more North American Industry Classification System Codes (NAICS), with matching NAICS codes ranging from two to five digits. Employment for IMPLAN sectors with multiple matching NAICS codes were distributed among the matching codes based on the distribution of employment among those industries at the national level. Employment for

IMPLAN sectors where matching NAICS codes were only at the two or three-digit level of detail was distributed using a similar approach among all of the corresponding four-digit NAICS codes falling under the broader two or three-digit categories.

National-level employment totals for each industry within the Occupational Employment Survey were pro-rated to match the employment distribution projected using the IMPLAN model. Occupational composition within each industry was held constant. The result is the estimated occupational mix of employees.

As shown on Table III-1, new jobs will be distributed across a variety of occupational categories. The three largest occupational categories are food preparation and serving (16%), office and administrative support (14%), and sales (13%).

The numbers in Step #3 (Table III-1) indicate both the percentage of total employee households and the number of employee households by occupation associated with our hypothetical 100-unit market rate residential buildings.

Step 4 - Estimates of Employee Households Meeting the Lower Income Definitions

In this step, occupation is translated to income based on recent San Francisco PMSA wage and salary information (defined as San Francisco, Marin, and San Mateo Counties) from the California Employment Development Department (EDD). The wage and salary information indicated in Appendix Tables 2 and 4 provide the income inputs to the model. This step in the analysis calculates the number of lower income households for each size household.

Individual *employee* income data was used to calculate the number of lower income *households* by assuming that multiple earner households are, on average, formed of individuals with similar incomes. Employee households not falling into one of the major occupation categories per Appendix Tables 1 and 3 were assumed to have the same income distribution as the major occupation categories.

Step 5 - Estimate of Household Size Distribution

In this step, household size distribution is input into the model in order to estimate the income and household size combinations that meet the income definitions established by the City. The household size distribution utilized in the analysis is that of worker households in San Francisco City and County derived using a combination of Census sources.

Step 6 - Estimate of Households that meet Size and Income Criteria

For this step KMA built a cross-matrix of household size and income to establish probability factors for the two criteria in combination. For each occupational group a probability factor was calculated for each household size level applicable to San Francisco's income limits. This step is performed for each occupational category and multiplied by the number of households. Table III-2 shows the

result after completing Steps #4, #5, and #6. The calculated numbers of lower income households shown in Table III-2 are for rental projects. The methodology is repeated for condo projects (See Table III-3). At the end of these steps we have counted the worker households generated by our 100-unit prototypical residential buildings.

Summary Findings

Table III-4 indicates the results of the analysis for the two-prototypical 100-unit buildings. The summary indicates the number of new lower income households per 100 market rate units.

Based on the results in Tables III-2, 3, and 4, approximately 80% of households are "lower income." The finding that the jobs associated with consumer spending tend to be low paying jobs where the workers will require housing affordable at lower than market rate is not surprising. As noted above, employment is concentrated in lower paid occupations including food preparation, administrative, and retail sales occupations as well as jobs in the service sectors.

Many of the higher paying occupations in San Francisco are not directly tied to consumer spending by San Francisco residents and therefore have miniscule representation in the analysis. Financial and professional services firms, for example, largely export their products and services outside of the City, mostly to the Northern California region, but also beyond.

In summary, for every 100 market rate condominium units, there are 25.0 lower income households generated through the direct impact of the consumption of the condominium buyers. If indirect and induced impacts are included, as many as 43.31 households result. For rental projects, demand for 19.44 housing units is generated or 33.68 units including indirect and induced employees.

Comparison of Analysis Results to Inclusionary Program

The analysis findings identify how many lower income households are generated for every 100 market rate units.

The table below adjusts these figures to percentages for purposes of comparison to "inclusionary" type requirements of total units. The percentages are calculated including both market rate and affordable units (for example, to convert 25.0 affordable units per 100 market rate units into a percentage, 25.0 is divided into 125, which equals 20%.)

Supported Inclusionary Requirement	Direct Impacts Only	Direct, Indirect & Induced Impacts
Condos – Supported Inclusionary Requirement	20%	30.2%
Rentals – Supported Inclusionary Requirement	16.3%	25.2%

In other words, San Francisco's 15% base inclusionary required is supported by direct impacts for both condominium and rental units.

Calculation of Supported In-Lieu Fee

The San Francisco inclusionary ordinance includes an option to provide affordable housing off-site, or to pay an in-lieu fee. The off-site and in-lieu fee percent of units required increases from the base requirement of 15% to 20%. The increased percentage for off-site and in-lieu is grounded in the City policy objective to have dispersed affordable units within buildings and throughout the City. Since off-site compliance or payment of an in-lieu fee does not meet the policy objective, the City has elected to require a higher percentage to offset the less desirable compliance.

The maximum in-lieu fee supported by the nexus analysis may be calculated by multiplying the number of affordable units supported by the nexus by the current affordability gap. The affordability gap is the cost to provide the affordable housing and is equal to the difference between the value of an affordable unit based on allowable sales price or rent and the cost to develop the unit. MOH annually publishes affordability gap fees for condominium units. The affordability gap will vary based on the number of bedrooms in the units and whether the affordable units are ownership or rental.

Effect of Unit Size on Nexus Findings

The nexus findings are based on 800 square foot prototype units. Smaller or larger prototypes would have produced findings indicating a smaller or larger impact on the number of households within affordable income limits respectively. This is because households that purchase or rent smaller units on average have lower incomes than those that purchase or rent larger units. The structure of the inclusionary ordinance addresses this issue by varying the mitigation requirements based on unit size. Inclusionary units are required to have the same number of bedrooms as the market rate units. Larger market rate units therefore require larger affordable units and smaller market rate units require smaller affordable units.

**TABLE III-1
NET NEW HOUSEHOLDS AND OCCUPATION DISTRIBUTION
EMPLOYEE HOUSEHOLDS GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO**

PER 100 UNITS OF RESIDENTIAL HOUSING

	Per 100 Market Rate Units			
	Direct Impacts Only		Direct, Indirect & Induced Impacts	
	Condo Units	Rental Units	Condo Units	Rental Units
Step 1 - Employees ¹	49	38	89	69
Step 2 - Adjustment for Number of Households (1.63)	30	24	54	42
Step 3 - Occupation Distribution ²				
Management Occupations	3%	3%	4%	4%
Business and Financial Operations	2%	2%	4%	4%
Computer and Mathematical	1%	1%	2%	2%
Architecture and Engineering	0%	0%	1%	1%
Life, Physical, and Social Science	0%	0%	1%	1%
Community and Social Services	3%	3%	2%	2%
Legal	1%	1%	1%	1%
Education, Training, and Library	6%	6%	7%	7%
Arts, Design, Entertainment, Sports, and Media	1%	1%	1%	1%
Healthcare Practitioners and Technicians	8%	8%	6%	6%
Healthcare Support	4%	4%	3%	3%
Protective Service	1%	1%	2%	2%
Food Preparation and Serving Related	16%	16%	12%	12%
Building and Grounds Cleaning and Maintenance	3%	3%	3%	3%
Personal Care and Service	5%	5%	4%	4%
Sales and Related	13%	13%	11%	11%
Office and Administrative Support	14%	14%	16%	16%
Farming, Fishing, and Forestry	0%	0%	0%	0%
Construction and Extraction	0%	0%	2%	2%
Installation, Maintenance, and Repair	4%	4%	4%	4%
Production	3%	3%	2%	2%
Transportation and Material Moving	5%	5%	5%	5%
Other / Not Identified	7%	7%	7%	7%
Totals	100%	100%	100%	100%
Management Occupations	1.0	0.8	2.2	1.7
Business and Financial Operations	0.6	0.5	1.9	1.5
Computer and Mathematical	0.2	0.2	1.2	0.9
Architecture and Engineering	0.0	0.0	0.5	0.4
Life, Physical, and Social Science	0.1	0.1	0.4	0.3
Community and Social Services	0.9	0.7	1.3	1.0
Legal	0.2	0.1	0.5	0.4
Education, Training, and Library	1.8	1.4	3.8	3.0
Arts, Design, Entertainment, Sports, and Media	0.4	0.3	0.8	0.6
Healthcare Practitioners and Technicians	2.4	1.8	3.2	2.5
Healthcare Support	1.2	0.9	1.6	1.2
Protective Service	0.2	0.2	0.9	0.7
Food Preparation and Serving Related	4.8	3.8	6.7	5.2
Building and Grounds Cleaning and Maintenance	0.8	0.6	1.7	1.4
Personal Care and Service	1.6	1.2	2.1	1.7
Sales and Related	4.0	3.1	6.1	4.8
Office and Administrative Support	4.4	3.4	8.5	6.6
Farming, Fishing, and Forestry	0.0	0.0	0.1	0.0
Construction and Extraction	0.1	0.1	0.9	0.7
Installation, Maintenance, and Repair	1.2	0.9	2.0	1.6
Production	0.8	0.6	1.3	1.0
Transportation and Material Moving	1.6	1.3	2.8	2.2
Other / Not Identified	2.1	1.6	3.8	3.0
Totals	30.3	23.6	54.4	42.3

Notes:

¹ Estimated employment generated by household expenditures within the prototypical 100 unit market rate buildings. Employment estimates are based on the IMPLAN Group's economic model, IMPLAN, for San Francisco City and County. See Table II-1.

² See Appendix Tables 1, 2, 3, and 4 for additional information from which the percentage distributions were derived.

**TABLE III-2
LOWER INCOME EMPLOYEE HOUSEHOLDS¹ GENERATED - CONDOS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO**

PER 100 MARKET RATE CONDO UNITS

	Direct Impacts Only	Direct, Indirect & Induced Impacts
Step 4, 5, & 6 - Lower Income Households¹ within Major Occupation Categories²		
Management	0.13	0.23
Business and Financial Operations	0.25	0.67
Computer and Mathematical	-	0.18
Architecture and Engineering	-	-
Life, Physical and Social Science	-	-
Community and Social Services	0.66	0.98
Legal	-	-
Education Training and Library	1.36	2.80
Arts, Design, Entertainment, Sports, & Media	-	0.54
Healthcare Practitioners and Technical	0.52	0.71
Healthcare Support	1.18	1.55
Protective Service	-	0.73
Food Preparation and Serving Related	4.82	6.71
Building Grounds and Maintenance	0.77	1.73
Personal Care and Service	1.56	2.11
Sales and Related	3.84	5.86
Office and Admin	4.05	7.96
Farm, Fishing, and Forestry	-	-
Construction and Extraction	-	0.50
Installation Maintenance and Repair	0.75	1.27
Production	0.74	1.22
Transportation and Material Moving	1.60	2.78
Total Lower Income Households - Major Occupations	22.25	38.54
Lower Income Households ¹ - "all other" occupations	2.75	4.77
Total Lower Income Households¹	25.00	43.31

¹ Includes households earning from zero through 120% of San Francisco Median Income.

² See Appendix Tables 1 and 3 for additional information on Major Occupation Categories.

**TABLE III-3
LOWER INCOME EMPLOYEE HOUSEHOLDS¹ GENERATED - RENTAL
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO**

PER 100 MARKET RATE RENTAL UNITS

	Direct Impacts Only	Direct, Indirect & Induced Impacts
Step 4, 5, & 6 - Lower Income Households¹ within Major Occupation Categories²		
Management	0.10	0.18
Business and Financial Operations	0.20	0.52
Computer and Mathematical	-	0.14
Architecture and Engineering	-	-
Life, Physical and Social Science	-	-
Community and Social Services	0.52	0.76
Legal	-	-
Education Training and Library	1.06	2.17
Arts, Design, Entertainment, Sports, & Media	-	0.42
Healthcare Practitioners and Technical	0.41	0.55
Healthcare Support	0.91	1.21
Protective Service	-	0.57
Food Preparation and Serving Related	3.75	5.22
Building Grounds and Maintenance	0.60	1.34
Personal Care and Service	1.21	1.64
Sales and Related	2.99	4.56
Office and Admin	3.15	6.19
Farm, Fishing, and Forestry	-	-
Construction and Extraction	-	0.39
Installation Maintenance and Repair	0.58	0.99
Production	0.57	0.95
Transportation and Material Moving	1.25	2.16
Total Lower Income Households - Major Occupations	17.30	29.98
Lower Income Households ¹ - "all other" occupations	2.14	3.71
Total Lower Income Households¹	19.44	33.68

¹ Includes households earning from zero through 120% of San Francisco Median Income.

² See Appendix Tables 1 and 3 for additional information on Major Occupation Categories.

**TABLE III-4
IMPACT ANALYSIS SUMMARY
EMPLOYEE HOUSEHOLDS GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO**

**RESIDENTIAL UNIT DEMAND IMPACTS
PER 100 MARKET RATE UNITS**

	<u>Direct Impacts Only</u>	<u>Direct, Indirect & Induced Impacts</u>
Number of New Lower Income Households¹		
Per 100 Market Rate Condo Units	25.00	43.31
Per 100 Market Rate Rental Units	19.44	33.68

Notes:

¹ Includes households earning from zero through 120% of San Francisco Median Income.

**TABLE III-5
INCLUSIONARY REQUIREMENT SUPPORTED
EMPLOYEE HOUSEHOLDS GENERATED
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO**

SUPPORTED INCLUSIONARY PERCENTAGES¹

	<u>Direct Impacts Only</u>	<u>Direct, Indirect & Induced Impacts</u>
Percent Lower Income Households²		
Condos	20.0%	30.2%
Rentals	16.3%	25.2%

Notes:

¹ Calculated by dividing affordable unit demand impacts shown on Table III-4 by the total number of units including both the affordable units and the 100 market rate units in the prototypical buildings which creates demand for the affordable units.

² Includes households earning from zero through 120% of San Francisco Median Income.

SECTION IV – NON-DUPLICATION OF JOBS HOUSING LINKAGE FEE

Since the mid 1980's San Francisco has had a jobs-housing linkage fee adopted to help mitigate the impacts of new jobs associated with the development of new office buildings on the demand for affordable housing in San Francisco. The program, originally called the OAHPP (or Office Affordable Housing and Production Program) was expanded in the late 1990's to also include retail and hotel buildings. The nexus analysis which supports the updated program was prepared by KMA and is summarized in a 1997 report. That analysis was based on similar logic to this analysis: new workplace buildings are associated with new jobs some of which do not pay well enough for the new worker households to afford housing in San Francisco. This section addresses the issue of possible over-lap or double counting of impacts between this residential nexus and the jobs-housing linkage fee.

To briefly summarize the Jobs Housing Nexus Analysis, the logic begins with jobs located in new workplace buildings such as office buildings, retail spaces and hotels. The nexus analysis then identifies the compensation structure of the new jobs depending on the building type, the income of the new worker households, and the housing affordability level of the new worker households, concluding with the number of new worker households in the lower income affordability levels. In this analysis, there are no indirect or induced impacts, and no multipliers; only the jobs within the workplace buildings themselves are counted.

Some of the jobs which are counted in the Jobs Housing Nexus Analysis are also counted in the Residential Nexus Analysis. The overlap potential exists in jobs generated by direct expenditures of San Francisco residents, such as expenditures for food, personal services, restaurant meals and entertainment. Many jobs counted in the residential nexus are not addressed in the jobs housing analysis at all. For example, school and government employees are counted in the residential nexus analysis but are not counted in the jobs housing analysis which is limited to private sector office buildings, retail and hotel projects.

There is theoretically a set of conditions in which 100% of the jobs counted for purposes of the jobs-housing linkage fee are also counted for purposes of the residential nexus analysis. For example, a small retail store or restaurant might be located on the ground floor of a new condominium building and entirely dependant upon customers from the condominiums in the floors above. The commercial space on the ground floor pays the housing impact fee and the condominiums are subject to the Inclusionary Program. In this special case, the two programs mitigate the affordable housing demand of the very same workers. The combined requirements of the two programs to provide inclusionary units and fund construction of affordable units must not exceed 100% of nexus or the total demand for affordable units of employees in the new commercial space.

Complete overlap between jobs counted in the Jobs Housing Nexus Analysis and jobs counted in the Residential Nexus Analysis could occur only in a very narrow set of circumstances. The following analysis demonstrates that the combined mitigation requirements do not exceed nexus

even if every job counted in the Residential Nexus Analysis is also counted in the Jobs Housing Nexus Analysis.

Jobs-Housing Fee Requirement as a Percent of Nexus

The San Francisco Jobs Housing Nexus Analysis report was prepared by KMA during 1995 and 1996 (the final report date is 1997). To evaluate the combined programs today an update of the affordability gap figures was deemed appropriate since costs of residential development have increased so substantially since the analysis was prepared in the mid 1990's. The profile of job generation by affordability level, on the other hand, does not change much over time since both compensation levels and median income tend to rise more or less together. Tables IV-3 through IV-5 present the updated affordability gap estimates, drawn from the Sensitivity Analysis work for the Inclusionary Program by KMA spring 2006.

The conclusions of the Jobs Housing Nexus Analysis expressed as the number of new worker households by affordability level is summarized in Table IV -1. It is important to note that the number of worker households shown on the table is after an adjustment factor of 55%. The Jobs Housing Nexus Analysis starts with all the jobs in new workplace buildings. Recognizing that many jobs, especially those in the downtown area, are not held by city residents, an adjustment was made per the existing relationship of 45% commuters/55% city residents. Since it is a matter of policy, for nexus purposes, as to how many of its workers a city sets the goal of accommodating within its borders, the 45%/55% relationship could have readily been different.

The following table summarizes the total nexus cost per square foot using current affordability gap levels, drawn from Table IV-1. The total nexus cost is the maximum mitigation amount, or maximum fee that could be charged, supported by the analysis (after the 55% adjustment) The current fee charged by the City of San Francisco is indicated below and shown as a percent of the nexus cost.

	Office	Retail	Hotel
Updated Nexus Cost (Per Sq.Ft.)	\$130.48	\$113.09	\$88.27
Current Fee (Per Sq.Ft.)	\$14.96	\$13.95	\$11.21
Percent of Nexus Cost	11%	12%	13%

The conclusion is that the current fee levels represent 11% to 13% of the updated nexus cost, using current affordability gap figures. So, the jobs-housing fee mitigates approximately 11% to 13% of the demand for affordable units generated by the new commercial space.

Inclusionary Requirement Mitigation as a Percent of Nexus

The Inclusionary Housing Program requires that 15% of all units be affordable to lower income households. For comparing the Inclusionary Program and the findings of the residential nexus

analysis, a common denominator is required. Table IV-2 shows the Inclusionary Program requirement of 15% expressed in two different ways – per 100 market rate units and per 85 market rate units.

If there were 100 market rates units then 17.65 units are required to be affordable (17.65 is 15% of 117.65 units) to meet the 15% on-site requirement. The Residential Nexus Analysis conclusions support 43.31 affordable condominiums or (33.68 rental units) for every 100 market rate units, or well over the 17.65 level.

The more familiar way of looking at the 15% Inclusionary Program requirement is for every 85 market rate units, 15 affordable units are required, totaling 100 units. If the Residential Nexus Analysis conclusions are adjusted for 85 market rate units, the same relationship exists.

The conclusion is that the Inclusionary Program is charging 41% to 52% of the maximum supported by the analysis.

Combined Requirements within Nexus

The Jobs Housing Impact fee is at 11% to 13% of the supported nexus amount and the Inclusionary Housing Program requirement is at 41% to 52% of the supported nexus amount; therefore, the combined affordable housing mitigations would not exceed nexus even if there were 100% overlap in the jobs counted in the two nexus analyses.

To return to the example of a restaurant on the ground floor of a new condominium building, say there are a total of 30 new restaurant employees of which 20 are in lower income households. The 20 employees in lower income households are counted (or double counted) in both the Jobs Housing and Residential Nexus analyses. If the jobs housing impact fee mitigates the affordable housing demand of three of the employees (15% x 20) and the Inclusionary Program mitigates the housing demand for another ten employees (50% x 20), then together the two programs mitigate the housing demand of 13 out of 20 lower income employees. The combined requirements of the two programs satisfy the nexus test by not mitigating more than 100% of the housing demand. Extending this logic, the affordable housing demand mitigated by the Inclusionary Program and the housing impact fee as a percent of their respective nexus analyses can be added together to test whether the combined requirements would exceed 100% of nexus if the two analyses counted (or double counted) all the same demand for affordable housing.

TABLE IV-1
JOBS HOUSING LINKAGE FEE AS A PERCENT OF NEXUS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO

1997 JOBS HOUSING NEXUS ANALYSIS WITH UPDATED AFFORDABILITY GAPS

	Employee Households Per 100,000 SF of Building Area			Updated Affordability Gap Per Unit	Nexus Cost Per Square Foot of Building Area		
	<u>Office</u>	<u>Retail</u>	<u>Hotel</u>		<u>Office</u>	<u>Retail</u>	<u>Hotel</u>
Very Low (<50% Median)	11	10	8	\$341,000 ¹	\$37.51	\$34.10	\$27.28
Low (50% - 80% Median)	16	16	12	\$217,000 ²	\$34.72	\$34.72	\$26.04
Moderate (80% - 120% Median)	<u>25</u>	<u>19</u>	<u>15</u>	\$233,000 ³	<u>\$58.25</u>	<u>\$44.27</u>	<u>\$34.95</u>
Total through 120% of AMI	52	45	35		\$130.48	\$113.09	\$88.27
Current Jobs-Housing Linkage Fee					\$14.96	\$13.95	\$11.21
Current Fee as Percent of Nexus					11%	12%	13%

Notes:

¹ Assumes rental housing (apartment unit). Gap based on 35% SF Median. See Table IV.

² Assumes rental housing (apartment unit). Gap based on 70% SF Median. See Table IV.

³ Assumes ownership housing (condominium unit). Gap based on 100% SF Median. See Table IV-3.

Source: Keyser Marston Associates and Gabriel Roche, Inc. 1997 *Jobs Housing Nexus Analysis, City of San Francisco. Prepared for the Office of Affordable Housing Production Program (OAHPP) City and County of San Francisco.*

TABLE IV-2
RESIDENTIAL MITIGATION AS A PERCENT OF NEXUS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO

RESIDENTIAL NEXUS
AFFORDABLE UNITS

	100 Market Rate Units		85 Market Rate Units	
	<u>Condos</u>	<u>Rental</u>	<u>Condos</u>	<u>Rental</u>
Mitigation: Required Affordable Units (15%) ¹	17.65	17.65	15.00	15.00
Nexus Supported: Number of Lower Income Households ²	43.31	33.68	36.81	28.63
Mitigation as Percent of Nexus	41%	52%	41%	52%

Notes:

¹ A 15% Inclusionary requirement equates to 17.65 affordable units for every 100 market rate units (17.65 / 117.65 = 15%).

² See Table III-4, based on direct, indirect and induced.

TABLE IV-3
AFFORDABILITY GAPS
UPDATED AFFORDABILITY GAPS FOR JOBS-HOUSING NEXUS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO

	Prototype 1 ¹ <u>Low Rise Condos</u>	Prototype 2 ¹ <u>Mid Rise Condos</u>	Blended Condo <u>50% Low, 50% Mid</u>	Prototype 5 ¹ <u>Low Rise Rental</u>
Development Cost				
Average Unit Size ²	800 SF	800 SF	800 SF	800 SF
Development Cost per Net Sq. Ft.	\$550 /SF	\$589 /SF	\$570 /SF	\$412 /SF
Development Cost per Unit	\$440,000	\$471,000	\$455,500	\$330,000
Affordability Gaps				
<i>Low Income (35% SF Median)</i>				
Affordable Unit Value ³				(\$10,685)
Gap				\$340,685
<i>70% SF Median</i>				
Affordable Unit Value / Sales Price ³				\$113,120
Gap				\$216,880
<i>Median Income (100% SF Median)</i>				
Affordable Sales Price ³			\$222,645	
Gap			\$232,855	

Notes:

¹ Based on KMA sensitivity analysis prototypes 1, 2, and 5 with costs adjusted to reflect affordable units.

² KMA sensitivity analysis prototype 2 modified to reflect the same square footage as the low-rise unit.

³ See Tables IV-4 and IV-5.

TABLE IV-4
VALUE OF AFFORDABLE RENTAL UNITS
UPDATED AFFORDABILITY GAPS FOR JOBS-HOUSING NEXUS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO

Unit Mix	<u>Studio</u> 15%	<u>1 Bedroom</u> 60%	<u>2 Bedroom</u> 25%	<u>Average Rental</u> 100%
Low Income (35% SF Median)				
Annual Income Limit ¹	21,400	24,450	27,500	\$24,755
30% of Household Income	\$6,420	\$7,335	\$8,250	\$7,427
Per Month	\$535	\$611	\$688	\$619
<Less> Utility Allowance ²	(\$62)	(\$71)	(\$81)	(\$72)
Affordable Rent	\$473	\$540	\$607	\$547
 Affordable Rent, Annual	 \$5,676	 \$6,483	 \$7,278	 \$6,561
<Less> Operating Expenses	(\$7,200)	(\$7,200)	(\$7,200)	(\$7,200)
Net Revenue per Unit	(\$1,524)	(\$717)	\$78	(\$639)
 Capitalized Value (@ 6.0%)	 (\$25,400)	 (\$12,000)	 \$1,300	 (\$10,685)
70% SF Median				
Annual Income Limit ¹	42,800	48,900	55,000	\$49,510
30% of Household Income	\$12,840	\$14,670	\$16,500	\$14,853
Per Month	\$1,070	\$1,223	\$1,375	\$1,238
<Less> Utility Allowance ²	(\$62)	(\$71)	(\$81)	(\$72)
Affordable Rent	\$1,008	\$1,152	\$1,294	\$1,166
 Affordable Rent, Annual	 \$12,096	 \$13,818	 \$15,528	 \$13,987
<Less> Operating Expenses	(\$7,200)	(\$7,200)	(\$7,200)	(\$7,200)
Net Revenue per Unit	\$4,896	\$6,618	\$8,328	\$6,787
 Capitalized Value (@ 6.0%)	 \$81,600	 \$110,300	 \$138,800	 \$113,120

Notes:

¹ Household size based on number of bedrooms plus one.

² Utility allowance assumes tenant pays for heat, water, hot water, cooking, range, and electricity.

Source: KMA Sensitivity Analysis, City of San Francisco Mayor's Office of Housing

**TABLE IV-5
AFFORDABLE SALES PRICE
UPDATED AFFORDABILITY GAPS FOR JOBS-HOUSING NEXUS
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO**

		<u>Studio</u>	<u>1 Bedroom</u>	<u>2 Bedroom</u>	<u>Average Condo</u>
100% SF Median					
Unit Mix		20%	35%	45%	100%
Annual Income Limit ¹		61,110	69,840	78,570	\$72,023
33% of Household Income		\$20,166	\$23,047	\$25,928	\$23,767
Annual Condo Association Fee	\$450	\$5,400	\$5,400	\$5,400	\$5,400
Property Taxes	1.144%	\$2,048	\$2,447	\$2,847	\$2,547
Available for P+I		\$12,719	\$15,200	\$17,681	\$15,820
Supportable Mortgage (10 yr avg rate ²)	6.89%	\$161,094	\$192,523	\$223,952	\$200,380
Down Payment	10%	\$17,899	\$21,391	\$24,884	\$22,264
Affordable Sales Price		\$178,993	\$213,914	\$248,836	\$222,645

Notes:

¹ Household size based on number of bedrooms plus one.

² Per the City of San Francisco Mayor's Office of Housing

Source: KMA, City of San Francisco Mayor's Office of Housing

APPENDIX

APPENDIX TABLE 1
2005 NATIONAL RESIDENT SERVICES WORKER DISTRIBUTION BY OCCUPATION
DIRECT EMPLOYMENT IMPACTS WITHIN THE CITY OF SAN FRANCISCO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO, CA

Major Occupations (2% or more)	2005 National Resident Services Occupation Distribution ¹
Management occupations	3.3%
Business and financial operations occupations	2.1%
Community and social services occupations	2.9%
Education, training, and library occupations	5.9%
Healthcare practitioners and technical occupations	7.8%
Healthcare support occupations	3.9%
Food preparation and serving related occupations	15.9%
Building and grounds cleaning and maintenance occupations	2.6%
Personal care and service occupations	5.2%
Sales and related occupations	13.2%
Office and administrative support occupations	14.4%
Installation, maintenance, and repair occupations	4.0%
Production occupations	2.5%
Transportation and material moving occupations	5.4%
All Other Resident Services Related Occupations	<u>11.0%</u>
INDUSTRY TOTAL	100.0%

¹ Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

**APPENDIX TABLE 2
AVERAGE ANNUAL COMPENSATION, 2006
RESIDENT SERVICES WORKER OCCUPATIONS
DIRECT EMPLOYMENT IMPACTS WITHIN THE CITY OF SAN FRANCISCO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO, CA**

Occupation ¹	2006 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Resident Services Workers
<i>Page 1 of 4</i>			
<i>Management occupations</i>			
Chief executives	\$172,200	4.7%	0.2%
General and operations managers	\$120,400	31.5%	1.0%
Sales managers	\$119,400	4.7%	0.2%
Administrative services managers	\$91,500	4.4%	0.1%
Financial managers	\$122,600	5.6%	0.2%
Food service managers	\$49,300	8.4%	0.3%
Medical and health services managers	\$108,800	8.1%	0.3%
Social and community service managers	\$61,000	6.3%	0.2%
All other Management Occupations	<u>\$110,000</u>	<u>26.4%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$108,300	100.0%	3.3%
<i>Business and financial operations occupations</i>			
Wholesale and retail buyers, except farm products	\$52,600	4.8%	0.1%
Claims adjusters, examiners, and investigators	\$58,000	10.2%	0.2%
Training and development specialists	\$62,000	4.7%	0.1%
Management analysts	\$90,300	4.3%	0.1%
Business operations specialists, all other	\$65,100	16.5%	0.3%
Accountants and auditors	\$67,800	16.9%	0.4%
Financial analysts	\$98,900	5.0%	0.1%
Insurance underwriters	\$62,800	4.4%	0.1%
All Other Business and financial operations occupations (Avg. All Categories)	<u>\$67,600</u>	<u>33.3%</u>	<u>0.7%</u>
Weighted Mean Annual Wage	\$67,600	100.0%	2.1%
<i>Community and social services occupations</i>			
Substance abuse and behavioral disorder counselors	\$37,100	4.4%	0.1%
Educational, vocational, and school counselors	\$52,000	4.9%	0.1%
Mental health counselors	\$52,100	5.5%	0.2%
Rehabilitation counselors	\$43,900	4.8%	0.1%
Child, family, and school social workers	\$46,300	12.0%	0.3%
Medical and public health social workers	\$55,600	5.5%	0.2%
Mental health and substance abuse social workers	\$38,800	7.4%	0.2%
Social and human service assistants	\$32,900	16.6%	0.5%
Community and social service specialists, all other	\$39,700	4.7%	0.1%
Clergy	\$53,700	14.7%	0.4%
Directors, religious activities and education	\$43,600	8.1%	0.2%
All Other Community and social services occupations (Avg. All Categories)	<u>\$44,500</u>	<u>11.3%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$44,500	100.0%	2.9%

APPENDIX TABLE 2
AVERAGE ANNUAL COMPENSATION, 2006
RESIDENT SERVICES WORKER OCCUPATIONS
DIRECT EMPLOYMENT IMPACTS WITHIN THE CITY OF SAN FRANCISCO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO, CA

Occupation ³	2006 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Resident Services Workers
<i>Page 2 of 4</i>			
<i>Education, training, and library occupations</i>			
Preschool teachers, except special education	\$30,700	14.0%	0.8%
Elementary school teachers, except special education	\$55,700	15.6%	0.9%
Middle school teachers, except special and vocational education	\$60,800	6.1%	0.4%
Secondary school teachers, except special and vocational education	\$61,600	9.7%	0.6%
Self-enrichment education teachers	\$46,700	4.5%	0.3%
Teachers and instructors, all other	\$50,000	5.5%	0.3%
Teacher assistants	\$31,800	17.9%	1.1%
All Other Education, training, and library occupations (Avg. All Categories)	<u>\$45,300</u>	<u>26.7%</u>	<u>1.6%</u>
<i>Weighted Mean Annual Wage</i>	<i>\$45,300</i>	<i>100.0%</i>	<i>5.9%</i>
<i>Healthcare practitioners and technical occupations</i>			
Physicians and surgeons, all other	\$114,200	4.2%	0.3%
Registered nurses	\$82,100	35.9%	2.8%
Pharmacy technicians	\$40,500	4.6%	0.4%
Licensed practical and licensed vocational nurses	\$53,200	11.0%	0.9%
All Other Healthcare practitioners and technical occupations (Avg. All Categories)	<u>\$75,300</u>	<u>44.3%</u>	<u>3.5%</u>
<i>Weighted Mean Annual Wage</i>	<i>\$75,300</i>	<i>100.0%</i>	<i>7.8%</i>
<i>Healthcare support occupations</i>			
Home health aides	\$22,600	22.6%	0.9%
Nursing aides, orderlies, and attendants	\$32,700	37.5%	1.5%
Medical assistants	\$36,300	21.1%	0.8%
Healthcare support workers, all other	\$40,200	4.3%	0.2%
All Other Healthcare support occupations (Avg. All Categories)	<u>\$31,300</u>	<u>14.5%</u>	<u>0.6%</u>
<i>Weighted Mean Annual Wage</i>	<i>\$31,300</i>	<i>100.0%</i>	<i>3.9%</i>
<i>Food preparation and serving related occupations</i>			
First-line supervisors/managers of food preparation and serving workers	\$29,700	6.9%	1.1%
Cooks, fast food	\$20,200	6.4%	1.0%
Cooks, restaurant	\$25,600	7.6%	1.2%
Food preparation workers	\$21,500	7.4%	1.2%
Bartenders	\$21,100	4.6%	0.7%
Combined food preparation and serving workers, including fast food	\$20,600	22.0%	3.5%
Counter attendants, cafeteria, food concession, and coffee shop	\$20,000	4.3%	0.7%
Waiters and waitresses	\$19,100	21.6%	3.4%
Dishwashers	\$19,400	4.7%	0.7%
All Other Food preparation and serving related occupations (Avg. All Categories)	<u>\$21,400</u>	<u>14.5%</u>	<u>2.3%</u>
<i>Weighted Mean Annual Wage</i>	<i>\$21,400</i>	<i>100.0%</i>	<i>15.9%</i>

APPENDIX TABLE 2
AVERAGE ANNUAL COMPENSATION, 2006
RESIDENT SERVICES WORKER OCCUPATIONS
DIRECT EMPLOYMENT IMPACTS WITHIN THE CITY OF SAN FRANCISCO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO, CA

Occupation ³	2006 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Resident Services Workers
<i>Page 3 of 4</i>			
<i>Building and grounds cleaning and maintenance occupations</i>			
First-line supervisors/managers of housekeeping and janitorial workers	\$43,600	4.7%	0.1%
Janitors and cleaners, except maids and housekeeping cleaners	\$25,300	48.0%	1.2%
Maids and housekeeping cleaners	\$26,500	30.0%	0.8%
Landscaping and groundskeeping workers	\$32,800	14.0%	0.4%
All Other Building and grounds cleaning and maintenance occupations (Avg. All Cat	<u>\$27,600</u>	<u>3.3%</u>	<u>0.1%</u>
Weighted Mean Annual Wage	\$27,600	100.0%	2.6%
<i>Personal care and service occupations</i>			
Amusement and recreation attendants	\$19,800	7.9%	0.4%
Hairdressers, hairstylists, and cosmetologists	\$34,000	15.9%	0.8%
Child care workers	\$26,200	19.8%	1.0%
Personal and home care aides	\$22,000	22.2%	1.2%
Recreation workers	\$29,700	5.7%	0.3%
All Other Personal care and service occupations (Avg. All Categories)	<u>\$26,200</u>	<u>28.6%</u>	<u>1.5%</u>
Weighted Mean Annual Wage	\$26,200	100.0%	5.2%
<i>Sales and related occupations</i>			
First-line supervisors/managers of retail sales workers	\$41,800	9.5%	1.3%
Cashiers	\$23,400	30.9%	4.1%
Counter and rental clerks	\$28,100	5.1%	0.7%
Retail salespersons	\$27,100	39.4%	5.2%
Sales representatives, wholesale and manufacturing, except technical and scientific	\$68,800	5.5%	0.7%
All Other Sales and related occupations (Avg. All Categories)	<u>\$30,000</u>	<u>9.7%</u>	<u>1.3%</u>
Weighted Mean Annual Wage	\$30,000	100.0%	13.2%
<i>Office and administrative support occupations</i>			
First-line supervisors/managers of office and administrative support workers	\$56,000	5.6%	0.8%
Bookkeeping, accounting, and auditing clerks	\$40,200	8.3%	1.2%
Customer service representatives	\$37,600	7.4%	1.1%
Receptionists and information clerks	\$30,200	8.2%	1.2%
Stock clerks and order fillers	\$28,200	10.1%	1.5%
Executive secretaries and administrative assistants	\$47,200	5.7%	0.8%
Medical secretaries	\$39,700	4.5%	0.6%
Secretaries, except legal, medical, and executive	\$39,100	9.0%	1.3%
Office clerks, general	\$29,900	13.5%	1.9%
All Other Office and administrative support occupations (Avg. All Categories)	<u>\$36,800</u>	<u>27.6%</u>	<u>4.0%</u>
Weighted Mean Annual Wage	\$36,800	100.0%	14.4%

APPENDIX TABLE 2
AVERAGE ANNUAL COMPENSATION, 2006
RESIDENT SERVICES WORKER OCCUPATIONS
DIRECT EMPLOYMENT IMPACTS WITHIN THE CITY OF SAN FRANCISCO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO, CA

Occupation ³	2006 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Resident Services Workers
<i>Page 4 of 4</i>			
<i>Installation, maintenance, and repair occupations</i>			
First-line supervisors/managers of mechanics, installers, and repairers	\$71,200	8.5%	0.3%
Automotive body and related repairers	\$50,300	12.2%	0.5%
Automotive service technicians and mechanics	\$51,500	30.5%	1.2%
Bus and truck mechanics and diesel engine specialists	\$46,800	5.1%	0.2%
Maintenance and repair workers, general	\$44,400	16.6%	0.7%
All Other Installation, maintenance, and repair occupations (Avg. All Categories)	<u>\$51,700</u>	<u>27.1%</u>	<u>1.1%</u>
Weighted Mean Annual Wage	\$51,700	100.0%	4.0%
<i>Production occupations</i>			
First-line supervisors/managers of production and operating workers	\$57,800	6.0%	0.2%
Bakers	\$25,800	6.3%	0.2%
Butchers and meat cutters	\$34,600	5.4%	0.1%
Laundry and dry-cleaning workers	\$24,500	13.7%	0.3%
Pressers, textile, garment, and related materials	\$22,100	6.0%	0.2%
Sewing machine operators	\$19,100	12.1%	0.3%
Painters, transportation equipment	\$48,700	4.2%	0.1%
All Other Production occupations (Avg. All Categories)	<u>\$29,800</u>	<u>46.3%</u>	<u>1.2%</u>
Weighted Mean Annual Wage	\$29,800	100.0%	2.5%
<i>Transportation and material moving occupations</i>			
Bus drivers, school	\$28,200	9.9%	0.5%
Driver/sales workers	\$30,500	8.5%	0.5%
Truck drivers, heavy and tractor-trailer	\$41,900	8.3%	0.4%
Truck drivers, light or delivery services	\$31,800	10.2%	0.5%
Taxi drivers and chauffeurs	\$25,500	4.1%	0.2%
Parking lot attendants	\$26,200	5.5%	0.3%
Cleaners of vehicles and equipment	\$24,500	12.6%	0.7%
Laborers and freight, stock, and material movers, hand	\$27,800	15.0%	0.8%
Packers and packagers, hand	\$19,100	7.4%	0.4%
All Other Transportation and material moving occupations (Avg. All Categories)	<u>\$28,500</u>	<u>18.5%</u>	<u>1.0%</u>
Weighted Mean Annual Wage	\$28,500	100.0%	5.4%
			89.0%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2005 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2005 Occupational Employment Survey data for San Francisco-San Mateo-Redwood City MD, California (San Francisco, San Mateo, and Marin Counties) updated by the California Employment Development Department to 2006 wage levels.

³ Including occupations representing 4% or more of the major occupation group

APPENDIX TABLE 3
2005 NATIONAL RESIDENT SERVICES WORKER DISTRIBUTION BY OCCUPATION
DIRECT, INDIRECT & INDUCED EMPLOYMENT IMPACTS WITHIN THE CITY OF SAN FRANCISCO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO, CA

Major Occupations (1% or more)	2005 National Resident Services Occupation Distribution ¹
Management occupations	4.0%
Business and financial operations occupations	3.5%
Computer and mathematical occupations	2.2%
Community and social services occupations	2.4%
Education, training, and library occupations	7.1%
Arts, design, entertainment, sports, and media occupations	1.4%
Healthcare practitioners and technical occupations	5.9%
Healthcare support occupations	2.9%
Protective service occupations	1.7%
Food preparation and serving related occupations	12.4%
Building and grounds cleaning and maintenance occupations	3.2%
Personal care and service occupations	3.9%
Sales and related occupations	11.2%
Office and administrative support occupations	15.7%
Construction and extraction occupations	1.7%
Installation, maintenance, and repair occupations	3.7%
Production occupations	2.3%
Transportation and material moving occupations	5.2%
All Other Resident Services Related Occupations	<u>9.7%</u>
INDUSTRY TOTAL	100.0%

¹ Distribution of employment by industry is per the IMPLAN model and the distribution of occupational employment within those industries is based on the Bureau of Labor Statistics Occupational Employment Survey.

Source: Bureau of Labor Statistics, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: 001-018 Tables Ap3-4.xls; Ap lb3 Major Occupations Matrix; 4/5/2007; dd

APPENDIX TABLE 4
AVERAGE ANNUAL COMPENSATION, 2006
RESIDENT SERVICES WORKER OCCUPATIONS
DIRECT, INDIRECT & INDUCED EMPLOYMENT IMPACTS WITHIN THE CITY OF SAN FRANCISCO
RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO, CA

Occupation ³	2006 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Resident Services Workers
<i>Page 1 of 5</i>			
<i>Management occupations</i>			
Chief executives	\$172,200	4.8%	0.2%
General and operations managers	\$120,400	27.8%	1.1%
Sales managers	\$119,400	4.3%	0.2%
Administrative services managers	\$91,500	4.4%	0.2%
Computer and information systems managers	\$133,300	4.4%	0.2%
Financial managers	\$122,600	6.7%	0.3%
Education administrators, elementary and secondary school	\$101,700	4.4%	0.2%
Food service managers	\$49,300	5.4%	0.2%
Medical and health services managers	\$108,800	5.4%	0.2%
Property, real estate, and community association managers	\$56,500	4.1%	0.2%
Managers, all other	\$110,000	5.4%	0.2%
All Other Management occupations (Avg. All Categories)	<u>\$111,800</u>	<u>23.0%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$111,800	100.0%	4.0%
<i>Business and financial operations occupations</i>			
Claims adjusters, examiners, and investigators	\$58,000	6.5%	0.2%
Management analysts	\$90,300	7.9%	0.3%
Business operations specialists, all other	\$65,100	17.4%	0.6%
Accountants and auditors	\$67,800	19.6%	0.7%
Financial analysts	\$98,900	4.3%	0.2%
All Other Business and financial operations occupations (Avg. All Categories)	<u>\$71,400</u>	<u>44.2%</u>	<u>1.6%</u>
Weighted Mean Annual Wage	\$71,400	100.0%	3.5%
<i>Computer and mathematical occupations</i>			
Computer programmers	\$88,500	14.6%	0.3%
Computer software engineers, applications	\$99,400	15.9%	0.3%
Computer software engineers, systems software	\$98,600	9.5%	0.2%
Computer support specialists	\$61,600	17.0%	0.4%
Computer systems analysts	\$83,600	17.7%	0.4%
Network and computer systems administrators	\$81,100	8.5%	0.2%
Network systems and data communications analysts	\$79,900	6.0%	0.1%
All Other Computer and mathematical occupations (Avg. All Categories)	<u>\$84,100</u>	<u>10.7%</u>	<u>0.2%</u>
Weighted Mean Annual Wage	\$84,100	100.0%	2.2%

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Occupation ³	2006 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Resident Services Workers
<i>Page 2 of 5</i>			
<i>Community and social services occupations</i>			
Educational, vocational, and school counselors	\$52,000	7.4%	0.2%
Mental health counselors	\$52,100	4.8%	0.1%
Rehabilitation counselors	\$43,900	4.8%	0.1%
Child, family, and school social workers	\$46,300	13.5%	0.3%
Medical and public health social workers	\$55,600	5.0%	0.1%
Mental health and substance abuse social workers	\$38,800	6.7%	0.2%
Social and human service assistants	\$32,900	16.5%	0.4%
Community and social service specialists, all other	\$39,700	4.9%	0.1%
Clergy	\$53,700	12.2%	0.3%
Directors, religious activities and education	\$43,600	6.7%	0.2%
All Other Community and social services occupations (Avg. All Categories)	<u>\$44,800</u>	<u>17.4%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$44,800	100.0%	2.4%
<i>Education, training, and library occupations</i>			
Preschool teachers, except special education	\$30,700	8.4%	0.6%
Elementary school teachers, except special education	\$55,700	17.6%	1.2%
Middle school teachers, except special and vocational education	\$60,800	7.2%	0.5%
Secondary school teachers, except special and vocational education	\$61,800	11.4%	0.8%
Teachers and instructors, all other	\$50,000	6.2%	0.4%
Teacher assistants	\$31,800	16.5%	1.2%
All Other Education, training, and library occupations (Avg. All Categories)	<u>\$47,700</u>	<u>32.9%</u>	<u>2.3%</u>
Weighted Mean Annual Wage	\$47,700	100.0%	7.1%
<i>Arts, design, entertainment, sports, and media occupations</i>			
Floral designers	\$39,500	6.4%	0.1%
Graphic designers	\$60,700	5.2%	0.1%
Coaches and scouts	\$34,600	9.1%	0.1%
Public relations specialists	\$61,500	12.1%	0.2%
All Other Arts, design, entertainment, sports, & media (Avg. All Categories) ⁴	<u>\$49,600</u>	<u>67.3%</u>	<u>1.0%</u>
Weighted Mean Annual Wage	\$49,600	100.0%	1.4%
<i>Healthcare practitioners and technical occupations</i>			
Physicians and surgeons, all other	\$114,200	4.3%	0.3%
Registered nurses	\$82,100	36.1%	2.1%
Pharmacy technicians	\$40,500	4.6%	0.3%
Licensed practical and licensed vocational nurses	\$53,200	11.1%	0.7%
All Other Healthcare practitioners and technical occupations (Avg. All Categories)	<u>\$75,400</u>	<u>43.9%</u>	<u>2.6%</u>
Weighted Mean Annual Wage	\$75,400	100.0%	5.9%

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RESIDENTIAL NEXUS ANALYSIS
CITY OF SAN FRANCISCO, CA

Occupation ³	2006 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Resident Services Workers
<i>Page 3 of 5</i>			
<i>Healthcare support occupations</i>			
Home health aides	\$22,600	22.2%	0.6%
Nursing aides, orderlies, and attendants	\$32,700	37.8%	1.1%
Medical assistants	\$36,300	20.5%	0.6%
Healthcare support workers, all other	\$40,200	4.7%	0.1%
All Other Healthcare support occupations (Avg. All Categories)	<u>\$31,300</u>	<u>14.9%</u>	<u>0.4%</u>
Weighted Mean Annual Wage	\$31,300	100.0%	2.9%
<i>Protective service occupations</i>			
Correctional officers and jailers	\$59,300	17.6%	0.3%
Police and sheriff's patrol officers	\$61,200	8.8%	0.1%
Security guards	\$26,400	47.9%	0.8%
Lifeguards, ski patrol, and other recreational protective service workers	\$24,800	4.3%	0.1%
Protective service workers, all other	\$55,600	5.3%	0.1%
All Other Protective service occupations (Avg. All Categories)	<u>\$38,700</u>	<u>16.1%</u>	<u>0.3%</u>
Weighted Mean Annual Wage	\$38,700	100.0%	1.7%
<i>Food preparation and serving related occupations</i>			
First-line supervisors/managers of food preparation and serving workers	\$29,700	6.9%	0.9%
Cooks, fast food	\$20,200	6.3%	0.8%
Cooks, restaurant	\$25,600	7.5%	0.9%
Food preparation workers	\$21,500	7.5%	0.9%
Bartenders	\$21,100	4.7%	0.6%
Combined food preparation and serving workers, including fast food	\$20,600	21.9%	2.7%
Counter attendants, cafeteria, food concession, and coffee shop	\$20,000	4.4%	0.5%
Waiters and waitresses	\$19,100	21.4%	2.6%
Dishwashers	\$19,400	4.6%	0.6%
All Other Food preparation and serving related occupations (Avg. All Categories)	<u>\$21,400</u>	<u>14.8%</u>	<u>1.8%</u>
Weighted Mean Annual Wage	\$21,400	100.0%	12.4%
<i>Building and grounds cleaning and maintenance occupations</i>			
First-line supervisors/managers of housekeeping and janitorial workers	\$43,600	4.4%	0.1%
Janitors and cleaners, except maids and housekeeping cleaners	\$25,300	51.1%	1.6%
Maids and housekeeping cleaners	\$26,500	20.8%	0.7%
Landscaping and groundskeeping workers	\$32,800	18.1%	0.6%
All Other Building and grounds cleaning and maintenance occupations (Avg. All Categories)	<u>\$27,900</u>	<u>5.5%</u>	<u>0.2%</u>
Weighted Mean Annual Wage	\$27,900	100.0%	3.2%

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
Filename: 001-018 Tables Ap3-4.xls; Ap tb4 Compensation; 4/5/2007; dd

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Occupation ³	2006 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Resident Services Workers
<i>Page 4 of 5</i>			
<i>Personal care and service occupations</i>			
First-line supervisors/managers of personal service workers	\$47,100	4.0%	0.2%
Ushers, lobby attendants, and ticket takers	\$19,600	4.5%	0.2%
Amusement and recreation attendants	\$19,800	7.8%	0.3%
Hairdressers, hairstylists, and cosmetologists	\$34,000	15.0%	0.6%
Child care workers	\$26,200	19.9%	0.8%
Personal and home care aides	\$22,000	20.6%	0.8%
Recreation workers	\$29,700	6.1%	0.2%
All Other Personal care and service occupations (Avg. All Categories)	<u>\$26,900</u>	<u>22.2%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$26,900	100.0%	3.9%
<i>Sales and related occupations</i>			
First-line supervisors/managers of retail sales workers	\$41,800	8.6%	1.0%
Cashiers	\$23,400	27.6%	3.1%
Counter and rental clerks	\$28,100	5.2%	0.6%
Retail salespersons	\$27,100	34.9%	3.9%
Sales representatives, wholesale and manufacturing, except technical and scientific	\$68,800	6.3%	0.7%
All Other Sales and related occupations (Avg. All Categories)	<u>\$30,600</u>	<u>17.5%</u>	<u>2.0%</u>
Weighted Mean Annual Wage	\$30,600	100.0%	11.2%
<i>Office and administrative support occupations</i>			
First-line supervisors/managers of office and administrative support workers	\$56,000	5.6%	0.9%
Bookkeeping, accounting, and auditing clerks	\$40,200	8.3%	1.3%
Customer service representatives	\$37,600	7.9%	1.2%
Receptionists and information clerks	\$30,200	6.5%	1.0%
Stock clerks and order fillers	\$28,200	7.4%	1.2%
Executive secretaries and administrative assistants	\$47,200	6.7%	1.0%
Secretaries, except legal, medical, and executive	\$39,100	9.2%	1.4%
Office clerks, general	\$29,900	14.1%	2.2%
All Other Office and administrative support occupations (Avg. All Categories)	<u>\$37,200</u>	<u>34.3%</u>	<u>5.4%</u>
Weighted Mean Annual Wage	\$37,200	100.0%	15.7%
<i>Construction and extraction occupations</i>			
First-line supervisors/managers of construction trades and extraction workers	\$82,800	12.8%	0.2%
Carpenters	\$52,300	31.7%	0.5%
Construction laborers	\$42,700	18.5%	0.3%
All Other Construction and extraction occupations (Avg. All Categories)	<u>\$55,700</u>	<u>37.0%</u>	<u>0.6%</u>
Weighted Mean Annual Wage	\$55,700	100.0%	1.7%

Sources: U.S. Bureau of Labor Statistics, California Employment Development Department, Minnesota IMPLAN Group
Prepared by: Keyser Marston Associates, Inc.
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Occupation ³	2006 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Resident Services Workers
Page 5 of 5			
<i>Installation, maintenance, and repair occupations</i>			
First-line supervisors/managers of mechanics, installers, and repairers	\$71,200	8.6%	0.3%
Automotive body and related repairers	\$50,300	9.7%	0.4%
Automotive service technicians and mechanics	\$51,500	24.8%	0.9%
Bus and truck mechanics and diesel engine specialists	\$46,800	4.8%	0.2%
Maintenance and repair workers, general	\$44,400	22.7%	0.8%
All Other Installation, maintenance, and repair occupations (Avg. All Categories)	<u>\$51,100</u>	<u>29.4%</u>	<u>1.1%</u>
Weighted Mean Annual Wage	\$51,100	100.0%	3.7%
<i>Production occupations</i>			
First-line supervisors/managers of production and operating workers	\$57,800	5.9%	0.1%
Team assemblers	\$29,600	5.8%	0.1%
Bakers	\$25,800	5.9%	0.1%
Butchers and meat cutters	\$34,600	4.5%	0.1%
Laundry and dry-cleaning workers	\$24,500	12.8%	0.3%
Pressers, textile, garment, and related materials	\$22,100	5.8%	0.1%
Sewing machine operators	\$19,100	9.5%	0.2%
Inspectors, testers, sorters, samplers, and weighers	\$34,600	4.7%	0.1%
Helpers—production workers	\$25,400	4.3%	0.1%
All Other Production occupations (Avg. All Categories)	<u>\$29,000</u>	<u>40.9%</u>	<u>0.9%</u>
Weighted Mean Annual Wage	\$29,000	100.0%	2.3%
<i>Transportation and material moving occupations</i>			
Bus drivers, school	\$28,200	10.4%	0.5%
Driver/sales workers	\$30,500	7.0%	0.4%
Truck drivers, heavy and tractor-trailer	\$41,900	8.9%	0.5%
Truck drivers, light or delivery services	\$31,800	10.2%	0.5%
Parking lot attendants	\$26,200	4.3%	0.2%
Cleaners of vehicles and equipment	\$24,500	9.9%	0.5%
Laborers and freight, stock, and material movers, hand	\$27,800	18.2%	0.9%
Packers and packagers, hand	\$19,100	7.1%	0.4%
All Other Transportation and material moving occupations (Avg. All Categories)	<u>\$29,000</u>	<u>24.0%</u>	<u>1.2%</u>
Weighted Mean Annual Wage	\$29,000	100.0%	5.2%
			90.3%

¹ The methodology utilized by the California Employment Development Department (EDD) assumes that hourly paid employees are employed full-time. Annual compensation is calculated by EDD by multiplying hourly wages by 40 hours per work week by 52 weeks.

² Occupation percentages are based on the 2005 National Industry - Specific Occupational Employment survey compiled by the Bureau of Labor Statistics. Wages are based on the 2005 Occupational Employment Survey data for San Francisco-San Mateo-Redwood City MD, California (San Francisco, San Mateo, and Marin Counties) updated by the California Employment Development Department to 2006 wage levels.

³ Including occupations representing 4% or more of the major occupation group

⁴ Includes Artists and Musicians which represent 5% and 16% of the occupation group respectively. The Occupational Employment Survey did not calculate annual

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Occupation ³	2006 Avg. Compensation ¹	% of Total Occupation Group ²	% of Total Resident Services Workers
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wage and salary information for these occupations.

PRICEONOMICS

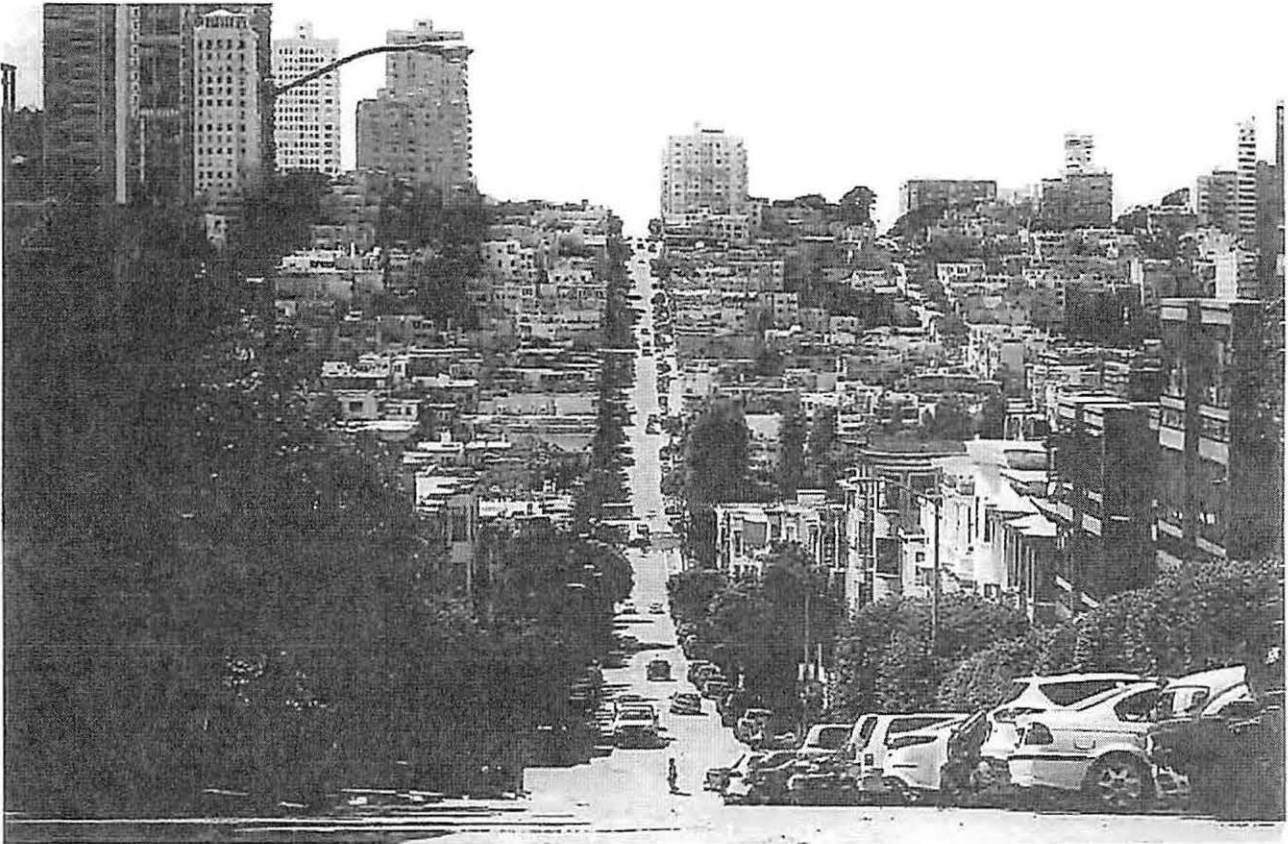
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Quantifying the Changing Face of San Francisco

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Articles like "Is San Francisco Losing Its Soul?" or "San Francisco's Alarming Tech Bro Boom: What Is the Price of Change?" have become the norm for describing the city. As the refrain goes, the rising cost of living in San Francisco is forcing out the city's teachers, artists, and diversity, replaced by engineers and the 1% drawn by the tech boom.

Cities' demographics are always changing, but many believe San Francisco's transformation is uniquely extreme and damaging. Combine a booming economy with little housing development, and the increasing desire of young professionals to live in cities is a potent

recipe for drastic movements of people. It has led to a city that some of its residents find unrecognizable.

But how much of this is *sky is falling* hyperbole? Does the reality match the perception?

It's impossible to quantify the cultural changes to the city. But it is possible—using Census data—to test how much San Francisco's demographics have been altered by new arrivals.

From 2010 to 2014 – the most recent period from which detailed data is available – an annual average of about 60,000 people migrated to San Francisco and 60,000 migrated out. Since San Francisco has around 800,000 residents, that 60,000 represents about 7.5% of the population. The city's population grew only slightly during that period.

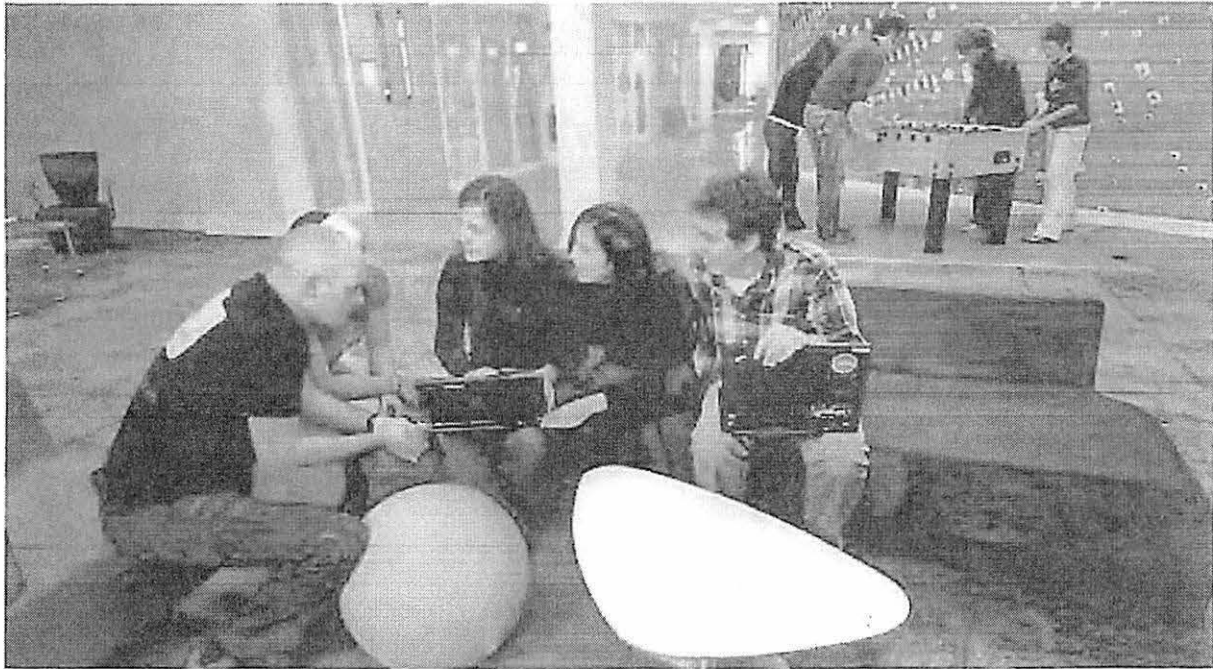
The difference between the 60,000 coming and going is the main factor that changes the demographic character of the city. It is also impacted by people getting older, dying, having children, or becoming wealthier or poorer due to the changes around them. But in and out migration is the most important factor.

So what are the most notable facts about these 60,000 people?

The American Community Survey, an annual collection of data from a representative sample of Americans, asks individuals about whether they migrated in the past year, and where they came from. This data allows us to identify San Francisco's comers and goers. (Though the small number of people who left for other countries are not included because they are not part of the survey.)

The basic trends are what any San Francisco resident might expect. The people moving in are more likely to have higher levels of formal education, and they tend to be younger, White and Asian. The people moving out are less likely to have completed college, and they tend to be older, African American and Hispanic.

Increased demand to live in San Francisco, and a housing supply that has barely budged, means change at a striking scale.



Workers at Google's offices near San Francisco

From Working Class to Ivory Tower

One of the most remarkable differences between the 60,000 moving in and the 60,000 moving out is just how many more of the new arrivals have completed some form of higher education.

San Francisco is the home of technological innovation. The city and the surrounding area are home to the headquarters of Apple, Facebook, Google, Twitter, Uber, and Tesla. Compared to the large manufacturers of the past, these high-growth tech companies have an unusual need for white-collar knowledge workers.

This demand is the most likely explanation for San Francisco's net increase of nearly 7,000 people per year—among those at least 22-years-old—with a college or postgraduate degree. This is in contrast to a net out migration of about 3,000 people without a college degree.

The table below displays an annual estimate of the net migration of people 22 to 49 who migrated in and out of the city. We chose this age group because this is the life period when adults are most likely to migrate. The numbers below are based on samples, so they are not exact. Generally, the net migration numbers in this article are likely to be accurate within 1,000 people.

The Annual Migration In and Out of SF by Education Attainment: Ages 22-49

Based on American Community Survey Data: 2010-2014

Category	Total	Annual Net Migration	% Change
Did Not Graduate High School	95,900	-1,300	-1.4%
High School Graduate	57,200	-1,700	-3.0%
College Graduate	168,400	4,500	2.7%
Post Graduate Degree	90,800	2,200	2.4%

It is important to remember that 4,500 additional college graduates does not mean that no college graduates left the city. In fact, 17,200 college graduates left for cheaper pastures. But another 21,700 college grads replaced them, leading to a net change of 4,500.

The Great Migration

San Francisco has long been one of the United States' most diverse cities. Since World War II, it has been a city with large Asian, Hispanic, White and Black populations. Yet the city is in danger of almost entirely losing one of those groups.

Perhaps no aspect of the annual migration in and out of San Francisco is as notable as the mass "exodus" of African Americans.

San Francisco was 13.4% African American in 1970, but its population as of 2016 is less than 6% Black. The population has steadily declined, and the trend seems likely to continue. From 2010-2014, there was annual net out migration of around 2,000 African Americans from the city. That represents a 4.6% decline of the population every year.

The Annual Migration In and Out of SF by Race/Ethnicity

Based on American Community Survey Data: 2010-2014

Category	Total	Annual Net Migration	% Change
White	342,100	2,500	0.7%
Asian	278,100	3,500	1.3%
Hispanic	126,200	-1,700	-1.3%
Black	45,400	-2,100	-4.6%
Other	35,100	-100	-0.3%

The story of San Francisco's declining black population is characterized more by a lack of in migration than an unusual amount of out migration. Just about 1 in 10 African Americans who live in San Francisco leave the city every year. This is not much greater than for Whites

or Hispanics. This out migration is in some ways positive, in part representing an ability to leave the city that was not possible in the days of stronger housing discrimination.

The issue is that unlike other groups, African Americans are not moving to the city. There are likely a variety of issues behind this lack of in migration. African Americans moving to the Bay Area may prefer local alternatives like Oakland that have larger African American communities, and San Francisco may not be as racially sensitive as locals like to think. In addition, the tech industry is notoriously lacking in diversity.

The Hispanic population is also declining, but not at quite the rate of the African American population. Both of these declines are particularly pronounced when we look at the key age group of 22- to 49-year-olds, the period when adults are most likely to migrate.

The Annual Migration In and Out of SF by Race/Ethnicity: Ages 22-49

Based on American Community Survey Data: 2010-2014

Category	Total	Annual Net Migration	% Change
White	192,900	3,000	1.6%
Asian	122,100	3,600	2.9%
Hispanic	64,900	-1,100	-1.7%
Black	17,100	-1,700	-9.9%
Other	15,400	-200	-1.3%

City of Men

San Francisco is a particularly male city. It is home to the Castro, a center of American gay male culture, and the city's main growth industry, tech, is heavily male.

The city was already unusually male in 2010, and the gender ratio skews more each year. Tech is a growing portion of San Francisco's economy, and men make up about 75% of the city's computer and math workers. That 75% ratio has been stable for years and has contributed to a growing wage gap between men and women in the city.

The table below shows a net in migration of 2,400 men per year, a 0.6% increase, while the female population remains the same. So essentially all of the small population increase in San Francisco from 2010 to 2014 came from men.

San Francisco Is Getting More Male

Based on American Community Survey Data: 2010-2014

Category	Total	Annual Net Migration	% Change
Male	420,500	2,400	0.6%
Female	406,400	-300	-0.1%

And just as we saw before with the trend for race and ethnicity changes, this is more striking for younger adults. Men in their 20s, 30s, and 40s are pouring into the city, increasing their total by 1.7% each year, while the number of women in this age group is barely changing. If that 1.7% growth continues for the next ten years, that would mean a nearly 20% increase in the number of young men.

Migration In and Out of SF by Sex: 22-49

Based on American Community Survey Data: 2010-2014

Category	Total	Annual Net Migration	% Change
Male	217,100	3,600	1.7%
Female	195,200	200	0.1%

The Kids Are Coming

Like many cities, San Francisco is getting younger.

After years of aging – the city was still getting older in the 2000s – San Francisco is getting younger in the 2010s. This is, in part, a manifestation of what the writer Alan Ehrenhalt calls *The Great Inversion*. This refers to the movement of young professionals into cities that have become more appealing due to the disappearance of “factory and warehouse grime and noise”, which is pricing out the working class and lower income families.

From 2010 to 2014, there was net annual in migration of 7,500 people 35 or under, and net out migration of over 5,000 for people 36 or over.

Migration In and Out of SF by Age

Based on American Community Survey Data: 2010-2014

Category	Total	Annual Net Migration	% Change
35 or Under	370,300	7,500	2.0%
36 or Over	456,600	-5,400	-1.2%

You might consider this normal. Of course young people come into the city for work and

- *Housing and housing related needs went unmet for families in the direst financial situations.* Of the small percentage (22 percent) of households that reported going without basic needs in the last 12 months, 44 percent went without paying their rent or mortgage and 27 percent went without housing (n=71). From these data it is unclear how households that went without housing coped with this deficit; some may have stayed with family and friends while others may have been pushed into shelters or the street.
- *Families in need of housing assistance are not sufficiently connected to services.* Of the almost 30 percent of surveyed households that needed housing assistance (n=294) (e.g., tenant counseling, affordable housing and homeownership assistance, Section 8, foreclosure prevention) in the last 12 months, fewer than half received related services (n=290).

Key Takeaways

1. High housing costs reduce families' financial resources for meeting other basic needs, such as accessing healthy foods, health care, and child care. Furthermore, it can lead families to limit expenditures for enrichment activities that promote children's cognitive development.¹⁰
2. Without stable, affordable housing, families may have to increase the frequency of unwanted moves, which can disrupt home life and impede the continuity of educational instruction.
3. The lack of affordable housing can increase overcrowding in dwelling units, producing unhealthy living conditions that can have a negative effect on educational attainment and lead to poor educational outcomes.¹¹
4. Families forced out of the city to find affordable housing may lose health benefits (Healthy SF) which are critical for their well-being.

¹⁰Newman, S. J., & Holupka, C. S. (2014). Housing affordability and investments in children. *Journal of Housing Economics*, 24, 89-100.

¹¹Bracon, F. (2001). *Housing and Schooling: The Urban Prospect*.

The Working Poor

Context

At the end of 2013, President Obama called income inequality "the defining challenge of our time." In contrast to the prevailing narrative of the "American Dream," in which anyone who works hard enough can get ahead, many people in the United States find themselves unable to find work or struggling as part of the growing "working poor"—they are employed but live below the poverty line. Just to pay basic expenses, respondents often work physically demanding, minimum wage jobs with limited benefits. The high cost of living and recent economic changes in the San Francisco Bay Area exacerbate these struggles and disparities. Bouncing back quickly from the Great Recession, the Bay Area has seen economic growth since 2009, in large part due to the technology industry which has fueled debate over the inequitable distribution of growing wealth. Respondents to the Neighborhood Survey were asked about employment, income and education to assess how the MPN fits into San Francisco's context of growth and questions of equity and economic justice.

Current Struggles of the MPN

- Over 20 percent of MPN community respondents in the labor force were unemployed or looking for work (n=212). This excludes a third of respondents who reported staying home to care for their families or being retired. This rate is far greater than the city rate; May 2014 marked the lowest unemployment rate in San Francisco since the Great Recession—4.4 percent, which economists consider "full employment."¹²
- Over 90 percent of all surveyed households earn significantly less than the median household income in San Francisco¹³ (Exhibit 11), and over two-thirds of households earn less than \$50,000 annually (n=253).
- Most families are living in poverty. Based on household size (average 4.4 individuals) and income, over 65 percent of surveyed families were living below the federal poverty line (n=246). Using Public Policy Institute of California's more nuanced and county specific Poverty Measure this proportion jumps up to over 75 percent of households.¹⁴
- Job opportunities for the community are limited. Less than a third of MPN community respondents reported that there were local job opportunities for them and their neighbors (n=327). Almost half of those who had work were only employed part time, suggesting underemployment (n=328).
- Most respondents have relatively low educational attainment, but many individuals were taking steps to bolster their skills. Only 53 percent of respondents had received a high school diploma or GED. Less than half of those who graduated high school went on to higher

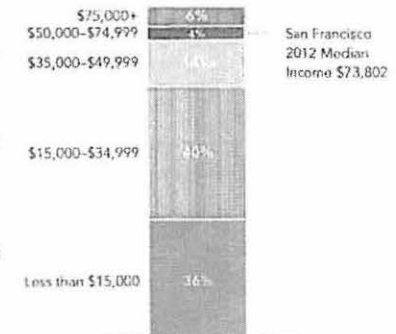


Exhibit 11: Respondent Household Annual Income (n=253)

Surveyed Household Poverty Rate (n=246)

65%

Based on the 2014 US HHS Federal Poverty Guidelines

¹²State of California Employment Development Department. (2014). Historical Data for Unemployment Rate and Labor Force.

¹³U. S. Census Bureau, American Community Survey, 5-Year Estimates (2008-2012).

¹⁴Bohn, S., Danielson, C., Lewin, M., Mattingly, M., & Wimer, C. (2013). *The California Poverty Measure*.

1 [Establishing the Calle 24 ("Veinticuatro") Latino Cultural District in San Francisco]

2
3 **Resolution establishing the Calle 24 ("Veinticuatro") Latino Cultural District in San**
4 **Francisco.**

5
6 WHEREAS, The Calle 24 Latino Cultural District memorializes a place whose richness
7 of culture, history and entrepreneurship is unrivaled in San Francisco; and

8 WHEREAS, The Calle 24 ("Veinticuatro") Latino Cultural District has deep Latino roots
9 that are embedded within the institutions, businesses, events and experiences of the Latino
10 community living there; and

11 WHEREAS, Because of numerous historic, social and economic events, the Mission
12 District has become the center of a highly concentrated Latino residential population, as well
13 as a cultural center for Latino businesses; and

14 WHEREAS, The boundary of the Calle 24 ("Veinticuatro") Latino Cultural District shall
15 be the area bound by Mission Street to the West, Potrero Street to the East, 22nd Street to the
16 North and Cesar Chavez Street to the South, including the 24th Street commercial corridor
17 from Bartlett Street to Potrero Avenue. Additionally, the Calle 24 ("Veinticuatro") Latino
18 Cultural District shall include La Raza Park (also known as Potrero del Sol Park), Precita Park
19 and the Mission Cultural Center because of the community and cultural significance
20 associated with these places; and

21 WHEREAS, Calle 24 ("Veinticuatro") Latino Cultural District's boundary demarcates the
22 area with the greatest concentration of Latino cultural landmarks, businesses, institutions,
23 festivals and festival routes; and

1 WHEREAS, The Latino population in the Mission, and in the Calle 24 ("Veinticuatro")
2 Latino Cultural District, represents a culturally diverse population with roots from across the
3 Americas; and

4 WHEREAS, According to 2012 Census data, within the Calle 24 ("Veinticuatro") Latino
5 Cultural District, 49% of the population self-identified as Latino; 38% identified as foreign-born
6 and 16% identified as linguistically isolated; and

7 WHEREAS, The Calle 24 ("Veinticuatro") Latino Cultural District plays a significant role
8 in the history of San Francisco; and

9 WHEREAS, San Francisco has for centuries attracted people seeking refuge from war,
10 upheaval and poverty in their home countries; and

11 WHEREAS, The immigrant experience remains an integral part of California and San
12 Francisco's history, cultural richness and economic vibrancy; and

13 WHEREAS, From 1821 to 1848, the Mexican Republic controlled San Francisco and
14 the city was home to the Mexican governorship and many Mexican families; and

15 WHEREAS, Beginning in 1833, the Mexican government began to secularize mission
16 lands and distributed over 500 land grants to prominent families throughout California –
17 known as "Californios" – in an effort to encourage agricultural development; and

18 WHEREAS, Mexican land grants, such as Mission Dolores, Rancho Rincon de las
19 Salinas, and Potrero Viejo, include the geographic area that is now home to San Francisco's
20 Mission District and have directly influenced the Calle 24 ("Veinticuatro") Latino Cultural
21 District; and

22 WHEREAS, The Treaty of Guadalupe Hidalgo, ratified in 1848 ending the Mexican
23 American War, guaranteed Mexicans living in the ceded territory – including what would
24 become the State of California – full political rights, but such rights were often ignored,
25 resulting in the slow dissolution of lands owned by Californios; and

1 WHEREAS, San Francisco experienced several waves of immigration in the late
2 1800s, including massive migration from Mexico, Chile and Peru as well as migration from
3 Latin America during the Gold Rush; and

4 WHEREAS, Puerto Rican migration to San Francisco began in the 1850s and
5 increased in the early 1900s when Puerto Ricans relocated to California by way of Hawaii;
6 and

7 WHEREAS, San Francisco served as a refuge for Sonorans fleeing violence and
8 upheaval in their home country due to the Mexican Revolution of 1910; and

9 WHEREAS, Beginning in the 1930s, Mexican and Latin American families began
10 settling in the Mission District, building on the roots that had already been established nearly a
11 century before; and

12 WHEREAS, After World War II, the Mission District became the primary destination for
13 new arrivals from all regions of Latin America including Central America, Mexico, Venezuela,
14 Colombia, Ecuador, Peru, Brazil, Paraguay, Uruguay, Chile, Argentina, Cuba, Dominican
15 Republic, and Puerto Rico; and

16 WHEREAS, Throughout the 1970s and 1980s, Central American countries
17 experienced major political conflict and families fleeing from conflict immigrated to San
18 Francisco, greatly contributing to the Latino identity of the Mission District and the Calle 24
19 ("Veinticuatro") Latino Cultural District; and

20 WHEREAS, In 1989, in response to the increased immigrant populations, the City and
21 County of San Francisco adopted a Sanctuary Ordinance that prohibits its employees from
22 aiding Immigration and Customs Enforcement (ICE) with immigration investigations or arrests,
23 unless mandated by federal or state law or a warrant; and

24 WHEREAS, Chicano and Latino activism, arts, commerce, and culture have centered
25 in the Calle 24 ("Veinticuatro") Latino Cultural District since the 1940s; and

1 WHEREAS, The Mission District and Calle 24 ("Veinticuatro") were central to the
2 Chicano Movement – its art, music, and culture, as well as labor and community organizing to
3 battle the war on poverty; and

4 WHEREAS, Many of the Latino community-based organizations established within the
5 Calle 24 ("Veinticuatro") Latino Cultural District during 1960s and 1970s were an outgrowth of
6 social justice organizing; and

7 WHEREAS, Much of what makes the Calle 24 ("Veinticuatro") Latino Cultural District a
8 culturally-rich and recognizable place are the Latino businesses and community-based
9 organizations located along 24th Street; and

10 WHEREAS, Latino-based organizations were established on 24th Street to serve the
11 needs of the community and promote culture and include: Mission Neighborhood Centers
12 (1959), offering services targeted to Latina girls and young women, including homework
13 assistance, leadership programs and anti-violence education; Mission Education Projects Inc.
14 (1970s), providing educational and support services to youth and their families; Galería de la
15 Raza (1970), nurturing cultural icons Mujeres Muralistas (1972) and Culture Clash (1984),
16 helping to inspire the creation of the Mexican Museum and making a space for Latino artists
17 to create innovative new works, transforming Latino art in San Francisco; Mission Cultural
18 Center for Latino Arts (1977), promoting, preserving and developing Latino cultural arts; Calle
19 24 SF (formerly the Lower 24th Street Merchants and Neighbors Association) (1999),
20 advocating for neighborhood services, local businesses, arts and culture programs and
21 improved public spaces; Precita Eyes Mural Arts & Visitors Center (1977), offering mural
22 classes, tours, and lectures, as well as painting several murals within the Calle 24
23 ("Veinticuatro") Latino Cultural District; Mission Economic Cultural Association (1984),
24 producing many of the Latino festivals and parades, including Carnaval, Cinco de Mayo, and
25 24th Street Festival de Las Americas; Acción Latina (1987), strengthening Latino communities

1 by promoting and preserving cultural traditions, managing a portfolio of cultural arts, youth
2 programs, and media programs including *El Tecolote* newspaper, which upholds a nearly two-
3 century-long tradition of bilingual Spanish/English journalism in San Francisco; Brava Theater
4 (1996), portraying the realities of women's lives through theater by producing groundbreaking
5 and provocative work by women playwrights, including well-known Chicana lesbian
6 playwright, Cherrie Moraga, and hosting a variety of Latino cultural events; and

7 WHEREAS, Small and family-owned businesses, including restaurants, *panaderías*
8 (bakeries), jewelry shops and *botánicas* (alternative medicine shops), promote and preserve
9 the Latino culture within the Calle 24 ("Veinticuatro") Latino Cultural District; and

10 WHEREAS, Longtime Mexican and Salvadoran *panaderías* such as La Victoria (1951),
11 Dominguez (1967), La Reyna (1977), Pan Lido (1981), and La Mexicana (1989) have served
12 up sweet breads to generations of Mission residents and visitors; and

13 WHEREAS, Restaurants, like The Roosevelt (1922) (formerly Roosevelt Tamale
14 Parlor), Casa Sanchez (1924), and La Palma Market (1953), have sustained Latino culinary
15 traditions, and Café La Bohème (1973), one of the first cafes established in the neighborhood,
16 has served as both a meeting space and cultural venue among Latino activists, writers, poets
17 and artists; and

18 WHEREAS, The Calle 24 ("Veinticuatro") Latino Cultural District is visually distinct
19 because of approximately four hundred murals adorning its buildings depicting the Latino
20 experience in San Francisco that have been painted throughout the Mission District by
21 Chicano, Central American, and other local artists who had few, if any, opportunities to exhibit
22 their work in galleries; and

23 WHEREAS, Balmy Alley has the highest concentration of murals in San Francisco and
24 the mural project there emerged out of the need to provide a safer passage for children from
25 the Bernal Dwellings apartments to "24th Street Place," an arts and education program located

1 at the intersection of the alley and 24th Street, and run by Mia Gonzalez, Martha Estrella and
2 Ana Montano; and

3 WHEREAS, The first mural painted in Balmy Alley was carried out in 1972 by the
4 Chicana artist collective, Mujeres Muralistas, and, in 1984, more than 27 muralists added to
5 the collection of outdoor murals in Balmy Alley, focusing on the conflicts in Central America,
6 expressing anger over human rights violations and promoting peace; and

7 WHEREAS, Within the Calle 24 ("Veinticuatro") Latino Cultural District, additional
8 notable murals include: Michael Rios' "BART" mural (1975), Daniel Galvez's "Carnaval" mural
9 (1983), Precita Eyes' "Bountiful Harvest" (1978) and "Americana Tropical" (2007), Mujeres
10 Muralistas' "Fantasy World for Children" (1975), Isaias Mata's "500 Years of Resistance"
11 (1992), Juana Alicia's "La Llorona's Sacred Waters" (2004), and the Galería de la Raza's
12 Digital Mural Project; and

13 WHEREAS, The York Mini Park grew from a vacant lot purchased by the City of San
14 Francisco in the 1970s to a park adorned by murals painted by Michael Rios (1974) and
15 Mujeres Muralistas (1975), as well as a mosaic of Quetzalcoatl that winds around the
16 playground created by Collete Crutcher, Mark Roller and Aileen Barr under the direction of
17 Precita Eyes (2006); and

18 WHEREAS, Annual festivals celebrating Latino culture, including Carnaval, Cinco de
19 Mayo, the Lower 24th Street Festival de Las Americas (formerly the 24th Street Festival),
20 Cesar Chavez Parade and Festival, Día de los Muertos Procession and Altars, and Encuentro
21 del Canto Popular, represent the culture within the Calle 24 ("Veinticuatro") Latino Cultural
22 District; and

23 WHEREAS, The Calle 24 ("Veinticuatro") Latino Cultural District nurtured the
24 expansion of the Latino music scene from Latin jazz to Latin rock and pop music and the 24th
25

1 Street Festival (later known as Festival de las Americas) showcased musical talents including
2 Santana, Malo and Zapotec; and

3 WHEREAS, The Calle 24 ("Veinticuatro") Latino Cultural District was witness to the
4 rise of the low-rider culture in the 1970s and, on weekends, Mission Street served as a
5 bumper-to-bumper low-rider parade route; and

6 WHEREAS, After San Francisco authorities attempted to suppress cruising in the
7 1970s, the low-riders moved to La Raza Park also known as Potrero del sol Park where the
8 low-rider clubs congregated in order to create a safe space for recreation; and

9 WHEREAS, Organized youth cleaned up La Raza Park and marched from the corner
10 of 24th Street and Bryant Streets to City Hall with Latin American flags and signs that read
11 "Build Us a Park," and, in response, San Francisco purchased the six-acre site with voter-
12 approved bond funds and created La Raza Park; and

13 WHEREAS, St. Peter's Church is an anchor of the Calle 24 ("Veinticuatro") Latino
14 Cultural District because of the spiritual services it has provided to the community and its
15 association with Los Siete de la Raza, the Mission Coalition of Organizations, the United
16 Farmworkers Movements, and the Central American Resource Center (CARECEN) of
17 Northern California, among other social justice efforts; and

18 WHEREAS, The 24th Street BART station plazas have long served as a popular arena
19 for public demonstrations, ranging from those organized by the Mission Coalition of
20 Organizations to those associated with the Central American Solidarity movements in the 1970s
21 and 1980s; and

22 WHEREAS, The two BART station plazas are popularly known as "Plaza Sandino" after
23 Nicaraguan revolutionary Augusto Cesar Sandino and "Plaza Martí" after Salvadoran leftist
24 leader Farabundo Martí; and
25

1 WHEREAS, A prominent feature of the Northeast 24th Street BART plaza is the 1975
2 mural painted by Michael Rios, which depicts the controversial impact of the 16th and 24th
3 Street BART stations that were constructed in the 1970s by hard working residents who
4 protested the extra sales tax that financed the rapid transit system; and

5 WHEREAS, Community leaders have long sought to preserve the culture and
6 community of Calle 24 ("Veinticuatro"); and

7 WHEREAS, In the 1990s, Supervisor Jim Gonzalez introduced a façade improvement
8 program and a Flags of the Americas Program wherein Mission artists created banners for
9 display within the neighborhood to call attention to its Latino heritage; and

10 WHEREAS, Supervisor Jim Gonzalez established the 24th Street Revitalization
11 Committee and made efforts to establish an Enterprise Zone for the Mission District; and

12 WHEREAS, In 2012, Mayor Edwin Lee's Invest In Neighborhoods Initiative selected
13 Calle 24 ("Veinticuatro") for its economic development program and the establishment of a
14 cultural district; and

15 WHEREAS, As part of a collaborative effort by Calle 24 San Francisco, the San
16 Francisco Latino Historical Society, San Francisco Heritage, Mayor Edwin Lee and Supervisor
17 David Campos worked together to create the Calle 24 ("Veinticuatro") Latino Cultural District
18 as part of an effort to stabilize the displacement of Latino businesses and residents, preserve
19 Calle 24 as the center of Latino culture and commerce, enhance the unique nature of Calle 24
20 as a special place for San Francisco's residents and tourists, and ensure that the City of San
21 Francisco and interested stakeholders have an opportunity to work collaboratively on a
22 community planning process, which may result in the Designation of a Special Use District or
23 other amendment to Planning Code; now, therefore, be it

Exhibit 1: Resolution Establishing Calle 24 Latino Cultural District

http://www.sfbos.org/ftp/uploadedfiles/bdsupvrs/committees/materials/LU051914_140421.pdf

Exhibit 2: Report Prepared by Calle 24 Latino Cultural District Community Council

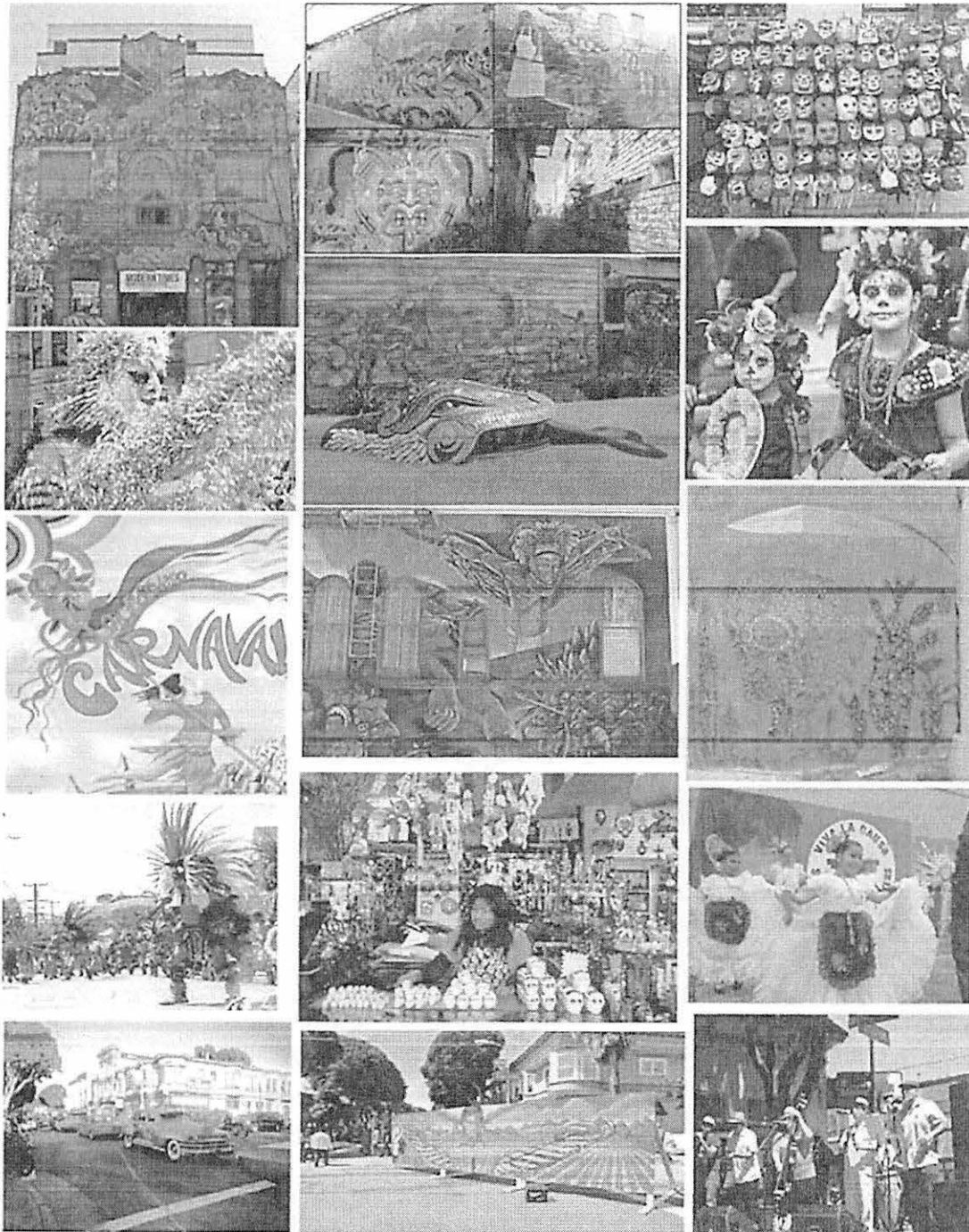
<http://www.calle24sf.org/wp-content/uploads/2016/02/LCD-final-report.pdf>

Exhibit 3: Why Creating and Preserving Affordable Homes Near Transit is an Effective Climate Change Strategy

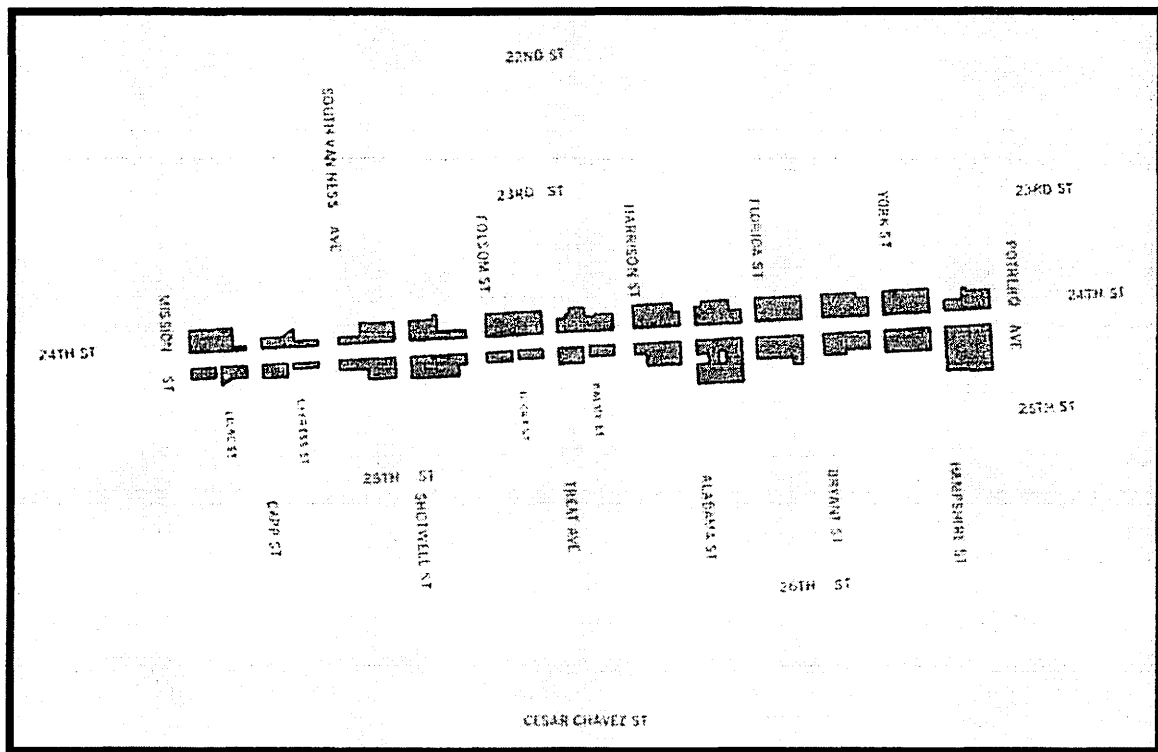
<http://chpc.net/wp-content/uploads/2015/11/4-AffordableTODResearchUpdate070114.pdf>



Calle 24 Latino Cultural District Report on the Community Planning Process



Report prepared by Garo Consulting
For the Calle 24 Latino Cultural District Community Council
December 2014



Calle 24 Latino Cultural District
Report on the Community Planning Process

Report: Garo Consulting
 Funding provided by the SF Mayor's Office of Economic and Workforce Development

December 2014

Acknowledgements

The Calle 24 Latino Cultural District Council (Calle 24) wishes to acknowledge and thank neighborhood residents, merchants, artists, community workers and other stakeholders who provided invaluable input and perspectives throughout the planning process. In particular, Calle 24 wishes to thank the following key individuals, organizations and businesses for their contributions to the planning process: The Mayor's Office of Economic and Workforce Development (OEWD); Supervisor David Campos; Mayor Ed Lee; Acción Latina; Brava Theater; Remy De La Peza, Little Tokyo Service Center; Marsha Murrington, Local Initiatives Support Corporation (LISC); Sofia Navarro, The Unity Council; Mayor's Office/San Francisco County staff members Martin Esteban Farfan, Laura Lane, Anne Romero, Diego Sanchez and Aaron Starr; Mission Girls; Mission Cultural Center for Latino Arts; SF Heritage and SF Latino Historical Society; Tio Chilo's Grill; Pig and Pie; Vallarta's; and Cecilia Cassandra Peña-Govea.

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EXECUTIVE SUMMARY

In 2014, with support from Supervisor Campos and advocacy by the community, the Calle 24 Latino Cultural District (LCD) was formed by a Board of Supervisors resolution. The planning process was initiated to get the community's input about how the LCD should be governed and how it should serve the community. Through a competitive process, consultants were hired to facilitate the planning process, engage community stakeholders, and gather input through a number of data collection activities including community meetings, one-on-one interviews, focus groups, and a review of other cultural district plans. The objectives of the planning process were: 1) To gather community input about the Latino Cultural District's purposes, strengths, opportunities, challenges, targeted strategies, and governance; 2) To review best practices employed by other designated cultural districts (e.g., Little Tokyo, Fruitvale, Japantown), and 3) To draft a final report with findings and recommendations.

Mission and Vision Statements

The Calle 24 Community Council adopted the following mission and vision statements as one outcome of the community planning process:

Mission: To preserve, enhance and advocate for Latino cultural continuity, vitality, and community in San Francisco's touchstone Latino Cultural District and the greater Mission community.

Vision: The Latino Cultural District will be an economically vibrant community that is inclusive of diverse income households and businesses that together compassionately embrace the unique Latino heritage and cultures of 24th Street and that celebrate Latino cultural events, foods, businesses, activities, art and music.

Calle24 Latino Cultural District Beneficiaries

Beneficiaries of the Latino Cultural District include individuals (e.g., LCD families, including traditional, non-traditional, and extended; artists; working people; residents; immigrants; youth; and elders), organizations (neighborhood businesses, arts and culture organizations, educational institutions, and community service agencies), and San Francisco and the general public.

Calle24 Latino Cultural District Purposes and Goals

The purposes of the LCD are to:

1. Strengthen, preserve and enhance Latino arts & cultural institutions, enterprises and activities
2. Encourage civic engagement and advocate for social justice
3. Encourage economic vitality and economic justice for district families, working people, and immigrants
4. Promote economic sustainability for neighborhood businesses and nonprofits
5. Promote education about Latino cultures

6. Ensure collaboration and coordination with other local arts, community, social service agencies, schools, and businesses

The goals of the LCD are to:

1. Create a safe, clean, and healthy environment for residents, families, artists, and merchants to work, live, and play.
2. Foster an empowered, activist community and pride in our community.
3. Create a beautiful, clearly designated Latino corridor along Calle 24, and preserve the unique beauty and cultures that identify Calle 24 and the Mission
4. Preserve and create stable, genuinely affordable and low-income housing in the District and related infrastructure.
5. Manage and establish guidelines for development and economic change in the District in ways that preserve the District's Latino community and cultures.
6. Foster a sustainable local economy that provides vital goods and services to the District and supports living Latino cultures.

Key Strategies and Program Areas

Through community input gathered during the planning process, the following key strategies and program activities were developed:

Key Strategies

- Create an organizational entity – a 501(c)(3) – to manage the LCD
- Create and leverage Special Use District designations
- Implement a Cultural Benefits District campaign and assessment
- Develop a community-wide communications infrastructure and promotion of the District through traditional and social media
- Collaborate with, connect, and support existing arts and cultures and other nonprofit service organizations in implementing the Latino Cultural District's mission, rather than replacing or competing with them
- Serve as a safety net for the District's traditional cultural-critical community events, such as Carnaval, Día de los Muertos, and the Cesar E. Chavez Holiday Celebration
- Generate sufficient resources to support creation and sustainability of the Latino Cultural District programs and activities
- Pursue social and economic justice fervently, and conduct its work with the Si Se Puede spirit of determination, collective strength, and compassion

Community input also helped define four program areas: land use and housing; economic vitality; cultural assets and arts; and quality of life, with related activities that are further discussed in the report. Finally, the community provided extensive input on the governance structure for the LCD, including the organizational structure, committee structure, member eligibility, and board size, composition, and conditions. The following report shares the results of the planning process.

1. INTRODUCTION

In May 2014, under the leadership of Supervisor Campos, the San Francisco Board of Supervisors approved a resolution (SF Heritage, 2014) to designate 24TH Street a Latino Cultural District (LCD). This unanimous vote was the result of a collaborative effort between Calle 24 SF, a neighborhood coalition of residents, merchants, non-profits in the area, the San Francisco Latino Historical Society, San Francisco Heritage, and the Offices of Mayor Ed Lee and Supervisor David Campos. A cultural district is a region and community linked together by similar cultural or heritage resources, and offering a visitor experiences that showcase those resources. The San Francisco Board of Supervisors resolution eloquently describes the rationale for the designation of this historic neighborhood as a Latino Cultural District:

Whereas, the Calle 24 Latino Cultural District memorializes a place whose richness of culture, history and entrepreneurship is unrivaled in San Francisco; and

Whereas, the Calle 24 ("Veinticuatro") Latino Cultural District has deep Latino roots that are embedded within the institutions, events and experiences of the Latino community living there; and

Whereas, because of numerous historic, social and economic events, the Mission District has become the center of highly concentrated Latino residential population, as well as a cultural center of Latino businesses... (page 1, SF Heritage)

With the adoption of the Board of Supervisor's resolution, the City and County recognized the significance of 24th Street to the City's history and culture, while also acknowledging a number of significant factors impacting the Mission District and, in particular, the 24th Street area. Calle 24 ("Veinticuatro") is a demographically diverse area, rich in Latino cultural heritage and assets (SF Office of Economic and Workforce Development, SF Planning Department, & LISC, 2014). As noted in the Lower 24th Street Neighborhood Profile, Calle 24 features over 200 small businesses (a majority of which are retail) and a high level of pedestrian traffic. Since 2006, sales tax revenue in the area has grown faster in this area than in the city overall, and the neighborhood is rich in community-based arts, cultural, and social service organizations. Approximately 23,000 people live in the neighborhood, with significant percentages of White, Latino, and other or mixed race individuals. (SF Office of Economic and Workforce Development, SF Planning Department, & LISC, 2014). A strong sense of community and history, many cultural events, the area's walkability, its low vacancy rate, and destination as a Latino cultural center are among the area's strengths. However, challenges include the increasing commercial rents, the lack of opportunities for youth, a fear of the "Mission" culture disappearing, an increase in gang violence and crime in general, the deterioration of sidewalks and storefronts, and a lack of lighting and nighttime activity. The pursuit of community-driven strategies to preserve the local history and culture and the development of partnerships between old and new businesses

and the various commercial and non-profit entities in the area were cited as important opportunities to seize.

As a backdrop to Calle 24 organizing the community to preserve the history and culture of the 24th Street corridor was the very recent history of the dot-com boom and the departure of 50,000 from the Bay Area because of the lack of affordable housing (Zito, 2000); approximately 10% of the Latino population left San Francisco in the early 2000s, making San Francisco one of the only U.S. cities to lose Latino/a residents (Census, 2000; Census, 2005). In her project collecting oral histories from Mission district residents about the neighborhood's gentrification, Dr. Mirabal found that many saw the loss of Latino residents, businesses, and culture not only as examples of gentrification but also as acts of cultural exclusion and erasure (Mirabal, 2009). As the technology sector began to boom again and the neighborhood began to quickly change, Calle 24 advocated for the successful designation of Calle 24 as a Latino Cultural District (LCD) to preserve and further develop the area's rich cultural heritage (see Appendix D for news articles describing the recent community transformation and advocacy for the LCD). This report describes the development of a plan for governance and implementation of the LCD.

2. APPROACH AND METHODOLOGY

To develop a plan for the Calle 24 Latino Cultural District, San Francisco's Mayor's Office of Economic and Workforce Development provided funding to Calle 24 SF. Calle 24 SF selected the Garo Group as consultants to facilitate a process of involving the community in the development of a plan for the Calle 24 Latino Cultural District (see Appendix B for a description and map of the LCD). This project was guided by a collaborative, participatory and inclusive approach to engage the community in articulating a vision and plan for the LCD. The planning process, coordinated and guided by the Calle 24 Planning Committee¹, began in July, 2014. The methods used in the planning process included the following: 10 in-depth interviews, four focus groups, one study session with experts in the field, 4 community meetings, and 1 Council retreat. The planning committee met regularly throughout the planning process to utilize community input to inform each step of the planning process. The figure below depicts the steps in the 6-month planning process.

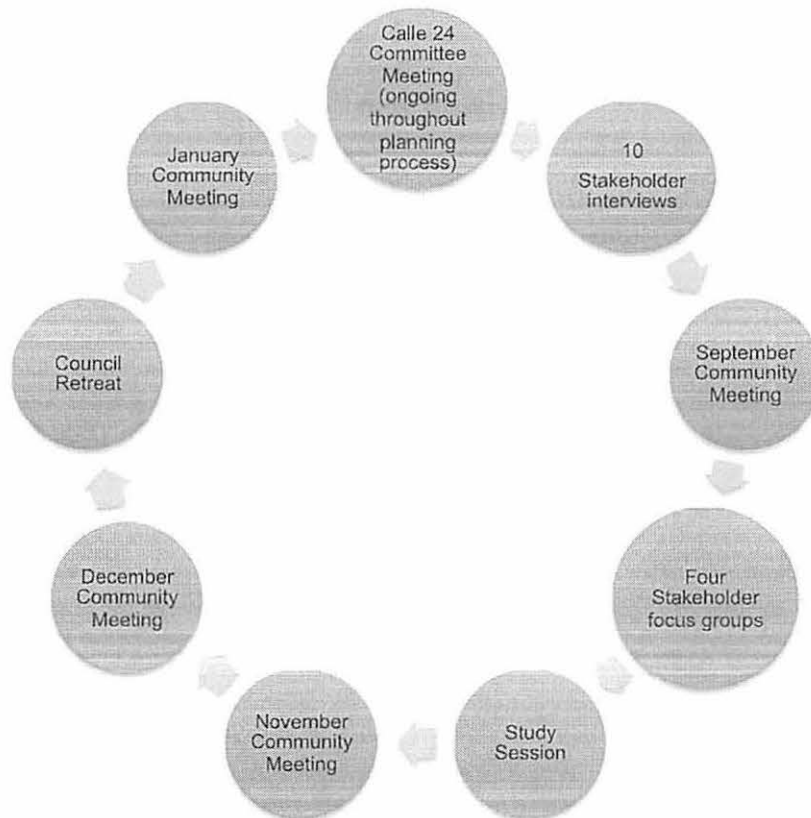


Figure 1: Overview of the Community Planning Process

¹ The Calle 24 Planning Committee includes Erick Argüello, Georgiana Hernández, Anastacia Powers-Cuellar, and Miles Pickering.

Key Stakeholder Outreach and Recruitment for Interviews and Focus Groups

The Calle 24 Planning Committee collaboratively brainstormed a list of key stakeholders (including residents, merchants, artists, non-profit service and arts organizations, etc.) to interview. Interviewees were contacted by phone or by email, and a date and time was agreed upon for them to be interviewed. All but three of the interviews were conducted by phone. Interviews were not audio recorded, but detailed notes were taken by the interviewer and edited immediately after the interview. The planning committee also felt it was important to have focus groups with each of the following stakeholder groups: residents, merchants, youth, and non-profit arts organizations. Recruitment for the focus groups was done through convenience and snowball sampling approaches. Members of the planning committee, who are also well-known and trusted community leaders, identified people from their social networks and these people invited others within their networks. For the youth focus group, two youth who were involved in the planning process contacted friends and neighbors living in the corridor. In addition, youth organizations such as Mission Girls were invited to participate. Erick Argüello of the planning committee, known to most local merchants, personally invited each merchant to attend. Stacie Powers Cuellar of the planning committee provided a list of all the artists and arts organizations in the corridor, and an email invitation was sent to all. Some of these artists invited others to attend. (See Appendix E for a full list of interviewees and focus group attendees.)

The Planning Team developed questions (see Appendix F for the interview and focus group guides) to explore the neighborhood's strengths and assets, challenges, as well as further understand critical opportunities for the LCD. Each of the group discussions was facilitated by members of the consulting team with a long history of experience in community development, community mediation and facilitation, and participatory research. Each group discussion had at least two members of the consulting team present, with 1-2 co-facilitators and a note taker. Notes from the interviews, focus groups, and community meetings were edited and analyzed using standard qualitative procedures. Themes were identified using individual and group responses to questions regarding cultural assets of the area, desired changes, vision for the LCD, and recommendations. Data collection related to vision of the LCD and challenges to be addressed was concluded when no new themes emerged, and the inventory of cultural resources in the Calle 24 corridor appeared to be complete.

The planning process was also informed by a review of other cultural district plans as well as a study session with experts from the Fruitvale and Little Tokyo Cultural Districts (see Appendix G for notes from the study session). Some of the plans reviewed included Creative Place making, Taos Arts and Cultural District Plan and Sustaining San Francisco's Living History Strategies for Conserving Cultural Heritage Assets (see Appendix C).

Three community meetings (open to the general public) and one Calle 24 Council retreat were also critical to the planning process (see Appendix I and J for community meeting agendas and notes and Appendix K for notes from the Council Retreat). These community meetings were designed to gather input from the broader community to inform the planning process and to share findings from the planning process. Outreach for the community meetings was done using Facebook, email, word-of-mouth, and handing out and posting flyers in the neighborhood. A Calle 24 Council retreat was held toward the end of the planning process in order to finalize decisions regarding governance and program activities as outlined in this report.

3. KEY FINDINGS

This section outlines the major findings from the interviews, focus groups, review of cultural district plans, study session and community meetings. Findings are organized according to strengths, challenges and opportunities for the Latino Cultural District. The themes identified here are those that emerged most often during the data gathering phase, and do not necessarily reflect the views of Calle 24.

Strengths

Throughout the planning process, a number of strengths of the Latino Cultural District emerged in two broad categories: **cultural assets and arts and community identity**. The community stakeholders who participated in discussions, interviews, and the community meetings identified a vast array of cultural assets and arts (see appendices K and L for a complete inventory of the cultural assets and art that emerged throughout the planning process). These included the iconic murals and other art, cultural events such as Carnaval and Día de Los Muertos, arts organizations such as Galería de la Raza and Precita Eyes, service non-profits, parks, businesses including incredible restaurants, churches. The other major theme that emerged in stakeholder discussions of the neighborhood strengths was the **community identity** or the spirit of Calle 24, including both tangible and intangible characteristics such as the demographic diversity, the strong community connections, the commitment to social justice, and the neighborhood's walkability, tree canopy and landscaping. A more detailed listing of tangible and intangible cultural assets is below.

Cultural Assets and Art

- Murals and art
- Cultural events
- Artists and arts organizations
- Latino business enclave
- Established community based organizations
- Thriving faith community
- Culinary destinations

Community Identity

- Long-term presence of families and historic or legacy businesses
- Commitment to social justice
- Strong community connections
- Local leadership
- Unique neighborhood character
- Strong sense of community, place and history
- Demographic diversity
- Strong core shopper base

- Cultural events
- Tourism
- Business ownership
- Character
- Walkability

Challenges

There were a few key challenges that emerged from the data gathering during the planning process. These challenges revolved around five key themes: the lack of affordable housing, rapid community transformation, tensions in the community, quality of life, and sustainability of the LCD. There were major concerns among all stakeholders about the **lack of affordable housing** and about the gentrification and recent eviction and displacement of long-time residents. A related theme was the rapid **community transformation** underway, with some saying they wanted to prevent another “Valencia” (referring to the way Valencia lost much of its Latino culture in the 1990s and 2000s). **Community relations**, often discussed as tensions between newcomers and old-timers, was another key challenge that emerged in many interviews, focus groups, and community meetings. Many mentioned that there often appears to be a division between the predominantly Latino, long-time residents, and the newer, predominantly White, residents. One person mentioned feeling an increased police presence to address the fear of “brown boys”. The cultural differences between old and new can be challenging, and many of those who have lived in the neighborhood for years struggle with how to integrate newcomers and “*convince them that Brava, Galería de la Raza, Acción Latina and the fish market are all important*”. Challenges affecting residents’ **quality of life** also emerged frequently; these included things such as gang violence, liquor stores, broken sidewalks, lack of public spaces, lack of police presence, etc. Finally, a few of the often-mentioned challenges revolved around the implementation and **sustainability of the LCD**. The limited resources (lack of funding and staff) to develop and maintain a governance structure and implement all the desired activities of the LCD were discussed by many. These themes are elaborated below.

Lack of Affordable Housing

- Evictions and displacements
- Inadequate rent control
- Rapid gentrification
- Housing/building code violations

Community Transformation

- Rapid transformation of neighborhood without a plan (“not another Valencia”)

- Loss of historical businesses, residents and services
- Unaffordable commercial rents (difficult for long time tenants to pay)
- Increase in health code and building code violations
- Fear of “Mission” culture disappearing
- Loss of historical establishments

Community Relations

- Tension between the old and the new (lack of integration)
- Partnership challenges with City/County
- Lack of opportunities for youth
- Frictions with new residents and businesses

Quality of Life

- Lack of public spaces and seating
- Lack of signage, dilapidated structures, dirty gates drawn during day
- Gang violence and fear of gangs limiting activity
- Insufficient police vigilance (beat cops rarely seen)
- Too many liquor stores
- Dirty, broken sidewalks; public spaces, trees overgrown
- Poor lighting, dark at night, increased perception of unsafe
- Homeless populations

Sustainability

- Limited resources to sustain the LCD
- Building a sustainable governance model
- Lack of resources to hire full time LCD Coordinator

Opportunities

Throughout the data gathering process, many opportunities for the LCD emerged. These are organized according to five key areas: 1) land use design and housing; 2) economic vitality; 3) cultural assets and arts; 4) quality of life; and 5) governance. In the area of **land use design and housing**, recommendations had to do with land use and other policies to help preserve and further develop cultural assets, the preservation and development of affordable housing, and strategies to promote property ownership, particularly for Latino residents and businesses. **Economic vitality** revolved around opportunities and strategies to promote the economic viability and growth of businesses and organizations, particularly those with historic and cultural significance in the District. Stakeholders discussed many opportunities related to the preservation and promotion of **cultural assets and arts**. **Quality of life** opportunities included things that focused on improving the physical appearance and accessibility of the District, particularly things that promote the Latino Cultural District (e.g., way finding, visual

cues, etc.). Finally, a key opportunity that emerged throughout the planning process and ultimately became a priority in community discussions was the development of a **governance** structure to oversee and manage the Latino Cultural District. The opportunities in each of these key areas are listed in more detail below.

1) Land use design and housing

- Work with Building and Planning Developments to create new land use policies to support cultural assets. Integrate SF Heritage frameworks and language for designation and support of Cultural Heritage Assets.
- Explore Special Use District, Business Improvement District, and Community Benefit District creation. Connect with community-based efforts that have successfully adopted these tax increment measures: Castro Community Benefit District and Fruitvale Business Improvement District.
- Pursue community-driven strategies to preserve local history and culture. Continue partnerships with SF Heritage and universities to capture history and preserve it for future generations.
- Protect existing parking.
- Regulate rents for housing and cultural spaces and explore models that preserve historical residents and merchants.
- Programs to provide financial and legal assistance to residents, businesses and organizations/tenants' rights. Enforce HUD Fair Housing laws.
- Advocate for the development of affordable housing (for example, through early identification of sites that may be available for development and small sites development where existing units can be converted to affordable housing).
- Advocate for rent regulation for tenants, businesses, and non-profits. Engage diverse neighborhood stakeholders (residents, businesses, and non-profits) in affordable housing movement.
- Advocate for a moratorium on Ellis evictions.
- Educate community about local, state, federal housing laws and housing assistance programs (e.g., DALP).
- Identify funding sources and strategies to develop and purchase properties (e.g., affordable housing trust fund controlled by Mayor's Office on Housing; foundations; technology industry; land trust models, utilizing cooperative development strategies such as tenants' collective to purchase properties; eminent domain, interim controls (for businesses)).
- Seek help from the city and others to help legacy institutions such as the Mission Cultural Center and Galería de la Raza purchase their buildings.
- Promote Latino ownership of businesses.
- Create artist-centered housing (artist-in-residence; work/live space; community service with art work, NPS structure) as well as housing.
- Identify strategies to decrease ability of speculators/developers to come in and sweep up real estate as soon as it becomes available (right of first refusal for locals, long-term residents).

- Develop innovative land use in line with LCD (some possibilities include pedestrian only spaces or zones on certain days/develop walkability; development of open space like a zocalo / picnic areas with grills).

2) Economic Vitality

- Create electronic tools to assist businesses and promote arts.
- Promote branding: logos and plaques to identify CHAs, signage to designate the LCD area, aesthetic, cultural demarcations unique to the LCD, and the development of consistent marketing of cultural activities.
- Increase business engagement: increase the engagement of local businesses in the development of the LCD, improve communication between businesses, schedule meetings at times that are convenient to local businesses, ensure that businesses have reasons to participate and are motivated to participate, and create a community through common activities and interests.
- Promote preservation: ensuring the survival and viability of tangible CHAs, developing protocols for the designation of CHAs, developing strategies to stabilize residential and commercial rents and leases, developing warning system to alert businesses and non-profits about expiring leases, and continuing façade improvement following LCD standards and design. A key priority under preservation is to conduct a SWOT analysis to determine strengths, weaknesses, opportunities and threats facing historic and legacy businesses.
- Increase capacity building: create technical assistance initiatives to help businesses improve their capacity through marketing, social media, market segmentation, strategic planning, and financial management. Strategies to strengthen the capacity of local businesses include: providing assistance to help businesses survive and expand, tailoring assistance to needs of businesses (e.g., individual, traditional, virtual), creating business incubators and accelerators, forming information technology team to support legacy businesses, providing businesses with demographic and market data to help them develop better goods and services, and creating directories and other databases with information that could be of value to local businesses.
- Articulate a legislative agenda: explore and promote designation of parts or the entire LCD as a Business Improvement District (BID), Special Use District or Community Benefit District. Two other ideas include the creation of community debit cards for legacy businesses as well as the creation of community banks or credit unions.
- Identify opportunities to leverage Mission Promise investments to support the Mission's neighborhood.
- Create loan programs targeting historical business and renters.
- Develop partnership opportunities between longtime businesses and new businesses, and between businesses and arts organizations.

3) Cultural Assets and Arts

- Organize advocacy efforts to identify available resources, preservation priorities, and facilities for arts programming.
- Use technology to promote LCD (e.g., create electronic calendar of cultural events that can also be printed and distributed).
- Educate new residents on CHAs (develop social connections; provide opportunities for new residents to volunteer and get involved; integrate an educational component in cultural events; create welcome packet and neighborhood newsletter; bulletin boards at CHAs).
- Learn about models that balance beautification and preservation.
- Regulate rents for housing (to help artists stay in the area) and cultural spaces/facilities.
- Leverage potential of LCD to preserve local businesses & non-profits and protect residents from displacement.
- Recognize San Francisco and LCD as a safe haven for immigrant artists.
- Invite tourism to the LCD, but avoid the commercialization/"Disneyland" effect (develop self-guided tours educating people about cultural history of area, Mayan kiosks, "This is 24th Street" events to reinforce identity and educate new residents, classes).
- Programs to provide financial and legal assistance to residents, businesses, and organizations/tenants' rights.
- Promote architectural features that emphasize the Latin American "feel" (e.g., arches at 24th/Potrero & 24th/Mission, *papel picado*, murals, Mayan kiosks).
- Create arts spaces (i.e. Gum Wall and other spaces for youth) as well as community spaces for dialogue regarding gentrification, hate tagging, historical values, traditions, discrimination in businesses, etc.

4) Quality of Life

- Capital improvements; prune trees, fix broken sidewalks, add pedestrian lighting, landscaping.
- Define off-hour truck loading times to reduce day-time parking problems.
- Promote free shuttle and pedestrian traffic (walkability) for the LCD.
- Facilitate access to LCD from Valencia to 24th Street.
- Create visual, tangible elements (e.g., flags, maps, way finders).
- Storefront façade improvement (e.g., murals on every façade along 24th Street, window art, for example utilizing art created by local artists or schoolchildren; colors, flowers, lights; "Welcome" signs in Spanish/English).
- Prevent chain and high-end restaurants from coming into neighborhood.
- Conduct awareness campaign about health and building codes.

5) Governance

- Create strong governance structure to manage LCD.
- Implement and execute LCD branding.

4. VISION, MISSION, PURPOSES & GOALS

The planning process engaged key stakeholders in defining and articulating a vision, mission, purpose statement, targeted beneficiaries, and goals that could guide the implementation of the Calle 24 Latino Cultural District. These strategic planning elements are outlined below.

Mission and Vision Statements

The mission statement developed through the planning process is: To preserve, enhance and advocate for Latino cultural continuity, vitality, and community in San Francisco's touchstone Latino Cultural District and the greater Mission community.

The vision statement developed is: The Latino Cultural District will be an economically vibrant community that is inclusive of diverse income households and businesses that together compassionately embrace the unique Latino heritage and cultures of 24th Street and that celebrate Latino cultural events, foods, businesses, activities, art and music.

Beneficiaries of the Latino Cultural District include individuals (e.g., LCD families, including traditional, non-traditional, and extended; artists; working people; residents; immigrants; youth; and elders), organizations (neighborhood businesses, arts and culture organizations, educational institutions, and community service agencies), and San Francisco and the general public.

Purposes and Goals

The purposes of the LCD are to:

- Strengthen, preserve and enhance Latino arts & cultural institutions, enterprises and activities
- Encourage civic engagement and advocate for social justice
- Encourage economic vitality and economic justice for district families, working people, and immigrants
- Promote economic sustainability for neighborhood businesses and nonprofits
- Promote education about Latino cultures
- Ensure collaboration and coordination with other local arts, community, social service agencies, schools, and businesses

The goals of the LCD are to:

1. Create a safe, clean, and healthy environment for residents, families, artists, and merchants to work, live, and play.
2. Foster an empowered, activist community and pride in our community.

3. Create a beautiful, clearly designated Latino corridor along Calle 24, and preserve the unique beauty and cultures that identify Calle 24 and the Mission
4. Preserve and create stable, genuinely affordable and low-income housing in the District and related infrastructure.
5. Manage and establish guidelines for development and economic change in the District in ways that preserve the District's Latino community and cultures.
6. Foster a sustainable local economy that provides vital goods and services to the District and supports living Latino cultures.

5. PROPOSED PROGRAMS AND STRATEGIES

Findings from the data gathering activities conducted throughout the planning process led to the development of the following key strategies for the LCD to prioritize. In addition, these four program areas (and related activities) will be the focus of the LCD: 1) land use design and housing; 2) economic vitality; 3) cultural assets and arts; 4) quality of life.

Program area 1: Land Use Design

The LCD wishes to utilize land use design as a tool to promote housing and commercial stability of historical assets and demographic diversity. The planning process identified a long list of potential actions within this priority and the recommended next step should be to establish a process to analyze the feasibility of various options.

Program area 2: Economic Vitality

The LCD recognizes the importance of sustaining the business vitality of the District by first acknowledging the challenges affecting the stability of historical businesses. The LCD wants to clearly delineate the differences in priorities of new and historical businesses.

Program area 3: Preservation, Revitalization and Restoration of Cultural Assets

The LCD wishes to recognize, promote and preserve cultural assets unique to the Latino Cultural District. The planning process created an inventory of close to 60 cultural assets. One crucial next step to operationalize this priority is the creation of protocols to clearly identify what constitutes a Cultural Historical Assets (CHAs). San Francisco Heritage suggests the use of this terminology to describe “the practices, representations, expressions, knowledge, skill- as well as the instruments, objects, artifacts and cultural spaces associated therewith- that communities, groups, and in some cases, individuals recognize as part of their cultural heritage. This intangible heritage, transmitted from generation to generation, is constantly recreated by communities and groups in response to their environment, their interaction with nature and their history, and provides them with a sense of identity and continuity, thus promoting respect for cultural diversity and human creativity.”

Program area 4: Quality of Life

Calle 24 recognizes that preserving positive quality of life indicators is as important as affecting negative quality of life indicators. LCD will foster further dialogue to spell out strategies for preserving and improving quality of life.

Key Strategies

1. Create an organizational entity – a 501(c)(3) – to manage the activities of the Latino Cultural District
2. Create and leverage Special Use District designation

3. Implement a Cultural Benefits District campaign and assessment
4. Develop a community-wide communications infrastructure and promote the District through traditional and social media
5. Collaborate with, connect, and support existing arts and cultures and other nonprofit service organizations in implementing the Latino Cultural District's mission, rather than replacing or competing with them
6. Serve as a safety net for the District's traditional cultural-critical community events, such as Carnaval, Día de los Muertos, and the Cesar E. Chavez Holiday Celebration
7. Generate sufficient resources to support creation and sustainability of the Latino Cultural District programs and activities
8. Pursue social and economic justice fervently, and conduct its work with the Si Se Puede spirit of determination, collective strength, and compassion

Program Activities

1) Land Use Design and Housing

- Design Special Use District campaign
- Advocate for genuinely affordable and low-income housing in the District and related infrastructure, including promoting education about financial literacy, home ownership, and tenants' rights
- Advocate for certificates of preference that would allow long-time residents who have been forced out of the District by waves of gentrification to return to new housing opportunities in the District
- Advocate for height limits and design guidelines
- Engage in activism and advocacy to ensure that new development is responsive to and reflective of the Latino Cultural District

2) Economic Vitality

- Provide technical and lease assistance to small businesses
- Create culturally relevant business attraction and retention strategies
- Provide district event support
- Implement neighborhood enhancements (such as arches, tiles, banderas, and/or plaques that identify the District, much as Chinatown's arches and architecture distinguish it from surrounding neighborhoods)
- Help preserve local businesses and attract new ones

3) Cultural Assets and Arts

- Participate in and support traditional culture-critical community events, such as Carnaval, Día de Los Muertos, and the Chavez Holiday Celebration

- Identify and preserve cultural assets
- Create corridor monuments, arts projects, a walk of fame, light pole signs, and the like
- Foster collaboration among the arts organizations

4) Quality of Life

- Ensure the safety of the neighborhood
- Abate graffiti
- Develop a neighborhood-based communications infrastructure, and promote the District through traditional and social media
- Preserve street parking, public transit, and walking options
- Preserve open space, light, air, (trees, vegetation?)

6. ORGANIZATIONAL STRUCTURE & GOVERNANCE

Structure

The LCD will be managed by a nonprofit organization 510(c)(3), the Calle 24 Council, which will be incorporated as a membership organization.

The follow committee structure of the 501(c)(3) is recommended.

Executive Committee: An executive committee will be comprised of officers of the Calle 24 Council.

Advisory Committees:

Advisory committees will be comprised of at least one board member and other members. All committees will recruit youth in order to cultivate new generations of leaders. Suggested advisory committees include:

- Land Use Design and Housing
- Cultural Assets and Arts
- Quality of Life and Neighborhood Enhancements
- Economic Vitality
- Nominating Committee

Governance

One must meet one or more of the following qualifications to become a member of the Council:

- Live and/or work in the Mission for ten or more years; or
- Born and raised in the Mission; or
- History of activism in support of the Latino Cultural District's mission; and
- Have served reliably on one of the organization's committees for at least one year.



Figure 2: Calle 24 Organizational Structure

Membership Eligibility

There will be no charge for membership on the Council. To be eligible for membership, one must:

- Participate on one of the committees and/or volunteer for one of the endorsed events (e.g., Cesar Chavez Festival; Carnaval) or with one of the neighborhood nonprofits)
- Support the mission and vision of the organization
- Reflect Calle 24 constituencies
- Adhere to a code of good conduct and nonprofit best practices

Board Size/Composition

The Board should be comprised of no fewer than 9 individuals, with a maximum number to be determined. The Board composition should include:

- A majority of Latino/as (% to be determined)
- Long-term residents: 15 (?) or more years (% to be determined)
- At least one youth (ages 24 or under)
- Representation from all the constituencies the Latino Cultural District is designed to benefit

7. CONCLUSION

The resolution that San Francisco's Board of Supervisors unanimously passed in May 2014 to designate the 24th Street corridor as the Latino Cultural District offers community residents and other stakeholders a unique opportunity to preserve and advance the rich legacy of Latino culture within the neighborhood. As stated in the resolution, "[...] the Calle 24 Latino Cultural District memorializes a place whose richness of culture, history and entrepreneurship is unrivaled in San Francisco..." The community planning process undertaken by the Calle 24 Council during the last six months of 2014 sought to solicit and distill a wide range of ideas about the strategies and actions the Council should pursue to achieve its mission to preserve, enhance and advocate for Latino cultural continuity, vitality and community in San Francisco's touchstone Latino Cultural District and the greater Mission community.

The findings from the community planning process reflect a clear consensus on the goals for the LCD, including the desire to create a safe, clean and healthy environment for residents, families, artists and merchants to work, live and play; the desire to create stable and affordable housing for working-class families; the desire to manage and establish guidelines for economic development and land use that preserve the District's Latino community and cultures; the desire to foster a sustainable local economy that provides vital goods and services; and the desire to create a beautiful, clearly designated Latino corridor along Calle 24 that exemplifies the cultural and artistic richness of San Francisco's Latino communities.

Key to achieving these goals will be the creation of an organizational infrastructure that can support the strategies adopted by the Council. Over the next few years, the Council will incorporate as a charitable, nonprofit organization and begin to pursue and leverage Special Use District designation, followed by neighborhood organizing to launch a Cultural Benefits District campaign and assessment that could potentially offer the district a source of long-term financial support. The Council will work to implement community programs that focus on land use design and housing, economic vitality, cultural assets and arts, and quality of life issues.

The community planning process undertaken by the Calle 24 Council represents just the first step in a journey that neighborhood residents and merchants, with support from city officials, are taking to preserve the authenticity and legacy of Latino culture along the 24th Street corridor. The Council looks forward to implementing the strategies outlined in the report. The vigor of our stride, given the fast pace of gentrification, will be key to the success of this endeavor.

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CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102
(415) 552-9292 FAX (415) 252-0461

Policy Analysis Report

To: Supervisor Campos
From: Budget and Legislative Analyst's Office
Subject: Analysis of Small Business Displacement
Date: October 10, 2014



Summary of Requested Action

You requested that the Budget and Legislative Analyst assess the level of displacement of small businesses and commercial spaces over the last twenty years, specifically considering businesses that have been open for at least five years. The request specified that in addition to citywide trends to assess the patterns of displacement in two commercial corridors, the Mission and Castro/Upper Market. In addition, you asked that our office determine the average rate of change in commercial property value.

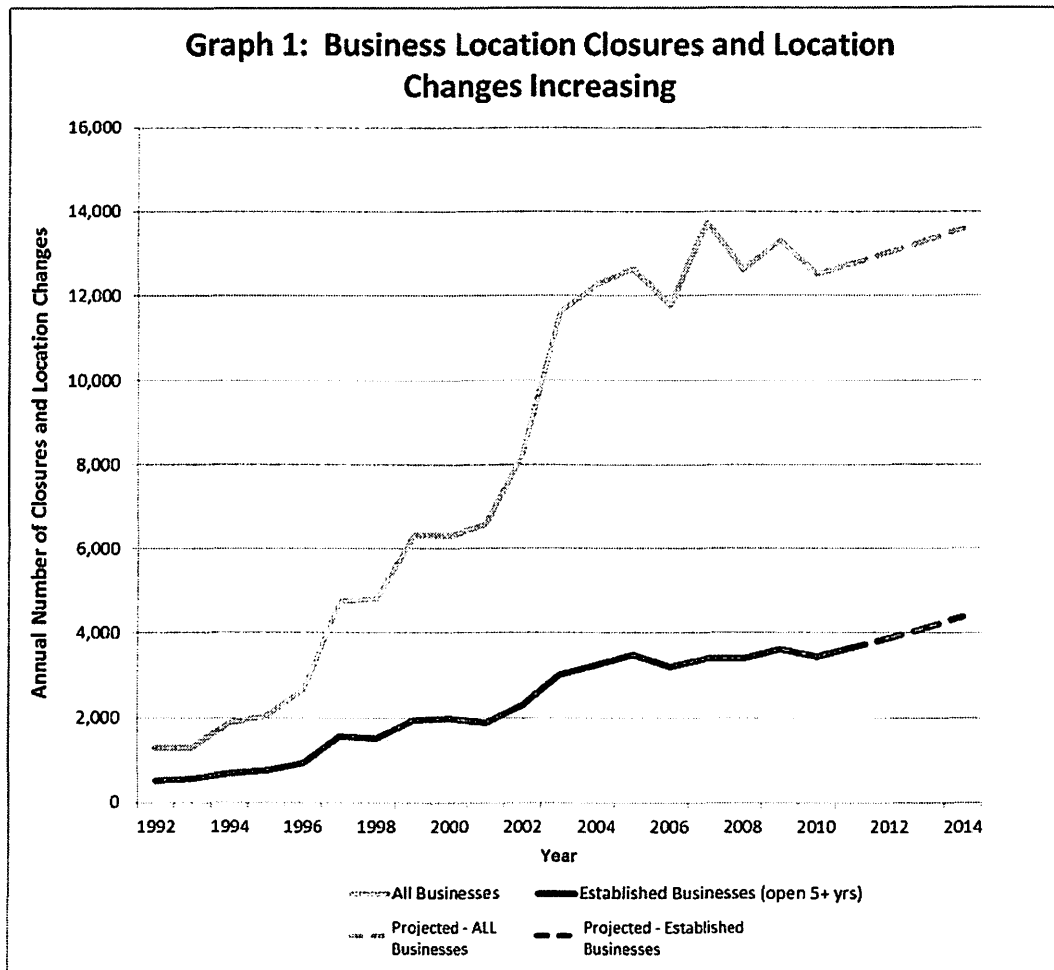
For further information about this report, contact Fred Brousseau at the Budget and Legislative Analyst's Office.

Executive Summary

- Business closures and location changes occur in San Francisco for a variety of reasons, including moving to a new location to expand, moving to avoid unsustainable rent increases, to scale back a business, going out of business due to retirement or being bought out, and others. The rate of business turnover due to these and other causes steadily increased in San Francisco during the twenty years between 1992 and 2011 and, from available data, appears likely to continue its upward trend through 2014 and beyond.
- Measured in openings, closures and location changes, business turnover increased not only for all types of businesses Citywide over the twenty year period ending in 2011, but also for established businesses, or those operating for five years or more in the same location. As a result, the composition of businesses and business types in many areas has changed considerably over the years reviewed.
- Between 1992 and 2011, business closures and location changes of all businesses rose by 883.6 percent from 1,298 in 1992 to 12,767 in 2011, the most recent year for which complete closure data was determined to be available due to lags in businesses reporting closures to the City and County of San Francisco.
- For established businesses, or businesses open for at least five years at the same location, business closures and location changes increased from 518 in 1992 to 3,657 in 2011, an increase

of 606 percent. The rate of closures and location changes for established businesses increased to 20.6 percent relative to all business openings between 2009 and 2011, higher than the 20 year median rate of 15.3 percent between 1992 and 2011.

- During the same time period as an increasing number of established businesses have closed or changed locations, commercial property sales rates in San Francisco have also risen, from \$189.50 per square foot in 1999 to \$675.10 per square foot in 2013, an increase of 256.3 percent, according to Assessor-Recorder's Office data. Analyses by a number of real estate brokerage service firms predict a continuation of this trend through 2014 and beyond.
- Based on data analyzed and forecasts of the San Francisco commercial real estimate market reviewed for this report, the Budget and Legislative Analyst projects that, if current trends continue, 4,378 established businesses, or those in business at the same location for five or more years, will close or change locations in 2014, up from 4,123 such projected occurrences in 2013.
- If the same trends continue for the five years beyond 2014, the Budget and Legislative Analyst projects the closure or change of location for 5,910 established businesses in 2019, an increase of 38.1 percent over the projected 4,378 closures and changes of location for established businesses in 2014.
- The Budget and Legislative Analyst analyzed business openings, closures and location changes from 1992 to 2011 for two commercial corridors: Lower 24th Street and the Castro/Upper Market areas. Though the activity in both areas was more volatile year-to-year because a small number of openings, closings or location changes can have a bigger impact in these smaller areas, the same general pattern as the Citywide trends were found, with an increasing number of business closures and location changes in more recent years, including for established businesses in the same location for five or more years.



Source: Business Registration Certificate Records, San Francisco Treasurer and Tax Collector's Office

It is important to note that there are limitations in the data made obtained this analysis. Without a comprehensive study or additional data, the Budget and Legislative Analyst cannot address with full certainty why these changes occurred. This limits the Budget and Legislative Analyst to only measuring the rate of business closures and location changes over time, without regard to business size, and comparing these to the number of business openings. Furthermore, the data collected for 2012, 2013 and 2014 is incomplete due to a lag in businesses reporting their closure or location change to the Treasurer and Tax Collector's Office, the source of the business opening and closure data used for this analysis. Therefore, this analysis focused primarily on 1992 to 2011, although the available data for 2012, 2013, 2014 is included in Appendix 2 for reference.

Rate of Business Closures and Location Changes are on the Rise Citywide

During the 20-year period between 1992 through 2011 the annual citywide volume of business openings and business closures and location changes has increased substantially. The number of business openings per year recorded by the Treasurer and Tax Collector's Office increased from 3,956 in 1992 to 17,754 in 2011, an increase of 348.8 percent. During the same time, business closings and location changes increased from 1,298 in 1992 to 12,767 in 2011, an increase of 883.6 percent.

This rate of turnover reflects a dynamic business sector in San Francisco, with a high number of new businesses opening each year, and many existing businesses closing or changing location. Business openings and locations are recorded by the Treasurer and Tax Collector's Office of the City and County of San Francisco when new businesses obtain their business registration certificates and closings or location changes are recorded when businesses file documentation that they have discontinued operations at a particular location. The Treasurer and Tax Collector's Office does not require that businesses report the reason for discontinuing their operations at a certain location. As a result, reported closures and location changes include all of the possible reasons for location closings or changes such as a business ceasing its operations at a location entirely, moving to another location in San Francisco or moving to a location outside San Francisco. The closure or location change may be the result of business failure, owner retirement, moving to another location to expand, moving to another location to lower costs such as rent, taxes or labor costs, moving to be closer to customers or other causes.

To make the data more comparable year-to-year, the Budget and Legislative Analyst measured the relationship of business closings or location changes to business openings as a ratio (see Table 1 column "Ratio of Closed to Open"). As can be seen in Table 1, there have been some variations year to year but, overall, the rate of business closures and location changes has trended upward as a share of business openings over the twenty year period.

Table 1: Rate of Business Closures and Location Changes on the Rise between 1992 and 2011

YEAR	Business Locations Opened	Business Locations Changed and Closed (ALL)	Ratio of Closed to Opening
1992	3,956	1,298	32.8%
1993	4,356	1,302	29.9%
1994	6,188	1,889	30.5%
1995	6,809	2,052	30.1%
1996	8,342	2,654	31.8%
1997	9,843	4,747	48.2%
1998	10,522	4,823	45.8%
1999	12,782	6,334	49.6%
2000	12,950	6,312	48.7%
2001	13,214	6,588	49.9%
2002	16,977	8,244	48.6%
2003	17,561	11,621	66.2%
2004	18,082	12,270	67.9%
2005	18,242	12,625	69.2%
2006	17,838	11,762	65.9%
2007	27,119	13,733	50.6%
2008	17,165	12,605	73.4%
2009	17,541	13,315	75.9%
2010	17,658	12,506	70.8%
2011	17,754	12,767	71.9%

Source: Business Registration Certificate Records, San Francisco
Treasurer Tax Collector's Office

Comparing the Closed to Opening ratios for select years within the twenty year period shows that there has been more turnover in the business sector in San Francisco during that period and that the rate of business closures and location changes has increased. Table 2 shows that the median percentage of businesses closings or location changes relative to openings was 39.3 percent between 1992 and 2001, but a higher 68.6 percent between 2002 and 2011, and an even higher 71.9 percent for the just the three years between 2009 and 2011.

Table 2: Rate of Business Closures and Location Changes for Selected Years

Median CLOSE TO OPEN 1992 to 2001	39.3%
Median CLOSE TO OPEN 2002 to 2011	68.6%
Median CLOSE TO OPEN 2009 to 2011	71.9%

Rate of Established Business Closures and Location Changes Rising

While there has been a higher rate of business turnover for all businesses in the City in recent years, the number of businesses operating five years or more, or “established businesses” for the purposes of this report, also closed or changed locations in increasing numbers and at higher rates between 1992 and 2011, according to the Treasurer and Tax Collector’s Office’s business registration certificate database. Classified as established businesses by the Budget and Legislative Analyst to signify their tenure in their locations, the number of businesses open five or more years increased over the twenty year period from 518 in 1992 to 3,657 in 2011, or by 606 percent. The number of annual closures and location changes of established businesses relative to business openings increased to 20.6% in 2011 from 13.1% in 1992, a 57.3% increase.

Table 3: Rate of Business Closures and Location Changes of Established Businesses, 1992 to 2011

YEAR	All Business Locations Opened	Established Businesses ¹ Closed or Changed Location	Ratio of Closed to Opening
1992	3,956	518	13.1%
1993	4,356	550	12.6%
1994	6,188	693	11.2%
1995	6,809	760	11.2%
1996	8,342	930	11.1%
1997	9,843	1565	15.9%
1998	10,522	1517	14.4%
1999	12,782	1941	15.2%
2000	12,950	1997	15.4%
2001	13,214	1871	14.2%
2002	16,977	2296	13.5%
2003	17,561	3019	17.2%
2004	18,082	3258	18.0%
2005	18,242	3488	19.1%
2006	17,838	3197	17.9%
2007	27,119	3406	12.6%
2008	17,165	3398	19.8%
2009	17,541	3624	20.7%
2010	17,658	3444	19.5%
2011	17,754	3657	20.6%

Source: Business Registration Certificate Records, San Francisco Treasurer and Tax Collector’s Office

¹ Established Businesses: those open in the same location for five or more years.

Comparing the Closed to Opening ratios for established businesses for select years within the twenty year period between 1992 and 2011 shows the increase in the rate of established business closures and location changes during that period. Table 4 shows that the median percentage of established businesses closings or location changes relative to openings was 13.7 percent between 1992 and 2001, but a higher 18.6 percent for the more recent 2002 through 2011, and an even higher 20.6 percent for just the three years between 2009 and 2011. In other words, established businesses have comprised a higher percentage of businesses closing or changing location in recent years.

Table 4: Rate of Business Closures and Location Changes for Selected Years for Established Businesses

Median CLOSE TO OPEN 1992 to 2001	13.7%
Median CLOSE TO OPEN 2002 to 2011	18.6%
Median CLOSE TO OPEN 2009 to 2011	20.6%

Commercial Real Estate Prices Increasing As Well

There are many factors that impact the longevity and location choices of businesses. Real estate prices and commercial rental rates have a bearing on businesses' costs and their ability to maintain their operations. In data made available from the Assessor-Recorder's and the Treasurer and Tax Collector's Offices, it can be seen that the cost of non-residential real estate and the increase in business closures and location changes have been rising together instep.

Based on our analysis of data provided by the Office of the Assessor-Recorder, the average price for all commercial real estate increased by 256.2% between 1999 and 2013, from \$189.50 per square foot in 1999 to \$675.10 in 2013, the highest level in the 14 year period. The median annual rate of change during that period was seven percent.

Spanning the period from 2002 through 2011, the median Closed to Opening ratio of all businesses City-wide grew to 68.6 percent, up from 39.3 percent during the previous ten year period. While there appears to be a relationship between price and business closures and location changes, data available for this analysis is not sufficient to confirm the extent to which price drives the rate of business closures and location changes. At best, the Budget and Legislative Analyst can infer some degree of link between the two factors, given the assumption that rapidly changing costs can outpace some businesses' ability to adapt. However, without a more comprehensive study or precise data the Budget and Legislative Analyst cannot assert the causes of and links between these trends.

**Table 5: Commercial Real Estate
Prices Continued to Rise between
1999 and 2013**

Year	Average of Price Per Square Foot	Annual Rate of Change
1999	\$ 189.5	
2000	\$ 293.4	54.8%
2001	\$ 288.7	-1.6%
2002	\$ 237.0	-17.9%
2003	\$ 236.4	-0.2%
2004	\$ 292.8	23.9%
2005	\$ 282.1	-3.7%
2006	\$ 322.1	14.2%
2007	\$ 604.9	87.8%
2008	\$ 374.7	-38.1%
2009	\$ 229.4	-38.8%
2010	\$ 374.9	63.4%
2011	\$ 311.7	-16.9%
2012	\$ 514.8	65.1%
2013	\$ 675.1	31.1%

Source: Budget and Legislative Analyst's
calculations of data provided by the San
Francisco Office of the Assessor-Recorder

Near-term Prices Increasing Further

There have been many recent reports on rising commercial real estate prices in the City. The most recent data from the Office of the Assessor-Recorder supports these observations. In the recent period of 2011 to 2013, prices have increased at a median annual rate of 31.1 percent and reached a level beyond their 2007 pre-recession peak, as shown in Table 5.

Other sources confirm this trend and show continued price growth into 2014. According to figures published by LoopNet.com, an online commercial real estate listing service, the asking sale and rent price of commercial property have been on the rise in 2014. For example, between August 2013 and August 2014, the asking price for leased office space citywide rose by 15.3 percent, industrial leases Citywide rose 46.0 percent, and retail leases Citywide rose by 16.0 percent. Similarly, during the same period the asking sale price of office property Citywide rose by 2.3 percent, and retail Citywide by 24.1 percent (industrial property for sale wasn't reported at the City level by this source).¹

Part of the explanation for the increasing prices in the analyses reviewed by the Budget and Legislative Analyst is a shortage of supply. This trend is highlighted in a recent publication on retail property in San

¹ http://www.loopnet.com/San-Francisco_California_Market-Trends

Francisco, by Cushman & Wakefield, a commercial real estate service provider. The report shows a strikingly low citywide retail vacancy rate of 1.9 percent during the first quarter of 2014.² This is low compared to the national retail vacancy rate reported at 4.4 percent in the second quarter of 2014.³ Similarly, office property in San Francisco had a relatively low citywide vacancy rate of 8.9 percent in the second quarter of 2014.⁴ This also is low compared to the national rate reported in the second quarter of 2014 at 15.1 percent.⁵ In all other commercial retail property categories, San Francisco is reported to have higher demand and lower supply than the national averages.

In the same reports, both retail and office property in San Francisco are forecast by Cushman & Wakefield to continue to grow in demand and realize further declines in vacancy rates. Retail property in particular is forecast to see continued demand with limited new supply anticipated. The Cushman and Wakefield report concludes with the remarks “as the lack of available space coincides with strong demand from tenants for that limited space, rents will continue their upward trend.”⁶ If these forecasts are realized, the Budget and Legislative Analyst anticipates that commercial real estate prices and commercial rents will continue to grow. This would likely continue to apply pressure on businesses, and could perpetuate the trend of increasing business closures and location changes, including for established businesses that have been open and in their current locations for five or more years.

Projecting Forward

As discussed further in Appendix 1, the business registration certificate data provided by the Treasurer and Tax Collector’s Office from 2012, 2013, and 2014 is incomplete as it does not account for all business closures and location changes during those years due to the fact that closure and location change reports are not provided to the Office for all businesses until two to three years after they have closed or changed locations. However, to consider what would happen if recent business closure and location change trends continued at their current rate, the Budget and Legislative Analyst has prepared projections for 2012-2014 and for the five year period between 2015 and 2019 based on the median annual rate of change of the Closed to Opening ratio for 2009 to 2011. For all businesses the median was 2.1%, but for the established businesses it was a larger 6.2%. These rates of annual change were used by the Budget and Legislative Analyst to project business closures and location changes through 2014 and for the five year period ending in 2019 (see Table 6).

If the conditions that drove the increasing business location changes and closures between 2009 to 2011 persist the Budget and Legislative Analyst expects the Closed to Opening ratio to continue rising into 2014 and through 2019. This seems likely assuming the 2009 to 2011 conditions are at least in part driven by commercial real estate prices, which are in turn expected to continue to rise in the short-term. Under these circumstances, we expect more businesses will change and close locations as commercial real estate prices continue to rise.

² http://www.cushmanwakefield.com/~media/marketbeat/2014/07/SanFrancisco_AMERICAS_MarketBeat_Retail_Q12014.pdf

³ http://www.cushmanwakefield.com/~media/marketbeat/2014/08/US_AMERICAS_MarketBeat_Retail_Q22014.pdf

⁴ http://www.cushmanwakefield.com/~media/marketbeat/2014/07/SanFrancisco_Americas_MarketBeat_Office_Q22014.pdf

⁵ http://www.cushmanwakefield.com/~media/marketbeat/2014/07/US_AMERICAS_MarketBeat_Office_Q22014.pdf

⁶ http://www.cushmanwakefield.com/~media/marketbeat/2014/07/SanFrancisco_AMERICAS_MarketBeat_Retail_Q12014.pdf

**Table 6: Actual and Projected Business Closures and Location Changes Compared to Business Location Openings, all Commercial Businesses and those Opened Five Years or More (Established Businesses)
1992-2011 Actual and Projected for 2012 through 2019**

YEAR	Business Locations	Business Locations	Business Locations	Close:Open	Close:Open
	Opened	Changed or Closed (ALL)	Changed or Closed (Established Businesses)	Ratio For Year	Ratio For Year
1992	3,956	1,298	518	32.8%	13.1%
1993	4,356	1,302	550	29.9%	12.6%
1994	6,188	1,889	693	30.5%	11.2%
1995	6,809	2,052	760	30.1%	11.2%
1996	8,342	2,654	930	31.8%	11.1%
1997	9,843	4,747	1565	48.2%	15.9%
1998	10,522	4,823	1517	45.8%	14.4%
1999	12,782	6,334	1941	49.6%	15.2%
2000	12,950	6,312	1997	48.7%	15.4%
2001	13,214	6,588	1871	49.9%	14.2%
2002	16,977	8,244	2296	48.6%	13.5%
2003	17,561	11,621	3019	66.2%	17.2%
2004	18,082	12,270	3258	67.9%	18.0%
2005	18,242	12,625	3488	69.2%	19.1%
2006	17,838	11,762	3197	65.9%	17.9%
2007	27,119	13,733	3406	50.6%	12.6%
2008	17,165	12,605	3398	73.4%	19.8%
2009	17,541	13,315	3624	75.9%	20.7%
2010	17,658	12,506	3444	70.8%	19.5%
2011	17,754	12,767	3657	71.9%	20.6%
Projected	2012	17,872	13,033	72.9%	21.7%
Projected	2013	17,992	13,305	74.0%	22.9%
Projected	2014	18,112	13,583	75.0%	24.2%
Projected	2015	18,232	13,867	76.1%	25.5%
Projected	2016	18,354	14,156	77.1%	26.9%
Projected	2017	18,476	14,451	78.2%	28.4%
Projected	2018	18,600	14,753	79.3%	29.9%
Projected	2019	18,724	15,061	80.4%	31.6%

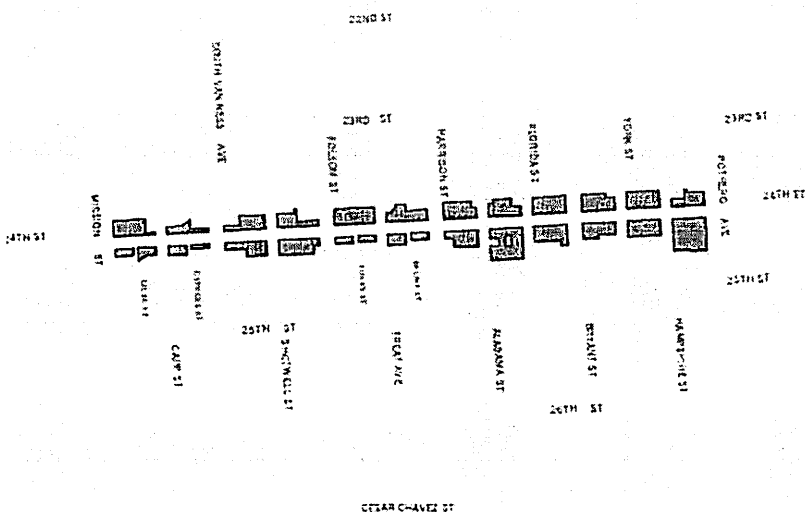
Source: Actual data 1992-2011 from Treasurer and Tax Collector's Office Business Registration Certificate Database. Projections for 2012-2019 by Budget and Legislative Analyst

Two Commercial Corridor Study Areas

Business openings and closures and location changes were analyzed by the Budget and Legislative Analyst for two San Francisco commercial corridors. The areas are based on two of the 25 commercial corridors identified and studied by the Office of Economic Workforce Development's (OEWD) Invest in Neighborhoods program. The OEWD's mission is to "... support the ongoing economic vitality of San Francisco."⁷ The Invest In Neighborhoods "program is an interagency partnership to strengthen and revitalize neighborhood commercial districts around San Francisco, according to OEWD. The initiative, currently being piloted in 25 commercial districts, aims to strengthen small businesses, improve physical conditions, increase quality of life, and increase community capacity."⁸ In order to lend better data comparability, and take advantage of the research already available from the initiative, the Budget and Legislative Analyst selected two of the 25 study areas: the Lower 24th Street and the Castro/Upper Market corridor.

Lower 24th Street

Graph 2: Area Included in Lower 24th Street Commercial Corridor Study Area



Source: OEWD Invest In Neighborhoods Program

The OEWD's profile of the Lower 24th Street's commercial corridor notes the area's diversity of small businesses, many of which serve local residents and the predominantly Latino community. The profile also notes the area has "proven attractive to new residents and new businesses." Within the report it cites "increasing commercial rents" as a challenge that is "difficult for longtime residents to pay." The combination of increasing interest, diversity of longstanding small businesses, and the report of increasing rents makes the corridor of interest for this analysis. Table 7 presents trends observed by the

⁷ OEWD.org

⁸ investsf.org

Budget and Legislative Analyst in the data extracted from the Treasurer and Tax Collector's business registration certificate database.

As shown in Table 7, the overall number of businesses opening and closing is smaller for this area than at the Citywide level so greater volatility is seen over the period as a few additional openings or closings in an individual year has greater effects on opening and closing rates. However, even given that difference, the general trend over the twenty year period in the Lower 24th Street area has been increasing numbers of business closures and location changes relative to business openings, including for established businesses, or those operating in the same location for five years or more.

Table 7: Rate of Business Closures and Location Changes: Lower 24th St. Corridor

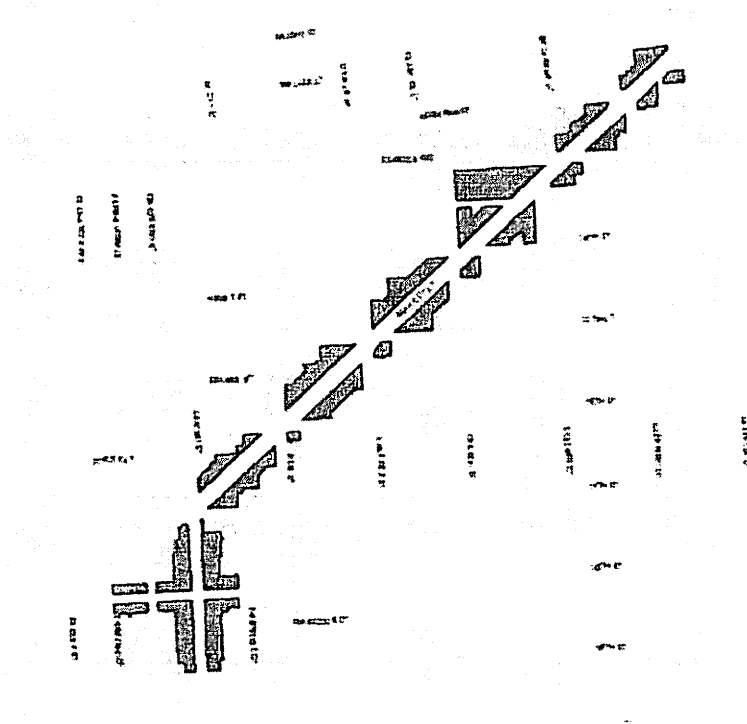
YEAR	Business Locations Opened	Business Locations Changed or Closed (All)	Ratio of Closed to Open (All)	Business Locations Changed or Closed (Established)	Ratio of Closed to Open (Established)
1992	17	6	35.3%	0	0.0%
1993	12	3	25.0%	0	0.0%
1994	13	2	15.4%	0	0.0%
1995	14	10	71.4%	2	14.3%
1996	20	8	40.0%	3	15.0%
1997	17	7	41.2%	4	23.5%
1998	18	5	27.8%	2	11.1%
1999	18	11	61.1%	4	22.2%
2000	28	9	32.1%	4	14.3%
2001	20	7	35.0%	4	20.0%
2002	37	11	29.7%	3	8.1%
2003	30	27	90.0%	11	36.7%
2004	29	29	100.0%	13	44.8%
2005	31	23	74.2%	10	32.3%
2006	33	22	66.7%	5	15.2%
2007	44	25	56.8%	11	25.0%
2008	30	25	83.3%	6	20.0%
2009	33	23	69.7%	6	18.2%
2010	34	32	94.1%	10	29.4%
2011	34	26	76.5%	7	20.6%

Source: Business Registration Certificate Records, San Francisco Treasurer and Tax Collector's Office

Castro/Upper Market

The OEWD's profile of the Castro/Upper Market commercial corridor notes the area's significance as serving local residents and being an international cultural destinations as "one of the nation's first and largest gay neighborhoods." The report cites a slightly different challenge for businesses in the neighborhood as "a number of long term vacancies; some landlords are absentee and/or seem to be holding out for high rents." This suggests that property owners anticipate an increase in rents on the horizon, although the time frame is not mentioned. The OEWD report was published in February 2013, so their data primarily considers past trends regarding property and does not address if the mentioned increase has fully materialized. As the recent Cushman and Wakefield reports mention, commercial real estate is in demand and was in short supply during the first half of 2014.

Graph 3: Area Included in Castro/Upper Market St. Commercial Corridor Study Area



Source: OEWD Invest In Neighborhoods Program

Table 8: Rate of Business Closures and Location Changes: Castro/Upper Market

YEAR	Business Locations Opened	Business Locations Changed or Closed (All)	Ratio of Closed to Open (All)	Business Locations Changed or Closed (Established)	Ratio of Closed to Open (Established)
1992	26	8	30.8%	0	0.0%
1993	33	8	24.2%	3	11.5%
1994	53	14	26.4%	5	15.2%
1995	55	17	30.9%	5	9.4%
1996	73	27	37.0%	12	21.8%
1997	84	32	38.1%	12	16.4%
1998	83	32	38.6%	7	8.3%
1999	105	60	57.1%	16	19.3%
2000	82	39	47.6%	12	11.4%
2001	82	49	59.8%	12	14.6%
2002	93	72	77.4%	25	30.5%
2003	115	78	67.8%	37	39.8%
2004	99	86	86.9%	41	35.7%
2005	130	81	62.3%	29	29.3%
2006	121	82	67.8%	30	23.1%
2007	165	76	46.1%	19	15.7%
2008	128	108	84.4%	37	22.4%
2009	123	94	76.4%	28	21.9%
2010	121	111	91.7%	30	24.4%
2011	146	105	71.9%	32	26.4%

Source: Business Registration Certificate Records from the San Francisco Treasurer and Tax Collector's Office

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Similar to the findings for the Lower 24th Street, commercial corridor, business opening, closure and location change data for the Castro/Upper Market corridor shows that number and rate of business openings and closures and location changes have increased during the twenty year period reviewed through 2011, including increased closures and location changes for established businesses, or those in businesses for five years or more.

APPENDIX 1: LIMITATIONS OF BUSINESS PERMIT DATA

The Business Registration Certificate Records used in this report were provided by the Treasurer and Tax Collector's Office of San Francisco. Their records begin in 1968 and continue to June 15th 2014. Following this date, the Treasurer and Tax Collector's Office has begun migrating to a new collection system that is not currently available for analysis and comparison with the legacy data they provided. The legacy data they provided represent digitized and more recent digital records of information gathered when businesses apply for Business Registration Certificates with the Treasurer and Tax Collector's Office. The change of location data is gathered from subsequent forms filed to notify the Treasurer and Tax Collector's Office that the business location has closed or changed. While this data is very robust there are some notable limitations to its utility in our analysis. It is important to note these limitations as they constrain the conclusions we are able to draw from the data at hand.

Location Change and Close Data Could Represent Many Things

Unfortunately, the location change and close date could represent many things and these details are not tracked. For example, simply knowing that a business location changed or closed could represent any of the following:

- The business location and entity permanently closed.
- The business entity owns and operates multiple locations and one closed but another opened.
- The business changed locations.
- The business reorganized as a corporation, which triggered a change in the records but the business stayed generally the same.
- The business was sold to a new owner, which triggered a change in the records, but the business stayed generally the same.

Furthermore, even if it is known that a business location truly closed there is no data regarding why the business closed. Businesses can close for any number of reasons such as insolvency, the retirement of the owner, increase in cost (such as rising rents), a sale of the business, and many more. Without this knowledge it is difficult to infer much beyond the overall rates of change among business locations.

There Is No Detailed Information on the Type of Business

The businesses included are inclusive of all types of businesses. Since the Treasurer and Tax Collector's Office doesn't track business type for its tax and fee collections, the data includes every type of business from a small family owned restaurant, large multi-national corporate chain, an apartment building registered as a business, to an independent contractor working out of their home office. More detailed records of various types of businesses, their sizes, number of employees and nature of their operations do exist. However, given the time and resource constraints of this report it was not feasible to acquire, validate, and join these datasets effectively with the Business Registration Certificate data that is available. This could be pursued further, but it would necessitate additional time and resources to manage the analysis of these large confidential datasets from various agencies.

Without details on who is being affected it is difficult to conclude the nature of the patterns. The rise in closures may be due to a certain type of business, a certain size of business, or businesses with a certain number of employees.

Data from 2012, 2013, and 2014 Excluded Due to Incomplete Collections

The data available does not provide a reliable real-time monitor of business closures. The Budget and Legislative Analyst's Office excluded data from 2012, 2013, and 2014 in our primary analysis because it is incomplete (see Appendix 2 Table 9). The incomplete data is due to the nature of the location change and closure forms collected by the Treasurer and Tax Collector's Office. The Treasurer and Tax Collector's Office reports that the forms are not submitted in real-time as a business changes location or closes, and they can sometimes lag for several years. According to the Treasurer and Tax Collector's Office, many businesses when closing or changing locations may not always file the appropriate paperwork notifying the Treasurer and Tax Collector's Office of the closure or location change. However, when the business receives their bill in the following billing cycle they are often prompted to submit their forms indicating their location change or the closure of the business. This seems plausible, as businesses may be preoccupied with a move, legal matters, or the closure of their business.

The Treasurer and Tax Collector's Office reports that this reporting delay is often exacerbated when businesses that have closed or changed location may overlook or not receive the following year's business permit renewal bill. This could be due to a complete change in business location, mailing address, or any number of reasons following the close or location change of their business. In these instances, the Treasurer and Tax Collector's Office initiates their collections process and submits the overdue fees to their Bureau of Delinquent Revenue, which operates as the City's collection agency. The Bureau begins an effort to contact the business and to collect the delinquent debt. The Treasurer and Tax Collector's Office reports using a number of methods, including "skip tracing", which seeks to identify the businesses' new address and contact information. If the business has truly closed these efforts could take some time. The Treasurer and Tax Collector's Office reports that eventually most closed businesses are contacted by the Bureau, and the closed business submits their closure forms to avoid accruing further fees and delinquencies. The Treasurer and Tax Collector's Office estimates this often happens within six months, and that they usually collect at least \$20 million in delinquent business fees per year.

For the purposes of measuring the rate of business location closures, the Budget and Legislative Analyst's estimates that this lag in submission of closure forms can persist in the location closure data for upwards of two years. This accounts for the time delay between annual billing cycles, and instances when the collection process exceeds six months. As a result, we are not confident in the location closure data available for 2013 and much of 2012. Given this uncertainty, we have primarily presented data ending in 2011 in our calculations and graphs.

Taken at face value, the trends observed in the 2012, 2013 and 2014 data suggest a decline in the volume of business location closures or changes. While this conflicts with the anecdotal reports and

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patterns of previous years, The Budget and Legislative Analyst's Office cannot confirm the completeness of the data. That limits our analysis to retrospectively analyzing trends of recent history and considering their potential impact on current and future trends. Given all of the various caveats to the data available, any conclusions we or others can make are based on limited historical data, which is not necessarily an indicator of future trends.

APPENDIX 2: SOURCE DATA INCLUDING INCOMPLETE YEARS

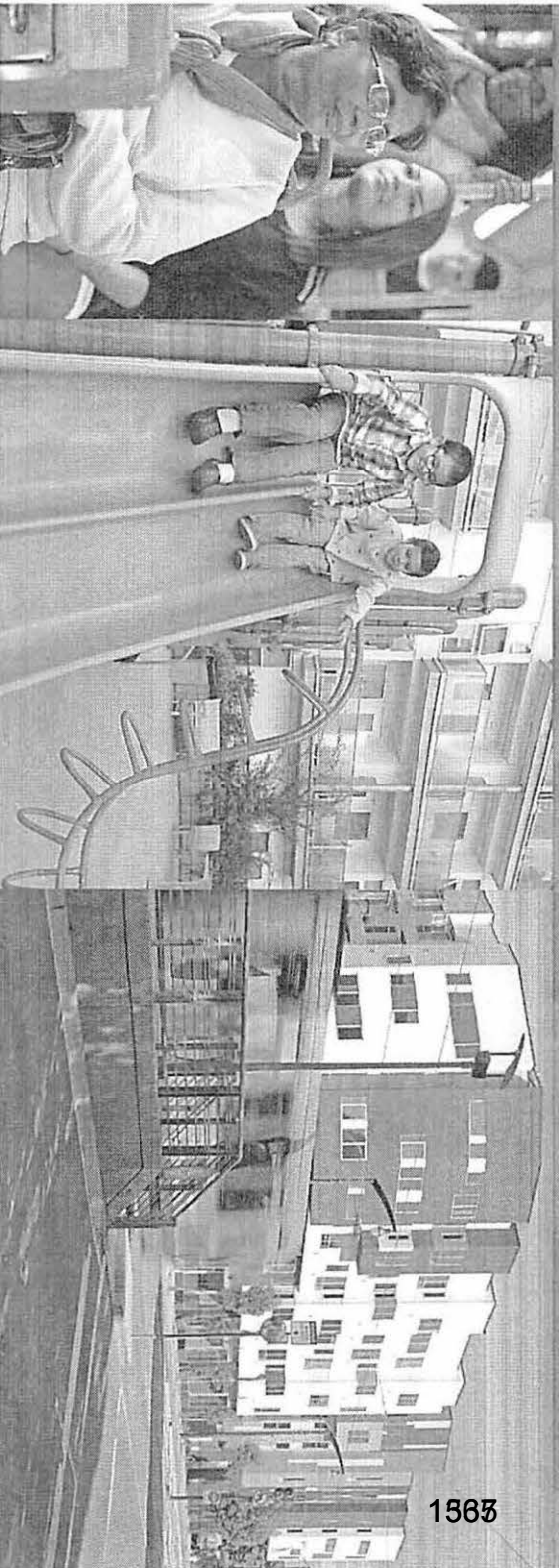
Table 9: Actual and Projected Business Closures and Location Changes Compared to Business Location Openings, all Commercial Businesses and those Opened Five Years or More (Established Businesses).

Includes Incomplete Data Collected In 2012-2014

YEAR	Business Locations Opened	Business Closed or Location Changed (ALL)	Business Closed or Location Changed (Established Businesses)	Close:Open Ratio For Year	Close:Open Ratio For Year
1992	3,956	1,298	518	32.8%	13.1%
1993	4,356	1,302	550	29.9%	12.6%
1994	6,188	1,889	693	30.5%	11.2%
1995	6,809	2,052	760	30.1%	11.2%
1996	8,342	2,654	930	31.8%	11.1%
1997	9,843	4,747	1565	48.2%	15.9%
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2001	13,214	6,588	1871	49.9%	14.2%
2002	16,977	8,244	2296	48.6%	13.5%
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2004	18,082	12,270	3258	67.9%	18.0%
2005	18,242	12,625	3488	69.2%	19.1%
2006	17,838	11,762	3197	65.9%	17.9%
2007	27,119	13,733	3406	50.6%	12.6%
2008	17,165	12,605	3398	73.4%	19.8%
2009	17,541	13,315	3624	75.9%	20.7%
2010	17,658	12,506	3444	70.8%	19.5%
2011	17,754	12,767	3657	71.9%	20.6%
Incomplete 2012	17,374	11,382	3,804	65.5%	21.9%
Incomplete 2013	16,390	8,618	3,004	52.6%	18.3%
Incomplete 2014	6,807	2,339	820	34.4%	12.0%

Source: Actual data 1992-2011 from Treasurer and Tax Collector's Office Business Registration Certificate Database. Projections for 2012-2014 by Budget and Legislative Analyst. Incomplete data 2012-2014 from Treasurer and Tax Collector's Office Business Registration Certificate Database.

WHY CREATING AND PRESERVING AFFORDABLE HOMES NEAR TRANSIT IS A HIGHLY EFFECTIVE CLIMATE PROTECTION STRATEGY



1565

TransForm
OUR COMMUNITIES. OUR TRANSPORTATION. OUR FUTURE.

-00331-



California
Housing
Partnership
Corporation
*California's Experts on Affordable
Housing Finance, Advocacy & Policy*

ABOUT CHPC

THE STATE CREATED THE CALIFORNIA HOUSING PARTNERSHIP CORPORATION 25 YEARS AGO AS A PRIVATE NONPROFIT ORGANIZATION WITH A PUBLIC MISSION: TO MONITOR, PROTECT, AND AUGMENT THE SUPPLY OF HOMES AFFORDABLE TO LOWER-INCOME CALIFORNIANS AND TO PROVIDE LEADERSHIP ON AFFORDABLE HOUSING FINANCE AND POLICY. SINCE 1988, THE CALIFORNIA HOUSING PARTNERSHIP HAS ASSISTED MORE THAN 200 NONPROFIT AND LOCAL GOVERNMENT HOUSING ORGANIZATIONS TO LEVERAGE MORE THAN \$5 BILLION IN PRIVATE AND PUBLIC FINANCING TO CREATE AND PRESERVE 20,000 AFFORDABLE HOMES.

WWW.CHPC.NET

ABOUT TRANSFORM

TRANSFORM PROMOTES WALKABLE COMMUNITIES WITH EXCELLENT TRANSPORTATION CHOICES TO CONNECT PEOPLE OF ALL INCOMES TO OPPORTUNITY, KEEP CALIFORNIA AFFORDABLE AND HELP SOLVE OUR CLIMATE CRISIS. WITH DIVERSE PARTNERS WE ENGAGE COMMUNITIES IN PLANNING, RUN INNOVATIVE PROGRAMS AND WIN POLICY CHANGE AT THE LOCAL, REGIONAL AND STATE LEVELS.

WWW.TRANSFORMCA.ORG

Support for this research was provided by the Ford Foundation through a grant to Housing California. Housing California assisted with the design and fundraising phases of this project.

Executive Summary

California is currently debating how to invest greenhouse gas (GHG) cap-and-trade auction proceeds so that they result in real, quantifiable and verifiable greenhouse gas reductions.

A new analysis of data from Caltrans' California Household Travel Survey (CHTS) completed in February 2013 shows that a well-designed program to put **more affordable homes near transit** would not just meet the requirements set by the California Air Resources Board (ARB), but **would be a powerful and durable GHG reduction strategy** – directly reducing driving while creating a host of economic and social benefits.

Conducted by the nationally recognized Center for Neighborhood Technology (CNT), the analysis identified 36,000-plus surveyed households that had provided all relevant demographic and travel data and divided them into five income groups, living in three types of locations based on their proximity to public transportation:

- **Transit-Oriented Development (TOD)** as defined by the California Department of Housing & Community Development (HCD) requires homes be built within a 1/4 mile radius of a qualifying rail or ferry station or bus stop with frequent service.
- **TOD as defined by the Sustainable Communities and Climate Protection Act of 2008 (SB 375)** requires housing to be built within a 1/2 mile radius of a rail or ferry station, or a bus stop but with lesser frequencies than HCD's definition.
- **Non-TOD** areas that do not meet either of these definitions.

Here are two key findings:

- Lower Income households drive 25-30% fewer miles when living within 1/2 mile of transit than those living in non-TOD areas. When living within HCD's 1/4 mile of frequent transit they drove nearly 50% less.
- Higher Income households drive more than twice as many miles and own more than twice as many vehicles as Extremely Low-Income households living within 1/4 mile of frequent transit. This underscores why it is critical to ensure that low-income families can afford to live in these areas.

In response to soaring demand from Higher Income households for condos and luxury apartment developments near public transit, there has been a surge of new development. The CNT report shows the tremendous greenhouse gas reductions the state can achieve by ensuring that more low-income households can also live in these areas through investment of cap-and-trade auction proceeds.

DESIGNING A CAP-AND-TRADE INVESTMENT PROGRAM THAT MAXIMIZES GHG REDUCTIONS

The CNT analysis provides robust evidence that an investment by the state in the creation and preservation of affordable housing located within 1/4 mile of frequent transit can dramatically reduce GHGs.

Using conservative assumptions, TransForm and the California Housing Partnership calculated that investing 10% of cap and trade proceeds in HCD's TOD Housing program for the three years of FY 2015/16 through FY 2017/18 would result in 15,000 units that would remove **105,000,000 miles of vehicle travel per year** from our roads.

Over the 55-year estimated life of these buildings, this equates to eliminating **5.7 billion miles of driving off of California roads. That equates to over 1.58 million metric tons of GHG reductions, even with cleaner cars and fuels anticipated.**

What's more, the State can significantly increase these GHG reductions. The savings in miles driven described above is based solely on location and income, but HCD has a variety of ways their program could further reduce GHGs such as giving priority to developers who provide free transit passes for residents, adjacent carsharing pods, and bicycle amenities.

Finally, TransForm and CHPC offer a methodology for verifying and reporting the reductions.

Introduction

California has been a leader on climate change since passing AB 32, the California Global Warming Solutions Act in 2006.

Recognizing that transportation-related GHGs accounted for 37% of California's total GHGs, the legislature also passed SB 375 in 2008. The primary aim of this law is to reduce the amount people drive and associated GHGs by requiring the coordination of transportation, housing, and land use planning at a regional scale.

Ensuring that households of all incomes, and especially lower-income households who use transit most, are able to live near transit and jobs is crucial to the GHG reduction framework set up by SB 375. Yet the law does not provide any new financial resources to make the production and preservation of affordable homes near transit feasible.

AB 32 enabled the California Air Resources Board (ARB) to use market mechanisms to support reductions in GHGs. With the auction of greenhouse gas pollution allowances now taking place every quarter, state leaders are debating how to invest greenhouse gas cap-and-trade auction proceeds so that they result in real, quantifiable and verifiable greenhouse gas reductions.

In May 2013, ARB released its Cap-and-Trade Auction Proceeds Investment Plan, which identified "priority State investments to achieve GHG reduction goals and produce valuable co-benefits." ARB recommended that Sustainable Communities and Clean transportation receive the largest investment amount.

Importantly, ARB also recognized that the creation and preservation of affordable homes near transit should be part of this investment strategy, specifically naming the Department of Housing and Community Development's Transit-Oriented Development Housing program (HCD TOD) as an existing program that would be able to carry out a GHG reduction program relatively quickly and efficiently.

This report begins with CNT's analysis demonstrating for the first time the interrelationship between income and living in close proximity to transit, as defined by the HCD TOD criteria as well as by the SB 375 criteria.

The report then uses this information to calculate the GHG savings that would result from investing a portion of the cap-and-trade auction proceeds in affordable TOD homes over the next three years.

The key to CNT's ability to analyze these critical relationships is excellent, recent, statewide data made available by the California Household Travel Survey (CHTS) in 2013. The CHTS data, the collection of which was coordinated by Caltrans with support from a host of state and regional agencies, consists of one day travel surveys from over 40,000 households from all 58 counties in California and was collected from February 2012 through January 2013. CNT identified 36,197 household surveys from the CHTS that contained all relevant household demographic, location, and travel information needed for this analysis. A final report from CNT with additional data is anticipated in June 2014.

DEFINING TRANSIT-RICH AREAS AND STUDY METHODOLOGY

To determine accepted definitions of transit-rich areas, CNT worked with CHPC, TransForm and other experts to review California law and programs. Two well-used definitions were identified. The first is used by the California Department of Housing and Community Development (HCD) in its Transit-Oriented Development (TOD) Housing Program and the second is from the language of SB 375 defining High-Quality Transit Areas (HQTAs).

- **HCD TOD Areas** - HCD's TOD Housing Program Guidelines define TOD areas as being within 1/4 mile of a qualifying rail or ferry station or a bus stop with ten minute headways during the peak period defined as 7am to 10pm and 3pm to 7pm on weekdays. For any transit stop to qualify, it must offer hourly service on weekday evenings from 7pm to 10pm and have at least ten trips on both Saturday and Sunday. (TOD Housing Program: Third Round Guidelines, 2013.)
- **High Quality Transit Areas (HQTAs)** - SB 375 defines HQTAs as the area within 1/2 a mile of a rail or ferry station, regardless of service frequency at that station, as well as all bus stops with at least 15-minute headways during the peak period, as defined above.

CNT identified these geographies using its proprietary AllTransit™ database, which is based on the general transit feed specification (GTFS). AllTransit™ is the most comprehensive repository of GTFS data because CNT compiles publicly available feeds, acquires feeds that exist but are not publicly available, and codes its own feeds where none exist or are available. Areas that do not meet either of these definitions are defined as "non-TOD".

INCOME CATEGORIES

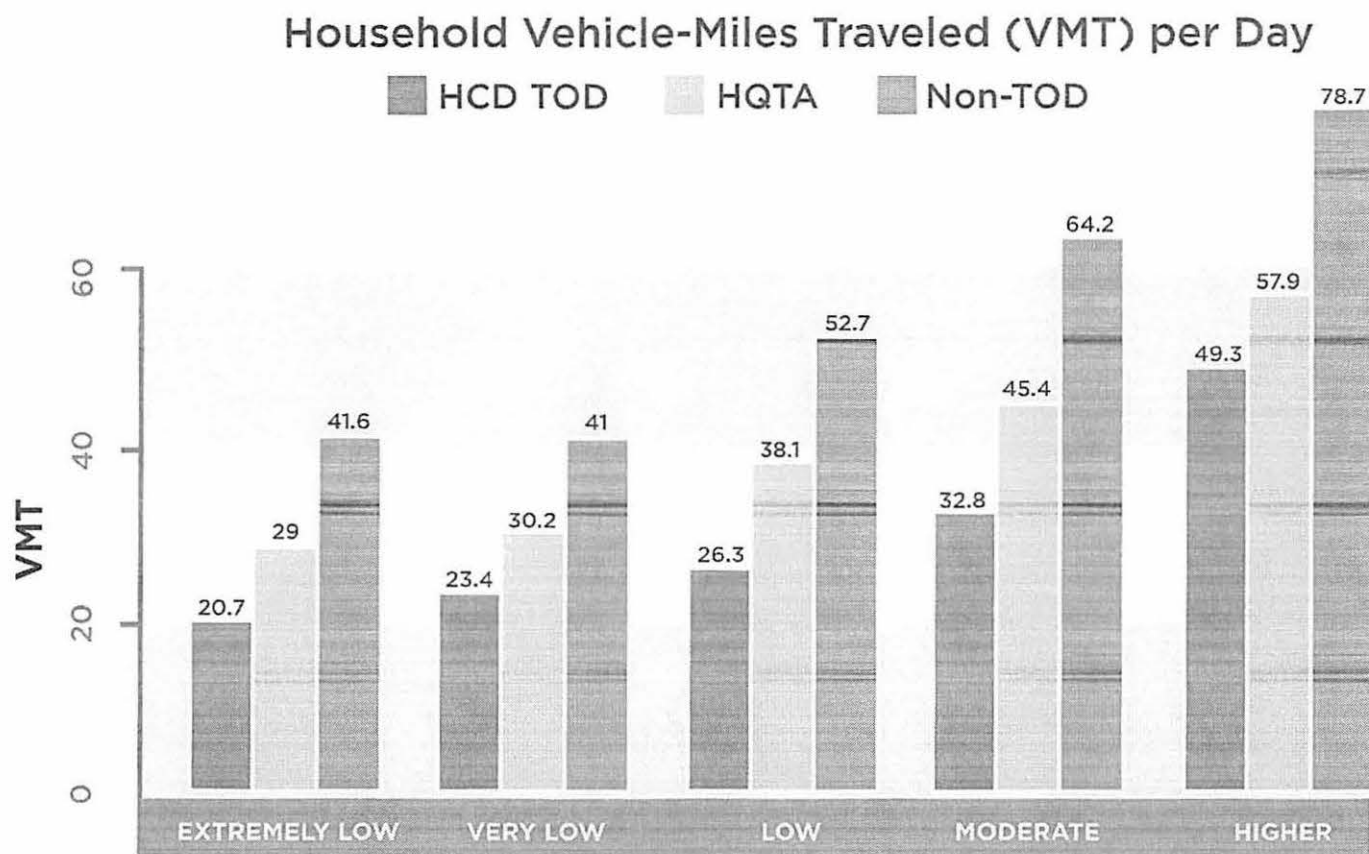
CNT categorized surveyed households using U.S. Department of Housing and Urban Development (HUD) income categories in order to compare households across all of California, which has wide variation in local incomes and housing costs. HUD publishes an annual listing of income thresholds based on the area Median Family Income (MFI) for each county by metropolitan area and includes adjustments for household size. HUD includes three lower income categories in this annual spreadsheet and CNT added two additional categories for moderate and higher income households based on the same assumptions used to calculate the lower income categories:

- **Extremely Low-Income (ELI)** - Households earning 30% or less of MFI
- **Very Low-Income (VLI)** - Households earning 50% or less of MFI
- **Low-Income (LI)** - Households earning 80% or less of MFI
- **Moderate Income** - Households earning between 80% and 120% of MFI
- **Higher Income** - Households earning more than 120% of MFI

INITIAL RESULTS

Preliminary findings from CNT's analysis of the CHTS reveal that living in proximity to transit-rich areas and household income are two major factors that impact the number of household trips as well as household vehicle miles traveled (VMT).

FIGURE 1. Household VMT per Day



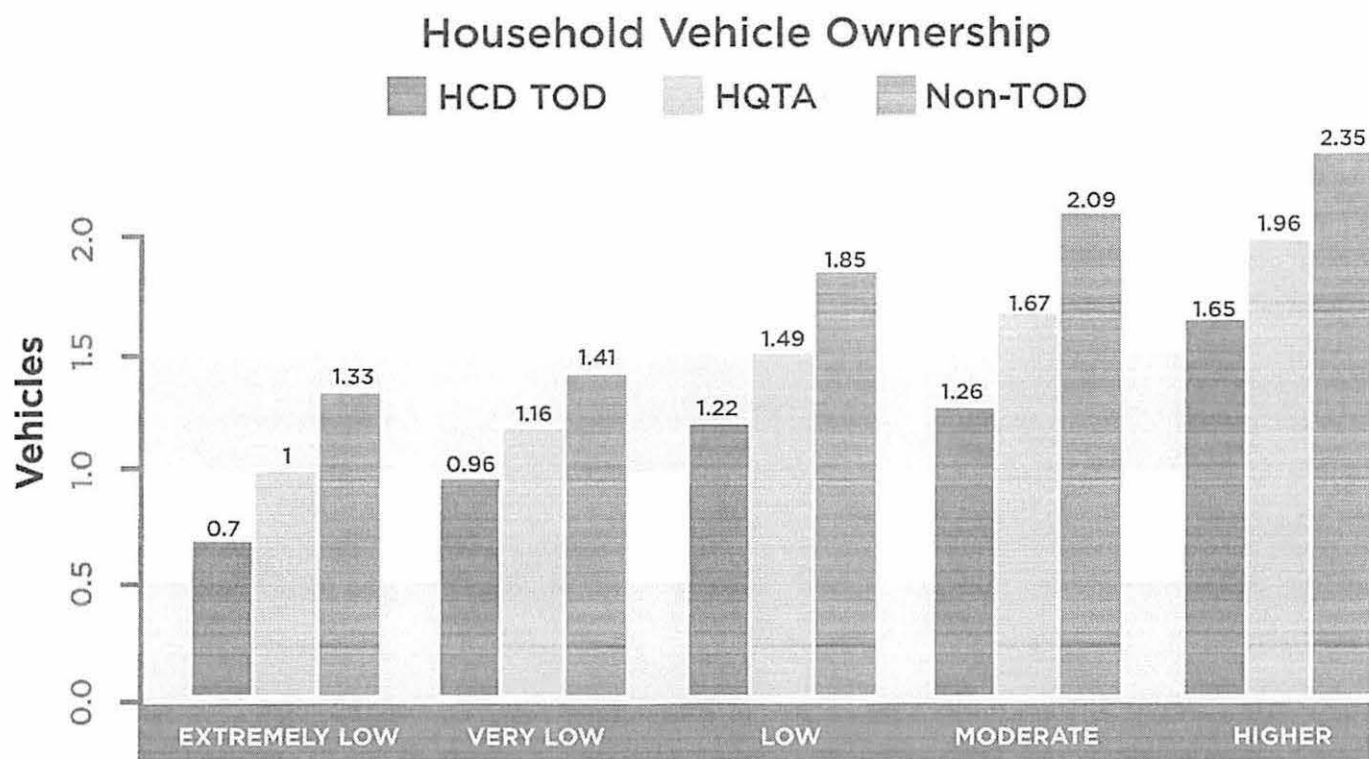
HUD Income Threshold

VEHICLE MILES TRAVELED (VMT)

The report data clearly shows that all income groups experience significant differences in average daily VMT depending on where they live. The difference in VMT for households living in HCD TOD areas compared to those in non-TOD areas range from 50% fewer VMT for Extremely Low-Income (ELI) to 37% fewer for Higher income households. All income groups living in HQTAs have 25-30% lower VMT than similar-income households living in non-TOD.

Extremely Low-Income households living in HCD-TOD areas have by far the lowest VMT of any household group, logging only 20.7 VMT per day on average, almost 60% less than the 49.3 average VMT of Higher income households also residing in HCD TOD areas.

FIGURE 2. Household Vehicle Ownership



HUD Income Threshold

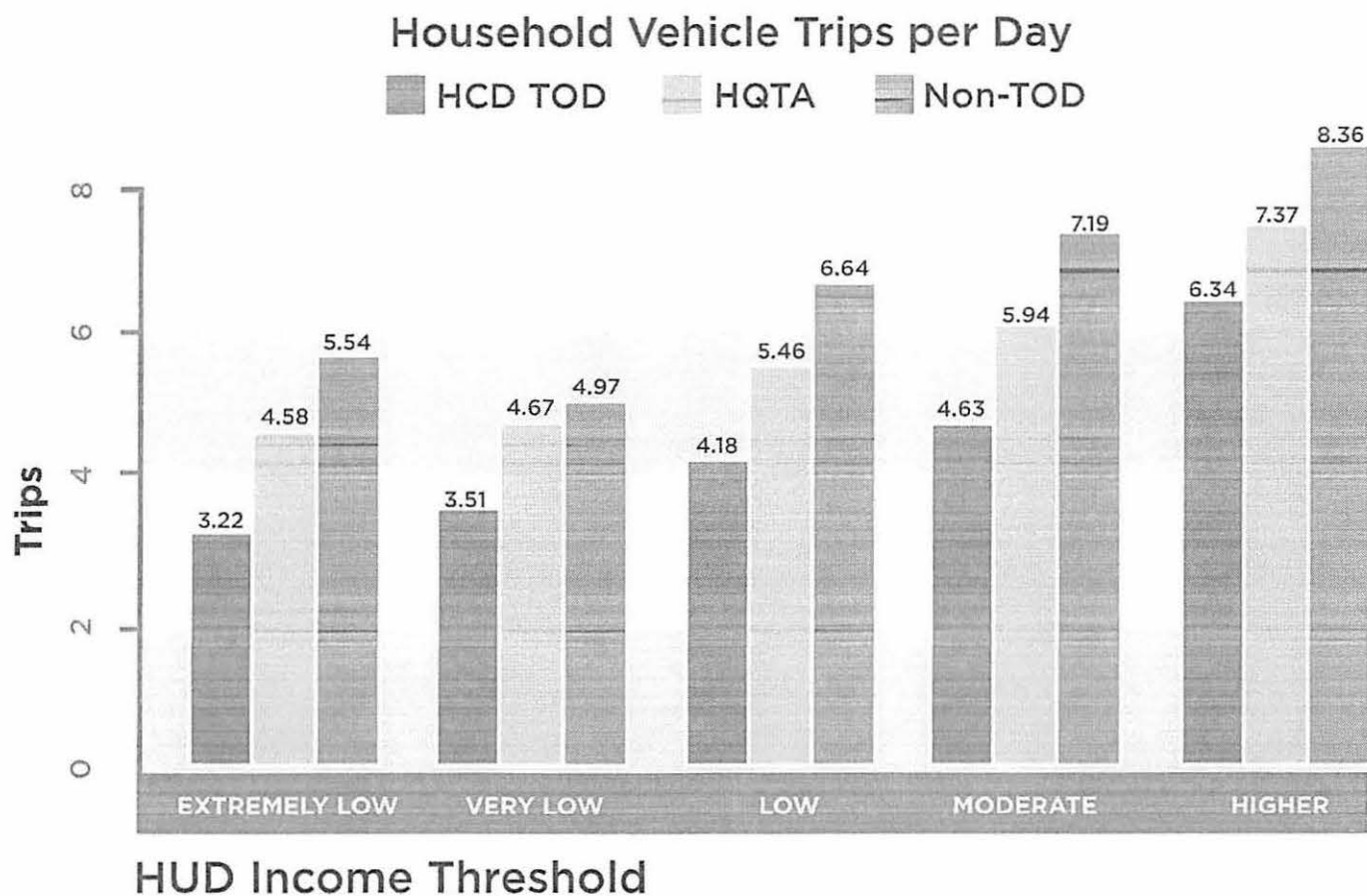
VEHICLE OWNERSHIP

The biggest single determinant of VMT—and therefore GHG emissions—is ownership of a private vehicle. Within the HCD TOD areas, all income groups own cars at a rate that is at least 30% lower than non-TOD areas. However, Extremely Low-Income households particularly economize on vehicle ownership when living in TOD. On average, these households own only 0.70 vehicles per household – less than half the number of cars owned by Higher Income households (1.65 vehicles per household).

The chart below demonstrates that, contrary to popular perception, lower income households have relatively high car ownership when they lack access to transit. This finding is significant because it indicates the large financial savings that lower income households can accrue by being able to avoid vehicle ownership by living near transit.¹ Transportation costs, primarily those associated with vehicle purchase, maintenance and operations, are the second highest household cost after housing.² In other words, providing affordable TOD homes not only lowers GHGs but also reduces both transportation and housing costs while providing strong access to services and employment opportunities.

There are other benefits of low-vehicle ownership rates. For example, vehicles take up significant space in the form of parking and street space. Locating affordable homes near transit allows communities to maximize the beneficial uses of these areas as shown in graphic on page 13.

FIGURE 3. Household Vehicle Trips per Day

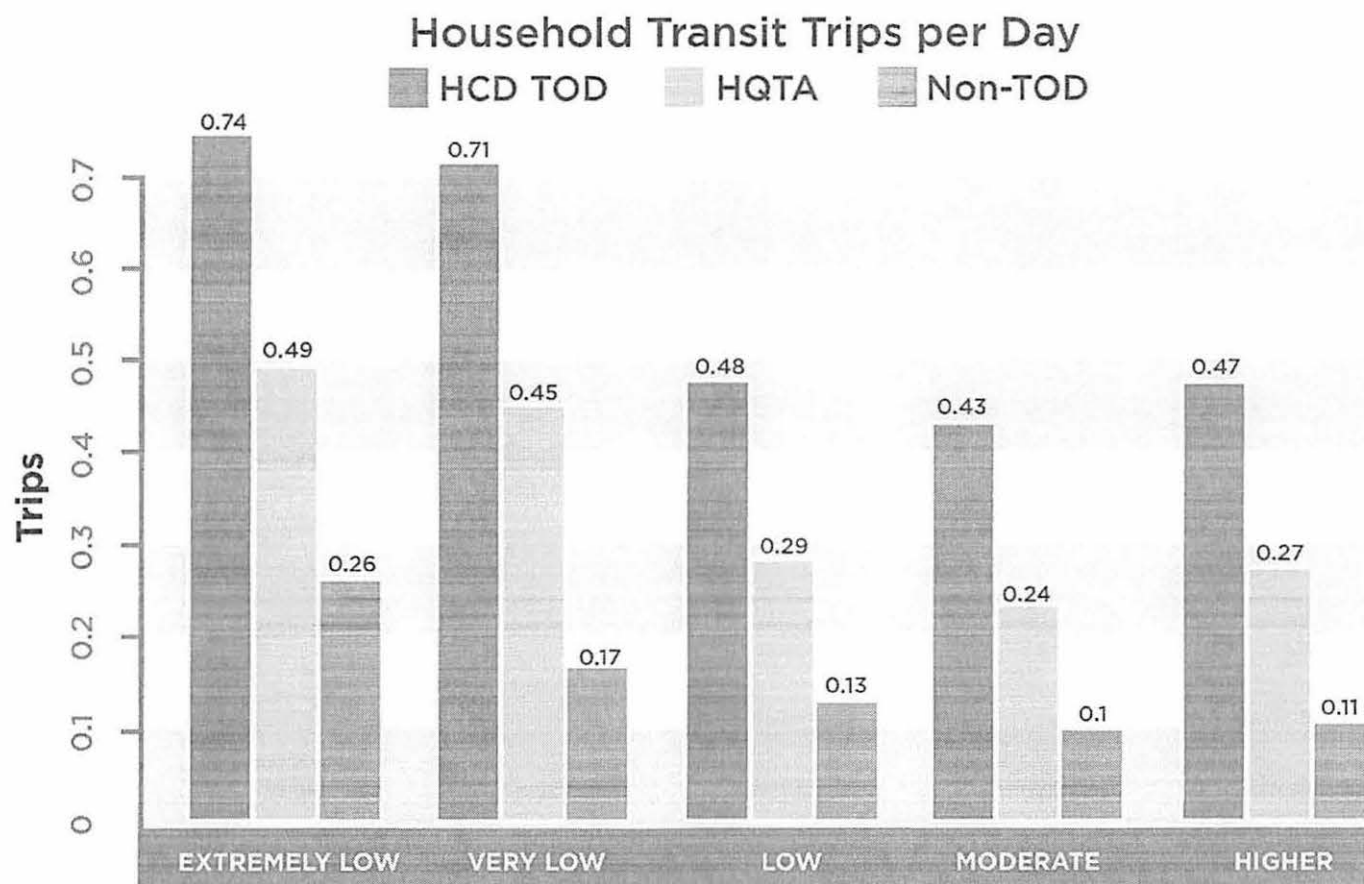


VEHICLE TRIPS

Income and location also have a significant correlation with the number of vehicle trips that are made. Figure 4, below, shows that households of all incomes make fewer vehicle trips when they live in HCD TOD areas compared to non-TOD locations. On average, Extremely Low Income households make only 3.22 vehicle trips per day – roughly half the number of trips made by Higher Income households (6.34 trips) in HCD TOD areas.

Fewer vehicle trips means not only fewer vehicle miles traveled but also less congestion and fewer vehicles idling in stop-and-go traffic. Congested driving conditions due to more vehicles on the road result in higher GHG emissions and criteria air pollutants. Reducing the number of trips in highly populated areas also has beneficial air quality impacts and can improve bicycle and pedestrian safety.³

FIGURE 4. Household Transit Trips per Day



HUD Income Threshold

TRANSIT TRIP FINDINGS

From a transportation investment policy and planning perspective, it is important to know that households in transit-rich areas not only drive less, but also use transit more. In this regard the findings on differences based on both location and income are profound:

Households living in HCD TOD areas use transit at rates that are triple or quadruple the rates of households living in non-TOD areas. The transit trip bonus⁴ is much higher, however, for the groups making less than 50% of median income. Extremely Low Income and Very Low Income households living in a HCD TOD take transit 50% more than their neighbors from higher income brackets.

Designing a Cap-and-Trade Investment Program that Maximizes GHG Reductions

The California Department of Housing and Community Development (HCD) developed a program for funding affordable homes near transit, with the first rounds of funding. Initially funded by the passage of Proposition 1C in 2006 this Transit-Oriented Development Housing Program (TOD) is now depleted.

The TOD Housing program was designed with the specific goals of increasing public transit ridership, minimizing automobile trips, and promoting GHG reductions. This report demonstrates that HCD's TOD program is an excellent starting point for an affordable housing program that is focused on maximizing GHG reductions.

Some strong key attributes of the existing HCD TOD program include:

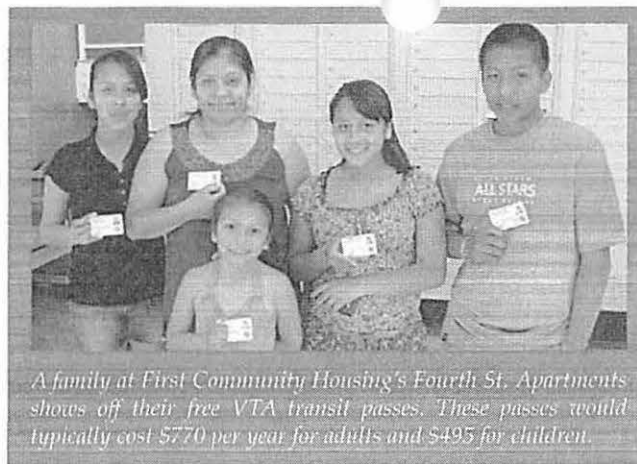
- location within 1/4 mile of frequent transit;
- strong access to services and job centers;
- serving households at lower income levels;
- offering additional points for:
 - free or discounted transit passes to residents;
 - innovative parking, including allowing shared parking between different; uses and
 - offering dedicated spaces for carsharing vehicles.

CREATING AN EVEN MORE TRANSFORMATIVE AFFORDABLE TOD HOME PROGRAM

If funding for HCD's TOD program is to be focused on further increasing GHG benefits, both for residents and for the surrounding community, the program could consider potential changes that include providing additional incentives to developers who are proposing to include more GHG-reducing measures. These measures can include:

Focus on housing more ELI and VLI households. The HCD TOD program currently sets a minimum of 15% of all units be made affordable to low income households with maximum points awarded for applicants increasing this level to 25%. However, there are no requirements to serve ELI or VLI households, per se. Now that we have new data showing the GHG associated with housing these income groups, we propose that the HCD TOD program provide incentives to developers to provide at least 10% of the homes affordable to ELI households and provide maximum points for developers willing to go above the current 25% maximum. In recognition of the greater costs involved in producing housing affordable to these lower income households, HCD TOD should consider increasing loan and grant amounts accordingly.

Free transit passes. Studies have shown that free transit passes lead to much higher transit ridership and lower GHGs. For example, a survey of 1,500 low income renters found that 64% use a transit pass more than four times per week, and 22% said their passes reduce the number of cars owned in their household.⁵



Car share vehicles on site, with free membership for residents. Car sharing dramatically reduces vehicle ownership and trips, especially in areas with strong access to transit.⁶ Yet there have been few models of long-term agreements to provide on-site carsharing. TransForm's GreenTRIP program has worked with City CarShare, Zipcar and affordable housing developers to arrange for long-term agreements for pods in or adjacent to new developments. To maximize GHG benefits and get additional points, developers could be encouraged to have electric vehicles, or at least high mileage hybrid cars, carshare pods.

Create space for bike sharing. By 2015 there will be bike sharing programs in the four major regions of California. The evidence of bike sharing's benefits and what it takes to do it well (especially the need for a larger scale) is growing by the month.⁷ Creating the space for bike share pods adjacent to new developments is critical.

Other innovative trip reduction strategies. Providing amenities like bicycle-fixing stations, pedestrian trunks to support walking to shopping, and travel kiosks that have real-time travel information will also help reduce VMT.

Less Parking: An example of the additional benefits of affordable homes near transit.

CNT's analysis shows that Higher Income households living in HCD TOD areas have vehicle ownership rates of 1.65 vehicles/household. In comparison, extremely low income households only own on average 0.7 vehicles/household. While there are several benefits of lower vehicle ownership, the reduced need for parking is a significant one. We have developed a graphic representation showing the reduced parking needed for a hypothetical development near transit and the increase in the number of homes that can be provided.

By designating 100% of the homes as "affordable" for Extremely Low-Income households, in a prototypical eight-acre development site with an initial plan of 875 units in six-story buildings and 1.65 parking spaces per unit (parking in red), the parking can be reduced to 0.7 spaces/unit. Within the exact same building envelope the developer can add 146 units to the same building envelope (seen as green). The number of spaces can be further reduced by adding the trip reduction strategies mentioned above.

1.65 PARKING SPACES PER UNIT

vs. 0.7

Mid-Rise TOD

	1.65 HIGHER INCOME	0.7 EXTREMELY LOW-INCOME	CHANGE
Units	875	1,021	+146
Parking Spaces	1,444	715	-729
Parking Cost (\$20,000/space)	\$28.8	\$14.3m	-\$14.5m

Estimating the future GHG reduction benefits of building affordable transit-oriented development

For this analysis, we assume that a new affordable unit will be occupied by a household moving from a location less accessible by transit. While it can not be guaranteed that new units will be occupied by a mover of this type, each new unit represents an addition to the total supply of housing near transit and an additional household living near transit that otherwise would not be able to afford to do so.

We focus our calculations on Extremely Low-Income and Very Low-Income households because public investment is most essential to building and preserving homes for these income groups. We assume that homes in affordable TOD would serve 50% ELI households and 50% VLI households.

We also assume that public investment in affordable TOD would be focused in areas meeting HCD's TOD program criteria.

The average difference in daily VMT for ELI and VLI households living in HCD TOD areas vs. non-TOD is **-19.25 VMT per day**. The annual difference is **-19.25 VMT x 365 = -7,026.3 VMT**.

If 10% of cap-and-trade funds are invested in affordable TOD as currently proposed, an average of \$250 million per year will be invested in each of the three fiscal years running from 2015/2016 through 2017/2018. (This assumes total cap-and-trade allocation of \$2 billion the first year, rising by \$500 million per year)

Using HCD's current TOD program guidelines, we assume that each building would get the maximum of \$50,000 per unit from these cap-and-trade funds. In the past, each affordable unit receiving funding has been required to remain affordable for 55 years, so we keep that timeframe as the durability of the program.

Using these conservative assumptions, investing 10% of cap-and-trade proceeds in HCD's TOD program would result in 15,000 transit-connected homes that would remove **105,000,000 miles of vehicle travel per year** from our roads.

Over the 55-year estimated life of these buildings, this equates to eliminating **5.7 billion miles of driving off of California roads. That equates to over 1.58 million metric tons of GHG reductions, even with cleaner cars and fuels anticipated⁸.**

WHY THIS GHG CALCULATION IS CONSERVATIVE

The GHG benefits stated above are conservative in several ways. Most importantly, the estimate only includes direct GHG reductions from the difference in location, when in reality it will be possible to estimate additional benefits due to these factors:

- On-site trip reductions strategies that are part of HCD's TOD program.
- Access to new carshare, or through new local services (if applicable).
- Low-income households, on average, own less efficient vehicles that generate more GHGs⁹. As new vehicles quickly increase their efficiency, especially the more expensive hybrids and electric vehicles, that differential is likely to increase.
- Homes for low-income families are more compact, meaning a greater density of homes and a better use of these limited areas¹⁰.

HOW TO BEST VERIFY ACTUAL GHG REDUCTIONS?

To analyze actual reductions of vehicle miles travelled and GHGs we recommend that HCD and ARB design a monitoring program that could include travel diary surveys, or sample trip generation studies (using black pneumatic tubes). While HCD would need to ensure proper design and implementation of these methods, they all are feasible to get a good estimate of VMT.

Finally, we suggest that firm commitments for on-site trip reduction strategies be developed. TransForm's GreenTRIP program now works to get these commitments written into the conditions of approval for the project, for example.

CONCLUSIONS

The findings of this report make clear the powerful way in which living close to transit and household income affect household travel behaviors. Increasing the amount of housing in transit-rich areas for households of all income levels can help reduce the state's GHG emissions. While private equity markets are actively investing in transit-oriented residential development for Higher Income households, there is next to no private capital to meet the need to preserve and create homes in transit-rich areas that are affordable to Low Income households.

Investing cap-and-trade funds in affordable TOD will ensure that the state captures the full GHG reduction benefits possible from the integration of land use, housing, and transportation planning. These benefits include:

- Reducing VMT for low income households by nearly 50% from non-TOD locations and achieving levels of VMT 60% below those of higher income households also living in TOD.
- Reducing car ownership by .63 vehicles per household, or more than one car for every two low income households, and freeing up land used for parking to create housing and public space.
- Decreasing vehicle trips and increasing transit trips, helping to ease congestion and increase transit ridership by at least 50% more than the ridership achieved by Higher Income households.
- Lowering household transportation costs and providing improved access to jobs and services.

Furthermore, affordable housing developers have a proven track record of implementing transportation demand management strategies like those structured into the HCD TOD program including: reduced parking, free transit passes for residents, and bike and car share on site. With these policies in place, the production and preservation of affordable TOD homes funded through cap-and-trade will reduce VMT by millions of miles per year, offering an important tool in California's efforts to reduce GHG emissions.

ENDNOTES

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3. Community Cycling Center, *Understanding Barriers to Bicycling Project*. Final Report, July 2012. <http://www.communitycyclingcenter.org/wp-content/uploads/2012/07/Understanding-Barriers-Final-Report.pdf>
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6. "20% of car-sharing households give up one or more vehicles, and on average 34% forgo buying a new car." Transportation Research Board, *Transit Cooperative Research Program (TCRP) Report 108, Car-Sharing: Where and How it Succeeds*. 2005. http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_108.pdf
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8. Estimates used conversion factor of 273.15 CO₂ grams per mile based on ARB's EMFAC 2011 CO₂ emission rates. These include Low Carbon Fuel Standards and "Pavley" efficiency standards. 2035 rates were used as the average for all years.
9. "In sum, poor households that own vehicles own dirtier vehicles than wealthy vehicle owners." Sara West, "Equity Implications of Vehicle Emissions Taxes", *Journal of Transport Economics and Policy*, Volume 39, Part 1, January 2005, pp. 1-24. S <http://www.maclester.edu/~wests/westjetp1910.pdf>
10. California Air Pollution Control Officers Association (CAPCOA), *Quantifying Greenhouse Gas Mitigation Measures: A Resources for Local Government to Assess Emission Reductions from GHG Mitigation Measures*, August 2010.

CHANGE IN THE NEIGHBORHOOD

3B. Mission Street: 2012 Public Life Demographics

POPULATION

62,105

vs. 807,755 Citywide

POPULATION DENSITY

47  per acre

vs. 27 Citywide

MEDIAN AGE

35.9

vs. 35 Citywide

NO. OF HOUSEHOLDS

25,680 

vs. 340,839 Citywide

MEDIAN HOUSEHOLD INCOME

\$75,269

vs. \$73,677 Citywide

EDUCATION

Over half of the adult population graduated from college.

NO. OF HOUSING UNITS

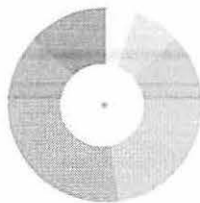
28,085

vs. 375,061 Citywide

RESIDENTIAL DENSITY

21  units per acre

vs. 12 Citywide



% OF HOUSEHOLDS WITHOUT A CAR

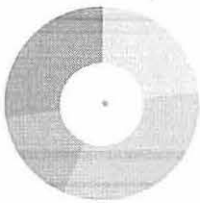
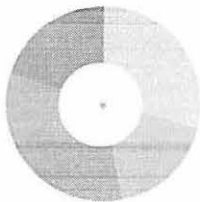
36%

vs. 47% Citywide

UNEMPLOYMENT

7%

vs. 8% Citywide



RACE / BACKGROUND

	CITYWIDE	MISSION STREET
White	51%	68%
Black	6%	4%
Asian	33%	14%
Native American / Hawaiian or Pacific Islander	1%	1%
Other / Two or More	9%	14%
% Latino	15%	36%
Male / Female Ratio	51/49%	54/46%
Foreign Born	36%	36%
Linguistic Isolated Households	13%	14%

AGE

Under 5	1%	5%
5 to 17	9%	8%
18 to 34	30%	35%
35 to 59	37%	39%
60 and over	23%	13%

HOUSEHOLDS

Family Households	32%	28%
Single-Person Households	39%	44%
Non-Family Households	28%	27%
Average Household Size	2.4	2.3
Average Family Household Size	3.5	3.3

INCOME

Median Family Household Income	\$89,610	\$73,185
Per Capita Income	\$17,278	\$44,772
% Poverty	13%	14%
Unemployment	8%	7%

EDUCATION

High School or Less	26%	29%
Some College / AA Degree	20%	18%
College Degree	32%	33%
Post Graduate	22%	20%

HOUSING

Renting Households	57%	64%
Rental Vacancy Rate	3.1%	3%
Median Rent	\$1,389	\$1,279

HOUSING TYPE

Single Family Housing	32%	23%
2 - 4 Units	22%	33%
5 - 9 Units	16%	16%
10 units or more	30%	27%

Source: 2007-2011 American Community Survey (Census tracts used to approximate Mission Street study area based on a quarter-mile buffer)

(1/4 mile corridor from South Van Ness Avenue to Randall Street)

MISSION

SAN FRANCISCO
PLANNING DEPARTMENT



CHANGE IN THE NEIGHBORHOOD

3A. Mission Street : 2000 Public Life Demographics

POPULATION

65,289

vs. 770,733 Citywide

POPULATION DENSITY

49  per acre


vs. 26 Citywide

MEDIAN AGE

33

vs. 36.5 Citywide

NO. OF HOUSEHOLDS

24,791 

vs. 192,713 Citywide

MEDIAN HOUSEHOLD INCOME

\$50,676

vs. \$70,117 Citywide

EDUCATION

A little under half of the adult population graduated from college.

NO. OF HOUSING UNITS

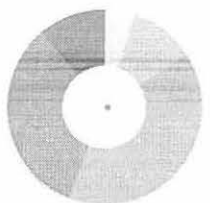
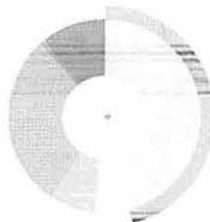
25,632

vs. 350,699 Citywide


RESIDENTIAL DENSITY

19  units per acre

vs. 12 Citywide



% OF HOUSEHOLDS WITHOUT A CAR

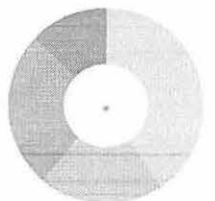
63% 

vs. 45% Citywide

UNEMPLOYMENT

4% 

vs. 6.6% Citywide



RACE / BACKGROUND

	CITYWIDE	MISSION STREET
White	50%	55%
Black	8%	8%
Asian	31%	31%
Native American / Hawaiian or Pacific Islander	1%	1%
Other / Two or More	11%	11%
% Latino	14%	46%
Male / Female Ratio	51/49%	54/46%
Foreign Born	34%	42%
Linguistic Isolated Households	13%	14%

AGE

Under 5	3%	5%
5 to 17	6%	11%
18 to 34	29%	40%
35 to 59	37%	33%
60 and over	19%	11%

HOUSEHOLDS

Family Households	74%	42%
Single-Person Households	69%	35%
Non-Family Households	94%	58%
Average Household Size	2.4	2.3
Average Family Household Size	3.5	3.3

INCOME

Median Family Household Income	\$36,005	\$49,051
Per Capita Income	\$14,373	\$24,830
% Poverty	11.4%	15.7%
Unemployment	6.6%	4%

EDUCATION

High School or Less	29%	41%
Some College / AA Degree	20%	21%
College Degree	32%	26%
Post Graduate	19%	13%

HOUSING

Renting Households	56%	79%
Rental Vacancy Rate	4%	1.3%
Median Rent	\$1,220	\$998

HOUSING TYPE

Single Family Housing	34%	15%
2 - 4 Units	21%	40%
5 - 9 Units	10%	18%
10 units or more	35%	26%

Source: 2007-2011 American Community Survey (Census tracts used to approximate Mission Street study area based on a quarter-mile buffer)

(¼ mile corridor from South Van Ness Avenue to Randall Street)

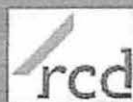
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Association of
Bay Area Governments



Resources for
Community Development



TRANSIT ORIENTED DEVELOPMENT AND AFFORDABLE HOUSING

A Survey of Residents in Five East Bay Properties

Association of Bay Area Governments
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Phone 510-464-7900
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Resources for Community Development
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Transit Oriented Development and Affordable Housing: A Survey of Residents in Five East Bay Properties

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Foreword

This report presents key findings from a collaborative effort between the Association of Bay Area Governments (ABAG) and Resources for Community Development (RCD—a nonprofit affordable housing development company with over 2,000 units in the San Francisco Bay Area) to study the effects of Transit Oriented Development (TOD) locations on residents of affordable housing. The findings and analysis were first presented at the Association of Collegiate Schools of Planning conference, in the companion working paper entitled, “Effects of TOD Location on Affordable Housing Tenants: Travel Behavior, Access to Jobs and Services.”

This research project was conceived in 2011, through discussions among Dan Sawislak, Executive Director of RCD, Cynthia Kroll, originally as Staff Research Director at the University of California Berkeley’s Fisher Center for Real Estate and Urban Economics and then as Chief Economist at ABAG, and Vanitha Venugopal of the San Francisco Foundation about the impact of RCD’s TOD properties on residents’ quality of life and travel patterns. This pilot project, under management of Cynthia Kroll and Daniel Sawislak, surveyed residents at five RCD TOD and non-TOD properties. Participation was completely voluntary, and over 200 households responded.

Acknowledgments

Graduate students and faculty from UC Berkeley’s College of Environmental Design also contributed to the project. Jonathan Malagon, a Master’s student in Berkeley’s City and Regional Planning Department, provided initial design and pretesting of the survey. Carlo De La Cruz devoted his summer internship and client project for the Masters of City Planning degree to this study, acting as survey manager for the implementation and analysis phases. UC Berkeley Professors Karen Chapple and Carolina Reid and RCD board member Marian Wolfe (also principal of Vernazza Wolfe Associates) reviewed the survey instrument and drafts at several stages. James Pappas, California Housing Partnership Corporation, and Robert Calkins, Contra Costa County, provided suggestions on project and survey design.

ABAG and RCD staff participated at all stages of the project. Pedro Galvao and Christy Leffall provided early conceptual input and the literature review and were part of the survey team, which also included Wally Charles, Carlo De La Cruz, Cynthia Kroll, Yeni Magana, and Bobby Lu. Sabrina Butler and Olivia King explained the operations of RCD and helped identify the properties included in the survey or pretesting. June Cummings, Michael Gliksohn and Michael Nobles were instrumental in the logistics of conducting surveys at RCD properties. In addition, property management staff of the John Stewart Company, including Sara Cha, Agueda Gomez, Wally Palega, and Morgan Or, provided essential support in working with residents and community members at each site. Members of other organizations also assisted in outreach and engagement with residents, including Anna Ybarra with Bridge Point Church and Rosemary Hatcher with Contra Costa Interfaith Housing. Liz Eckstein of RCD provided editorial input, and Leah Zippert and Victoria Rutherford of ABAG contributed to the format and design of the final document.

Special thanks to the RCD residents for sharing their experiences and opinions with us.

We are grateful for support for this research from the San Francisco Foundation, the Ford Foundation, and the Association of Bay Area Governments Finance Authority.

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EXECUTIVE SUMMARY

Funding for affordable housing development in California is in the midst of a sea change. The Affordable Housing and Sustainable Communities program (AHSC), built on Cap and Trade revenues, is currently one of the few sources for affordable housing in California to replace dollars no longer available as redevelopment set-asides. This new funding comes with strong requirements for sustainability features in site selection, including a focus on Transit Oriented Development (TOD).

Two decades of research now demonstrate environmental, economic and social benefits are possible when housing is located near transit, but also show automobile use may continue even in TOD locations. Less research to date has explored whether TOD location of affordable housing can meet broader goals of increasing the stock of affordable housing and providing other social and economic equity advantages, while reducing GHG emissions from travel.

This study by the Association of Bay Area Governments (ABAG) and Resources for Community Development (RCD) examines the potential social, economic and environmental benefits accrued when affordability is paired with TOD by comparing affordable TOD housing and suburban non-TOD affordable housing. The study was conducted over the course of six months with responses from over 200 households at five affordable housing developments.

This report summarizes survey results, including residents' travel patterns, perceived changes in access to employment, satisfaction with nearby amenities, and improvements in quality of life since moving to the property. (See Key Survey Findings below). The report describes potential implications for policy makers and housing advocates and recommends strategies for producing greater sustainable (reductions in GHGs) and equitable (deeper levels of affordability) outcomes. (See Policy Implications below).

Key Findings

- Residents of the properties in TOD sites use public transit more and car travel less than their counterparts in locations farther from transit options. Walking and biking are also options chosen when amenities are nearby.
- Among survey respondents, lower income households, in both TOD and non-TOD locations, drive less and take transit more frequently than higher income households. Higher income households travel further distances for work, school and recreational activities compared to their lower income neighbors.
- Households are sensitive to travel costs. The property with higher cost parking and fewer spaces had lower rates of car ownership and use, yet some households expected to reduce bus use following a transit system fare increase. Residents near free shuttle service

rode the bus at a rate similar to those in the two TOD properties.

- Residents traveled the greatest distances to work, to places of worship and for medical care. Of all amenities, residents were least likely to change place of worship or medical services after moving into the RCD property.
- The great majority of residents reported that access to jobs was the same or easier after moving to an RCD property. Respondents were no more likely to report access to jobs improved in TOD sites compared to non-TOD sites.
- Most of the households surveyed had previously lived in the same city or a neighboring city. A much smaller share came from a further away, at times moving closer to a job or schooling.

Policy Implications

- Affordable TOD housing is an effective strategy for reducing GHG emissions and reduction in VMT.
- The environmental, economic and social benefits of TOD are strengthened by focusing on deeper levels of affordability, providing options for extremely low-income and very low-income households.
- Programs to increase the cost of vehicle ownership in TOD locations or boost convenience of transit beyond TOD locations can improve access or encourage households toward travel modes that reduce vehicle miles traveled in private vehicles.

- Affordable TOD is not the only mechanism to achieve both environmental and quality of life outcomes. By locating housing near work, retail, schools and recreation, reductions in GHG emissions and VMT are possible in both urban and suburban locations.
 - Affordable housing projects near amenities like grocery stores, parks and schools can produce significant VMT reduction, even outside of TOD locations.
 - Innovative programs such as free shuttle connections to bus and BART service can boost ridership by residents of affordable housing properties more distant from transit services.
- Social and economic ties may lead households qualified for housing assistance to seek opportunities close to their existing residences. **We need solutions for developing new affordable properties even where communities are not close to TOD.** Programs such as AHCS could incorporate alternative strategies to address the state's sustainability goals and meet the need for more affordable housing in locations around the state that do not meet the strict qualifications of TOD to qualify for funding.
- Employment issues are not resolved by transit accessibility alone, but a combination of travel alternatives, a denser population of employers, and property and community assistance services can improve employment options for affordable housing residents.



I. INTRODUCTION

Funding for affordable housing development in California is in the midst of a sea change. Local redevelopment agencies were previously the single largest locally generated source of funds available to California communities for affordable housing. With the termination of redevelopment and the emergence of the state's Cap and Trade revenues, including the Affordable Housing and Sustainable Communities Program (AHSC), developers are more than ever looking for opportunities to link affordable housing with Greenhouse Gas (GHG) reduction strategies to help achieve sustainability goals set forth as part of California's Greenhouse Gas Emission Reduction program (SB 862).¹

Once viewed as a secondary benefit of smart design, housing located near transit is now viewed as a significant component in achieving the State's goal of reducing GHG emissions to pre-1990 levels by 2020. For many advocates and affordable housing developers, transit oriented development (TOD) is not simply the preferred model, but one of the only viable options for developers competing for existing funds (both Federal and State) for affordable housing.

As developers and local jurisdictions compete for Greenhouse Gas Reduction funds and other financing subsidies, it will be important to fully understand the benefits and implications of using affordable TOD as either a sustainable (reduction

of GHG) or equitable (quality of life) strategy. Extensive research on the effects of TOD on residents' travel patterns has shown the potential benefit of lowering GHG emissions through reduced vehicle miles traveled (VMT). Research is at an earlier stage of study on the relationship between TOD-located affordable housing and GHG or VMT reduction, as well as the potential quality of life benefits of affordable TODs.

This study illustrates the experiences of more than 200 households in five San Francisco Bay Area affordable housing developments categorized as either TOD or non-TOD based on their proximity to major transit lines. The study identifies benefits achieved through the creation and preservation of affordable housing near transit, and also reveals possible strategies to reduce GHG emissions in non-TOD affordable housing sites.

The results contribute to the growing evidence that affordable TOD is an effective strategy for the reduction of GHG emissions and VMT for residents of affordable housing. The diverse experiences of residents in the properties surveyed also indicates that other viable strategies can bring a portion of the benefits of affordable TOD in places where transit options are limited. The development of housing within amenity and service rich areas (including retail, recreation, religious, and employment

¹ California's redevelopment-linked Tax Increment Financing provided \$1.7 billion in funding for affordable housing for the 2005/06 and 2006/07 fiscal years. In that same timeframe, Low Income Housing Tax Credits provided over \$3.7 billion in financing and \$5.2 billion in housing vouchers. Although LIHTC far exceeds the total amount of funds generated through Redevelopment in that year, TIF was the single largest source of funds generated within California.

opportunities) that do not qualify as TOD can also produce significant benefits, improving both the quality of life for residents and meeting sustainability goals by reducing GHGs through reduced VMT. Thoughtful site selection remains a critical strategy for housing developers, sustainability advocates, and residents alike.

This research concludes at a time when California, a leader in green and sustainable policies, is once again a leader in rising housing costs, exacerbating the competition for existing affordable housing. Among developers, this has led to increased competition for land, driving up construction costs, as well as increased competition for funding and financing for affordable housing development. The result is a housing affordability crisis affecting more and more low and moderate-income households in urban and suburban communities.

Although this report focuses on potential benefits from locating affordable housing near transit, a discussion of affordable housing and TOD is

framed by the larger context in California to develop greater amounts of housing for people at low to moderate income levels. The study results show the value and utility of affordable housing combined with accessibility to transit and services as a strategy that impacts both greenhouse gas reduction and housing affordability in California.

Section 2 of this report describes how the sites were selected for the survey and provides additional background on the properties and their resident mix. Section 3 summarizes the significant responses to the survey, organized by major findings related to research questions. This is the heart of the report, with major subsections on car ownership and usage, public transit usage, distances traveled, and quality of life related responses. Section 4 discusses the implications of the survey results considering the broader context of the community setting, while Section 5 provides concluding policy implications and recommendations.



Survey sites reflect a mix of property and resident characteristics

2. RESEARCH APPROACH AND SURVEY DESIGN

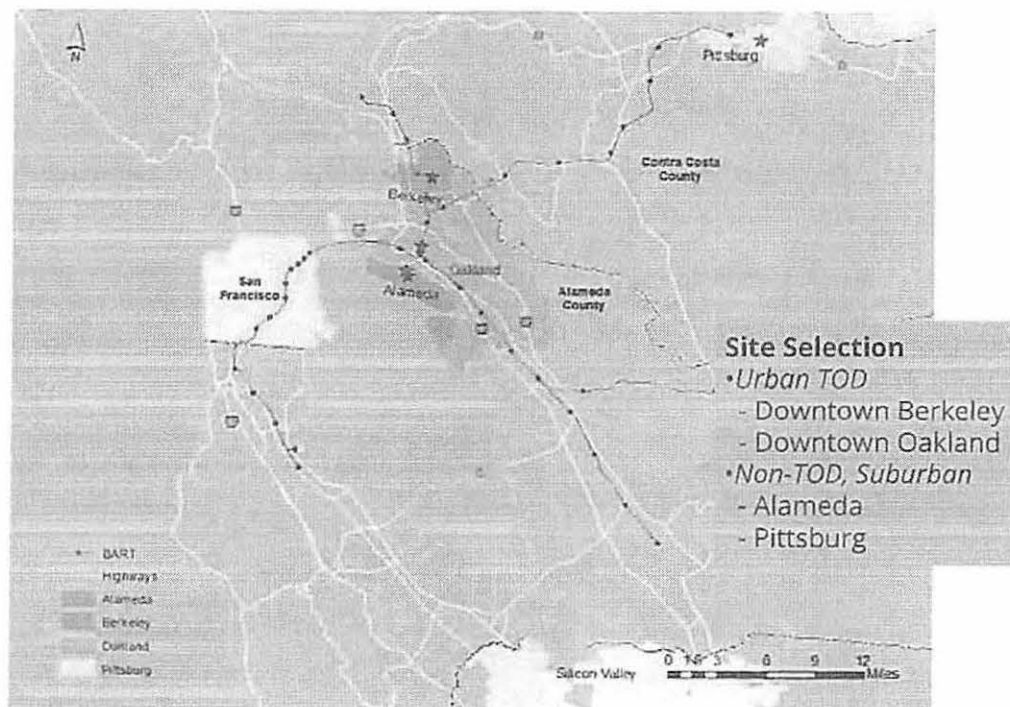
This project centered on the design and administration of a short survey of residents intended to collect information on:

- Household travel patterns
- Ease of accessing services and job opportunities
- Residents' satisfaction with the location and convenience of their current housing.

Background information provided by the households and RCD added context to the responses. The survey also provided several

opportunities for residents to respond to qualitative or open-ended questions.

The five properties located in four cities in the study sample have a mix of attributes and characteristics, with regard to accessibility of the location, surrounding amenities in the area, and the demographics of resident households. Two of the properties are in TOD locations (Downtown Berkeley and Downtown Oakland). Three are not in TOD locations—two in the City of Alameda and one in the City of Pittsburg.



Survey design began in the fall of 2013 and included several stages of review and pretesting. A final design for the survey was completed by the spring of 2014. Implementation and administration of the survey took place during the summer of 2014. Appendix A provides an extended discussion of the project methodology and survey design. The research approach supplemented survey responses with informal conversations and observations during survey periods and with demographic information provided by the property management company. Our research asked the following questions:

- Do residents at affordable TOD housing sites travel less distance to work, school and services than residents of affordable housing sites in other locations?
- Do residents of affordable housing sites at TOD locations make greater use of public transit than residents of affordable housing sites in other locations?

- Do residents of affordable housing sites at TOD locations have greater access to services (medical, groceries, etc.) and to enhanced employment opportunities (larger pool of jobs to choose from, higher salaried jobs, faster to find a job) than residents of affordable housing at other locations?
- How are other advantages or challenges provided by living in affordable properties affected by property location?

The detailed data collected allows for more nuanced analysis within these research questions on effects of household characteristics and trip type on mode choice and distance traveled. Open ended qualitative responses further expand on some of the findings from the survey. For additional in-depth reporting of the survey methodology, structure and results, refer to the companion working paper entitled, "Effects of TOD Location on Affordable Housing Residents: Travel Behavior, Access to Jobs and Services."



RCD Property Characteristics in the Context of Transit Oriented Development

The survey was conducted across five properties located in four cities in Alameda and Contra Costa counties. The four cities vary in density, ethnic and racial demographics, as well as median income and percentage of people who are low income. Although each city, and by extension each property, varies in its specific characteristics and demographic composition, selection of the five sites focused on the ability to distinguish each site as a TOD or non-TOD property, as well as the type of location in a region wide context (downtown, more central suburban location, more distant suburban location). Observation of the sites as well as resident responses later highlighted additional location advantages and characteristics of each site and each city.

Defining Transit Oriented Development

For the purposes of this study, TOD was defined using the California Department of Housing and Community Development (HCD) definition in its Transit-Oriented Development Housing Program. Developments were categorized as TOD if they were within one quarter mile of a qualifying rail or ferry station or bus stop with ten minute headways during the peak period². The two downtown urban sites in our study, Berkeley and Oakland, both qualify as TOD sites by HCD's standards.

The Berkeley Site – Downtown, Urban TOD

The Berkeley site is located within the central downtown business district. It is less than two blocks from Bay Area Rapid Transit (BART) and bus lines, as well as many of the city's main public attractions and amenities. Within a 10-15 minute walk residents can access movie theatres, the main public library, convenience stores and pharmacies, grocery stores, restaurants, and other recreational and retail stores. Moreover, the site is located immediately adjacent to the UC Berkeley campus, the largest employer in the East Bay, providing additional access to potential resources and employment opportunities.

The property is part of a larger sustainable development that includes the David Brower Center, a nonprofit office space, art gallery, and conference center. The Berkeley property is the only one in the study without free parking for residents and with less than one parking spot available per unit.

Oakland – Downtown, Urban TOD

The Oakland site is comparable to Berkeley for its proximity to nearby transit and downtown amenities and services. The site is within two blocks of BART and bus, and a short walk from the main business district. The site is part of the growing investment and expansion of downtown Oakland, located in the newly redeveloped 'Uptown' neighborhood. Nearby services and amenities include access to Lake Merritt, retail stores and restaurants, art galleries, community

² Peak period is defined as 7am to 10am and 3pm to 7pm on weekdays. For any transit stop to qualify, it must offer hourly service on weekday evenings from 7pm to 10pm and have at least ten trips on both Saturday and Sunday. (TOD Housing Program: Third Round Guidelines, 2013)



spaces, and the Oakland Ice Center. Other services include an Alameda County Social Services offices located two blocks away, as well as several city, county and state offices that provide important resources for individuals and families on public assistance.

Although the property is categorized as TOD due to its access to transit, the property offers each household one free parking space. Within a half mile of Oakland's Chinatown and Koreatown neighborhoods, the location offers easy access to many of the ethnic grocery stores and business frequented by residents.

Alameda – Central, Suburban non-TOD

The Alameda sites were developed as part of the city's plan to convert and develop the Alameda Naval Air Station and Fleet and Industrial Supply Center. The two properties surveyed are located within a few blocks of each other and are within walking distance to Alameda Landing, a newly developed entertainment and shopping center. At the time of this study the Alameda Landing development was partially completed, with main anchor retail stores such as Target open for business and other business and retail stores slated for opening within the next year.

The Alameda properties do not qualify as TOD under HCD's criteria, although the area has enough transit access to qualify as a Priority Development Area identified in Plan Bay Area, the Bay Area's Sustainable Community Strategy. The nearest BART station is located two miles away in Oakland and the closest bus stop is half a mile away from the two sites. Two free shuttle services, with stops within a mile of the sites, link Alameda to the Lake Merritt and 12th Street BART stations in Oakland. Although the sites are not located within the city's main business district, they are

close to recreational and education facilities. The nearest education facilities, College of Alameda and the Ruby Bridges Elementary School, are both within a half mile, while other middle and high schools are less than a mile away from the property. In addition, parks and recreational trails are located within a mile of the properties, providing access to green space for residents. Both locations include an ample supply of free street parking in addition to free, dedicated parking spaces for residents.

Pittsburg – Outlying, Suburban non-TOD

Pittsburg is about a 30 mile drive northeast from Oakland, almost 40 miles from San Francisco. The Pittsburg site is characterized by its proximity to Highway 4 as well as a large shopping plaza. Although the highway acts as a physical barrier to a number of amenities and services located on the opposite side of the highway, the site itself is none the less near retail and service amenities. A number of food establishments and grocery stores are within a quarter mile of the property along the major avenue leading to the highway. Several religious and educational amenities are also nearby. Two religious organizations are within a half mile of the property, while education facilities (Los Medanos Elementary, Heights Elementary, and Pittsburg High) are within one mile.

The Pittsburg site had the largest number of families with children among the five sites. In fact, residents under the age of 18 outnumbered adult residents, contributing to the strong need and interest in the after school program. Like the Alameda sites, it also has one free parking space assigned to each unit, in addition to free street parking.



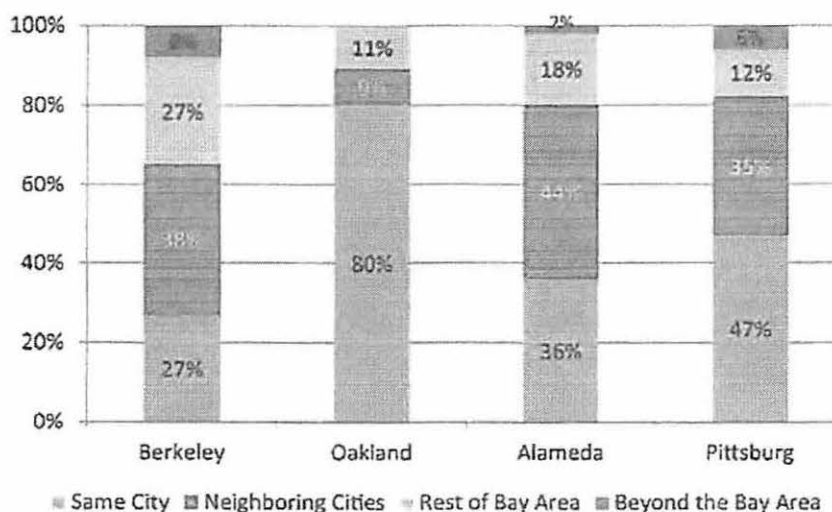
Other Variations Among Sites

In order to compare survey results across geographies and properties, sites selected have similar characteristics, including the number of units, the range of incomes served, and on-site amenities provided, which include services and property management offices, laundry, community room, computer room, and shared open space. All sites were newly constructed between 2006 and 2010.

Although this study controlled for external variables such as neighborhood characteristics, level of subsidies, and residential characteristics, each property and its surrounding environment inevitably produced a unique context that informed and affected the everyday travel patterns and perceptions of residents. Two significant variations among properties include the community from which the household moved and the language mix spoken at the property.

Despite the lottery system used by the property owner and management company in allocating units, the properties tended to draw from nearby communities. Each property had a large proportion of residents that previously lived in the same city where the property is located, with neighboring cities providing the majority of the other residents, as shown in Figure 1. Anecdotal remarks by many of the residents pointed to the prevalence of households that were long term residents of the city or region, prior to moving. Some residents cited their desire to stay close to family and friends as a motivating factor for staying within the same city or area. They were also more likely to become aware of nearby housing opportunities.

Figure 1: Previous Place of Residence of Survey Respondents by Property City



Source: ABAG and RCD Survey, July and August 2014

This characteristic of the properties has implications for both responses and policy. The previous residence of the person providing survey responses influenced the benefits experienced of moving to an area with greater access and opportunities for employment and transit. In terms of policy, residents' travel patterns as well as satisfaction with their location should be viewed in the context of the alternatives offered within the city and neighboring cities more broadly.

The language mix spoken at the property presented some challenges in administering the survey. Of the responding households, about one third spoke a language other than English at home. Most frequently mentioned were Spanish (10 percent), Arabic (eight percent) and Chinese (seven percent), but 13 percent reported speaking

another language, among which were Tagalog, Farsi, Greek, Czech, Amharic, Somali, Vietnamese, Cambodian, Burmese, Mongolian, Punjabi, Nepali, Hindi, and Korean. About 80 percent of foreign language households also had at least one English speaker in the household, although in some cases, these were the children of the household, with the parent relying on the child to translate if necessary. The survey was conducted in three languages, English, Spanish and Chinese, with other households included where someone in the household or a neighbor could translate from English. Thus it is possible the responses exclude households speaking less common languages without English speakers in the household. (Overall response rates are described in Appendix B)



The survey was conducted in three languages.

Affordability in the Region and the RCD Properties Surveyed

The California Context

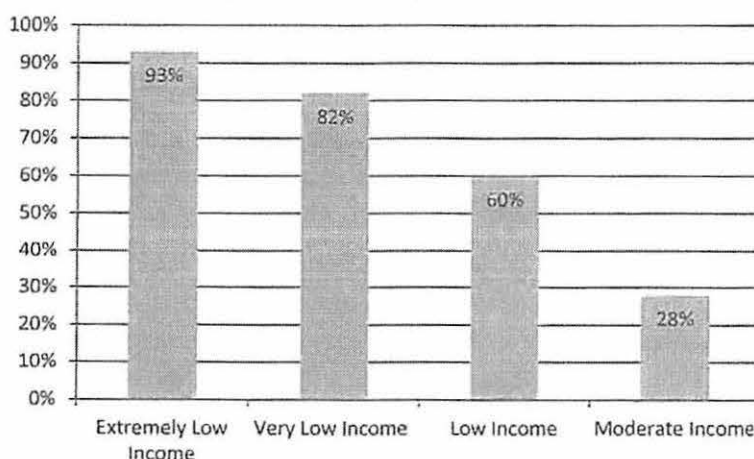
According to a recent report by the Legislative Analyst's Office, housing costs in California, for both ownership and rental, continue to outpace the rest of the country, especially in coastal areas such as the Bay Area.³ Although the cost of housing varies throughout the state, a majority of California communities are well above the U.S. average of \$840 per month for rental units. Around the time of the survey, California's average monthly rent was about \$1,240, fifty percent higher than the rest of the country. Coastal Metro areas such as San Francisco are more than double the state average and about six times higher than Bakersfield, the state's least expensive metro. Oakland and other East Bay communities similarly have higher average monthly rent costs (\$1,390 per month) than the California and national averages.

The high cost of housing can be attributed to many factors, including the desirability of living

in coastal communities such as the Bay Area and the ongoing shortfall in the development of new housing, both affordable and market rate, to keep up with growing demand. As housing costs rise for renters and owners, the pressure on existing housing will only continue to exacerbate the current affordability crisis, disproportionately affecting households with the least financial resources, the extremely low income and very low income households.

Facing increased demand for affordable and adequate housing paired with a constrained housing supply, rising costs, and limited incomes, many households respond with a combination of trade-offs. These often include spending a larger share of income on housing, postponing or foregoing homeownership, living in more crowded or substandard housing, commuting further to work each day, or sometimes choosing to work and live elsewhere. Although the high cost of housing affects all communities and households of all incomes, it affects lower income households at greater rates. Figure 2 illustrates the share of California working families that spend more than 50 percent of their income on housing by income category.

Figure 2 – Housing Cost Burden by Income Category • (Based on Percent of Area Median Income)



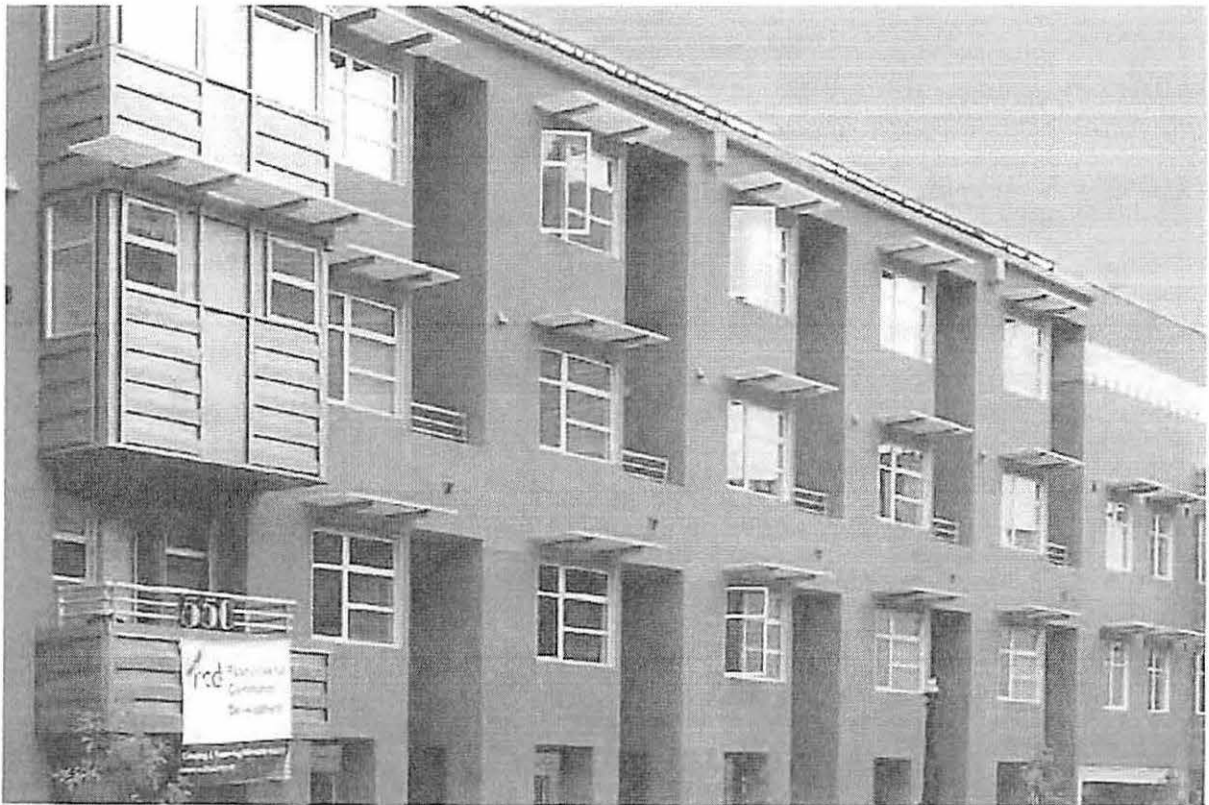
Source: Center for Housing Policy tabulations of 2012 American Community Survey Public Use Microdata Sample.

³ Legislative Analyst's Office Report, California's High Housing Costs: Causes and Consequences, 2015

Income Levels at Survey Properties

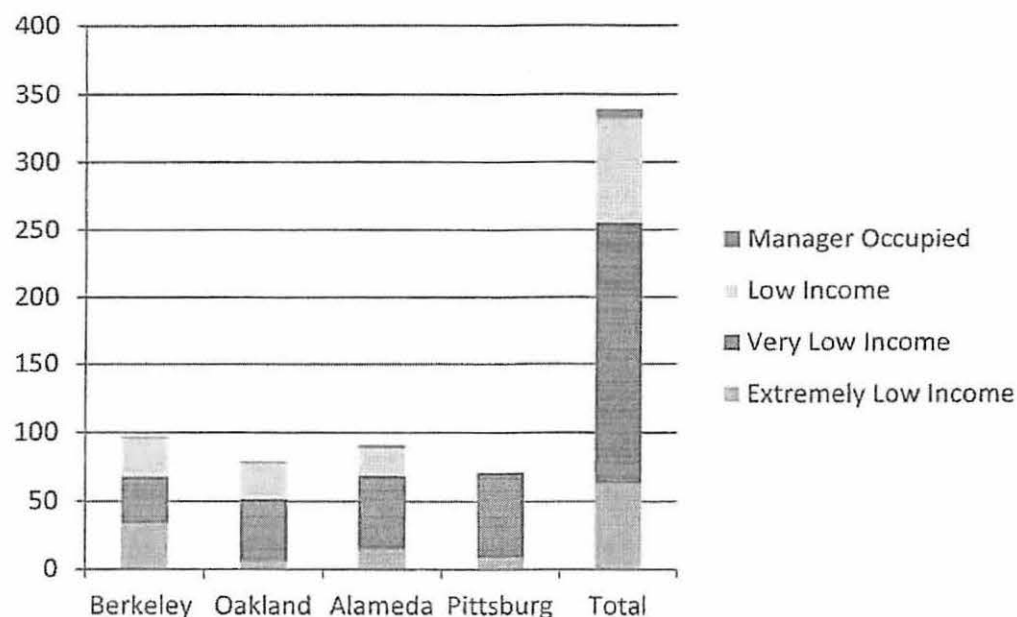
The properties in the study serve a range of income types, but with the exception of units set aside for management and maintenance of the properties all units are designated for families below moderate income levels. Figure 3 illustrates the number of units in each property and their affordability criteria. Households need only meet the restrictions on income upon the time of application and eligibility certification. Therefore, it is not a perfect representation of the actual household income for the residents, but the data does illustrate the mixture of affordability at each site. Berkeley is notable as having the largest number of units dedicated to extremely low income households, but also has almost equal

numbers of households categorized each as very low and low income. Apart from the Berkeley property, units at all of the other properties were primarily designated for very low income households. However, because residents do not need to move if incomes rise, some of the survey respondents fall into the moderate income range.



Throughout the report, key findings are presented by TOD v.s. non-TOD location and by income category.

Figure 3: Units by Property Location and Income Category • (Based on Percent of Area Median Income)



Source: Compiled by ABAG from property data provided by RCD.

In addition to the income restrictions for each unit, reported annual income was used to determine a household's appropriate income category. Information on household income was drawn from data collected during the recertification process in which a household must report its annual income, but was added to the survey data only after randomly assigned identification numbers to units allowed separation of all identifiable information from the units personal and financial information. ABAG and RCD categorized surveyed households using U.S. Department of Housing and Urban Development (HUD) income categories for the San Francisco Bay Area region. HUD publishes an annual listing of income thresholds for each county based on the metropolitan area Median Family Income (MFI), adjusted for household size. Based on HUD's income categories and survey

responses, this report defines four categories for a household's affordability threshold:

- Extremely Low-Income – Households earning 30 percent of MFI and below
- Very Low-Income – Households earning between from above 30 percent to 50 percent of MFI
- Low-Income – Households earning from above 50 to 100 percent of MFI
- Moderate/Higher-Income – Households earning more than 100 percent of MFI.

Our analysis used these income categories to examine differences in residents' travel pattern and other significant behaviors or perceptions by income. Throughout this report, key findings are presented by property location and type (e.g., TOD vs non-TOD, Berkeley vs Pittsburg) or by income categories (e.g., extremely low income vs higher income).

3. KEY FINDINGS

Residents of affordable TOD housing drive less and travel shorter distances than residents of sites with less transit access. Where BART or bus transit is available, residents will take advantage of it. Yet it is also true that owning a car makes it more likely a resident will choose to drive to a destination, and inexpensive, available parking makes it more likely a resident will own a car. Nevertheless, both the TOD and non-TOD properties offered residents improved access to services relative to their prior locations, and residents often chose a mode of travel other than driving to reach nearby services.⁴

The subsections that follow describe survey results on car ownership and use, public transit use, distance traveled, amenities, and quality of life.

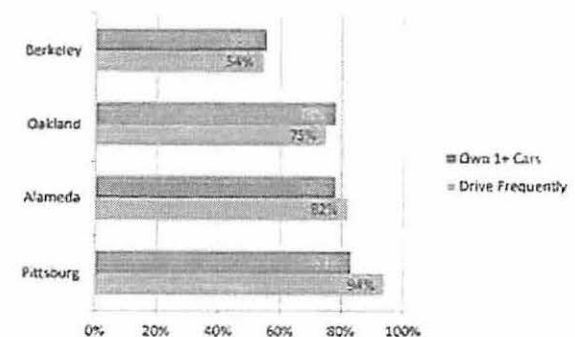
Car Ownership and Use

Our findings indicate that the biggest single determinant of VMT—and therefore GHG emissions—is the ownership of a private vehicle. With the exception of Berkeley, which had restricted parking, ownership rates among the properties were similar (see Figure 4).

Vehicle ownership increased the likelihood that households travel by car on a regular basis. However, residents living in TOD were less

likely than their non-TOD counterparts to use a car during the week. Only 54 percent and 75 percent of residents living in the Berkeley and Oakland TOD sites, respectively, reported using a car regularly during the week, compared to 81 percent and 94 percent for residents of Alameda and Pittsburg properties, respectively. This trend of greater car use for non-TOD resident remained significant when controlling for car ownership. Residents of affordable TODs own and use cars at a lower rate than residents in non-TOD sites.

Figure 4 – Car Ownership and Use by City



Source: Compiled by ABAG from property data provided by RCD.

⁴ All findings reported in this document were analyzed to ensure a 95% confidence interval on all significant findings. Further explanation on the methodology, coding and analysis of the survey results refer to the companion working paper entitled, "Effects of TOD Location on Affordable Housing Tenants: Travel Behavior, Access to Jobs and Services."

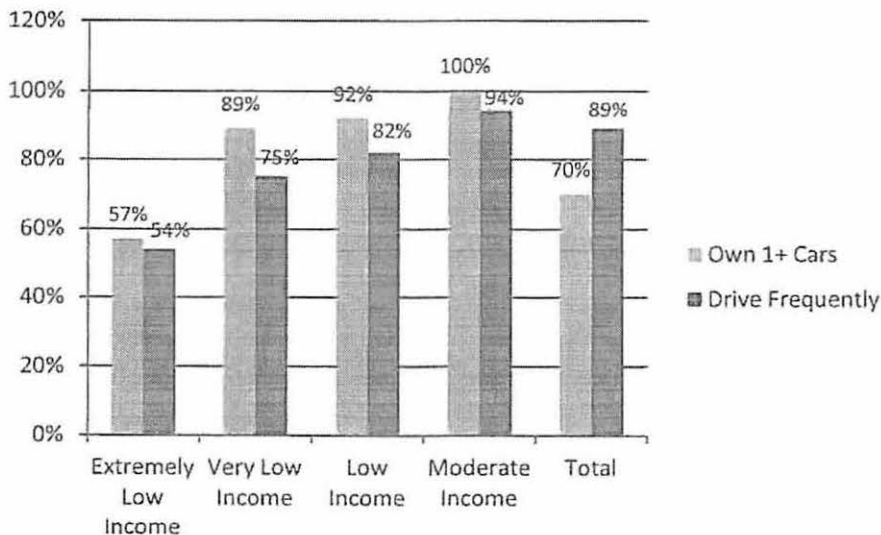
Car Ownership and Use by Income Threshold

Higher income households tend to drive and own cars at a higher rate, while lower income households have lower ownership rates and use a car less frequently. When comparing the rates of car ownership and regular car use, the differences between TOD and non-TOD become clear. However, travel patterns and mode choice are not uniform across all income levels. As we analyze the travel patterns by income thresholds, a more nuanced model of travel patterns emerges for both TOD and non-TOD residents. Residents below the 30 percent of AMI threshold have the lowest car ownership rates among all residents in both TOD and non-TOD properties. Among extremely low income residents, 57 percent owned cars, while ownership rates were close to or above 90 percent for all other income groups, as shown in Figure 5.

Despite differences in driving patterns across income groups, when controlling for car ownership, it becomes evident that **even taking household income and car ownership into account, a TOD location significantly reduces automobile use.**⁵ Even higher income households that owned cars were less likely to drive and more likely to use transit if they lived in a TOD location.

Some of the survey results on trip patterns and distances, discussed in greater detail later in this section, also point to additional factors contributing to the likelihood of trips taken by car. Residents were more likely to use a car when traveling more than five miles), traveling with more than one passenger, and for grocery related trips.

Figure 5: Car Ownership by Income Threshold (by percent of Area Median Income)



Source: Compiled by ABAG from property data provided by RCD.

⁵ The statistical tests demonstrating this finding are reported in the working paper cited earlier, "Effects of TOD Location on Affordable Housing Tenants: Travel Behavior, Access to Jobs and Services."

Restricted Parking and the Cost of Parking

Among the five properties within our study, four properties (three non-TOD and one TOD property) provided one free parking space for each unit. The exception is the Downtown Berkeley TOD property which has less than one parking space for each unit and charges for the use of a parking space. This may contribute to the lowest rate for car ownership and usage among all properties surveyed. The Berkeley property had a 20 percent lower rate of car ownership and usage compared to the similar Downtown Oakland TOD location (55 percent of households owned a car in Berkeley compared to 78 percent of households

that owned a car in Oakland). It is likely that cost of parking and the limited availability of spaces, combined with the higher proportion of lower-income households contributed to the low rate of car ownership and use at the Downtown Berkeley site.

"It's very costly to pay for parking space in Berkeley; parking tickets are ridiculous and I spend unnecessary time and gas, driving around looking for parking."

--[Adult student, Berkeley]



Four of the properties provided one free parking space per unit.

Use of Public Transit

Use of Public Transit by City

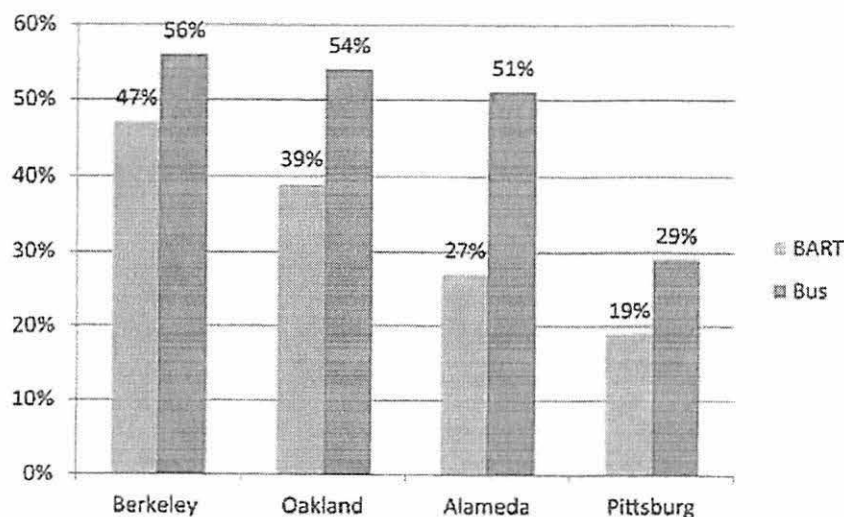
Residents in TOD sites used bus and BART at a higher rate than non-TOD residents. There were significant differences in travel mode choice, especially in relation to BART usage, when comparing the TOD localities to the non-TOD suburban sites (see Figure 6).

Households that live in TOD sites were more likely to use BART frequently, and often cited the convenience and proximity of BART as a strong motivator for using transit. Residents of both TOD and non-TOD localities provided anecdotal comments on their own perceptions of transit convenience. If a household perceived the transit station to be “too far away” they were less likely to use transit. The proximity to BART remained a strong indicator of a resident’s likelihood to use transit, regardless of whether the household owned a car.

Frequency of traveling by bus was also greater at TOD locations, but the Alameda sites also showed bus use comparable to the TOD sites. Although the nearest bus stops were half a mile away (greater than the quarter mile distance needed to qualify as TOD), residents perception of its convenience was significantly high. Currently, the Alameda site is served by six AC Transit lines, including a Transbay line that provides direct access to Downtown San Francisco, as well as the free Estuary Crossing Shuttle connecting to Lake Merritt BART station and the Alameda Landing Express—a free shuttle connecting the Alameda Landing retail development to Downtown Oakland and 12th Street BART.

By contrast, although the Pittsburg site is also within a half mile of bus lines, the bus service is less frequent, charges full fare, and was perceived by residents as inconvenient. Thus, **transit schedules and cost may also have an impact on VMT.**

Figure 6: Households Using BART or Bus at Least a Few Times Per Week, by City



“Our home is connected to all major bus lines and BART. No need to really drive.”

--[Mother of three, Oakland]

“Public transportation is not as available or accessible as before. Therefore I drive more.”

--[Father of one child, retired and disabled, Pittsburg]

Source: ABAG analysis from RCD resident survey, 2014.

Use of Public Transit by Income Threshold

Within the income range of residents, higher income households use BART more frequently and the bus less often compared to lower-income households. Alternatively, lower income households ride buses more frequently than their higher income counterparts and use BART less (see Figure 7). This trend was observed for both households that owned a car and households that did not. The difference between households that used public transit can be attributed to the actual (and perceived) higher cost of BART and the limited destinations reachable by rail. Open ended questions revealed that many residents felt that BART didn't "take them where [they] needed to go" ⁶ so they instead opted for the bus.

Other factors that influenced residents' transit use included a higher likelihood of using BART for commuting to work or traveling longer distances. Likewise, residents were more likely to use a bus if they were traveling longer distances or traveling to medical destinations.

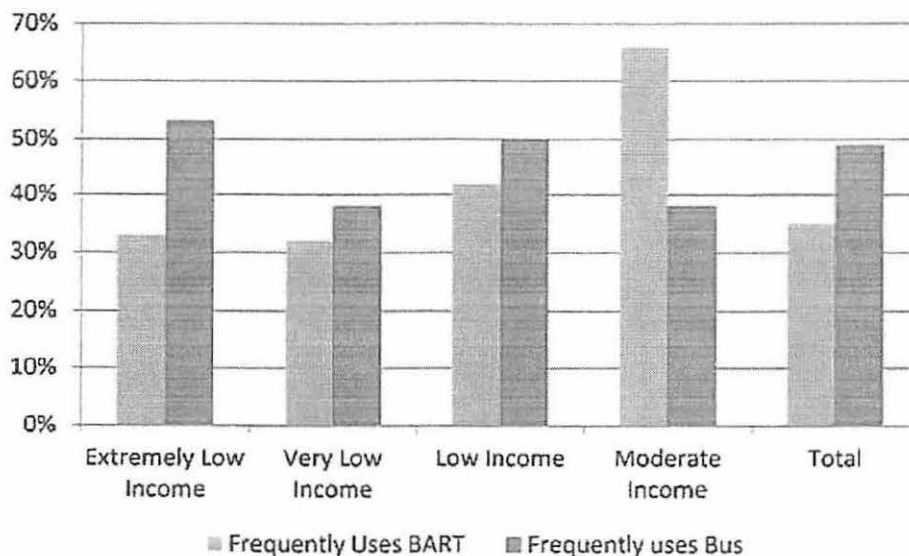
"Don't live as close to public transit."

--[Husband with wife with two children, Pittsburg, explaining decreased use of transit since moving to the property]

"I have more bus options now. Where I lived before, not all buses, such as Transbay, went down there, or come as often."

--[Alameda retired and disabled female]

Figure 7: Use of BART or Bus at least a Few Times Per Week by Income Category



Source: ABAG analysis from RCD resident survey, 2014

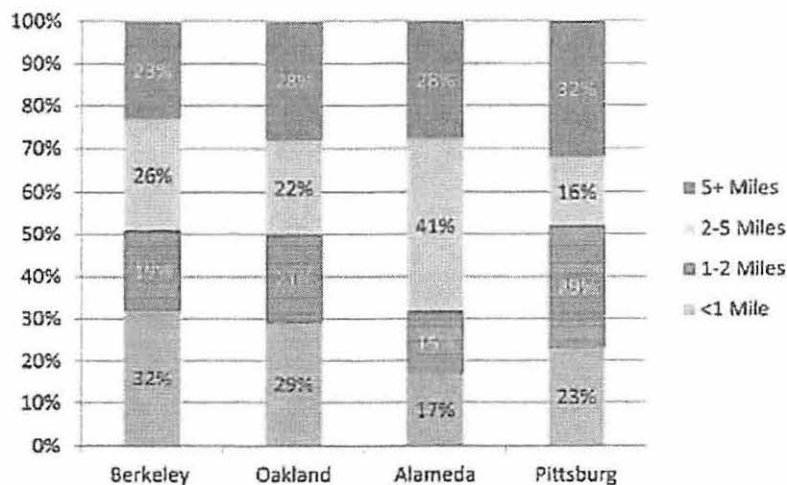
⁶ Interview with retired Berkeley resident from RCD resident survey, 2014

Distance Traveled

Residents of TOD sites were more likely to be traveling to destinations less than a mile away. Alternatively, residents of suburban non-TOD sites were more likely to be traveling to destinations more than five miles away. (See Figure 8). However, both Pittsburg and Alameda

residents still had a notable share of trips to destinations less than one or two miles away. As shown in Table 1, some types of destinations were equally or more convenient to the non-TOD sites as compared to the TOD sites. Pittsburg residents traveled the shortest average distances for groceries and school and below average distances for leisure activities. Nevertheless, overall after

Figure 8: Reported Destinations by Distance Ranges and City



Source: ABAG analysis from RCD resident survey, 2014

Table 1: Average Distance Traveled by Destination, Mode and City (miles)

	Berkeley	Oakland	Alameda	Pittsburg	Overall Average
Work	4.0	6.8	8.3	15.0	8.0
Groceries	2.3	3.3	2.6	1.8	2.5
Leisure	3.9	2.5	2.1	2.9	3.1
School	2.4	4.6	3.8	1.5	3.3
Medical	5.4	4.0	6.7	10.4	6.3
Worship	7.3	2.7	6.3	10.7	6.5
Car	5.6	4.6	6.3	8.2	6.2
BART	9.7	8.7	16.7	38.6	12.1
Bus	4.6	3.8	7.3	12.5	5.6
All Destinations, Modes	4.1	3.9	5.1	7.7	5.0

Source: ABAG analysis from RCD resident survey, 2014

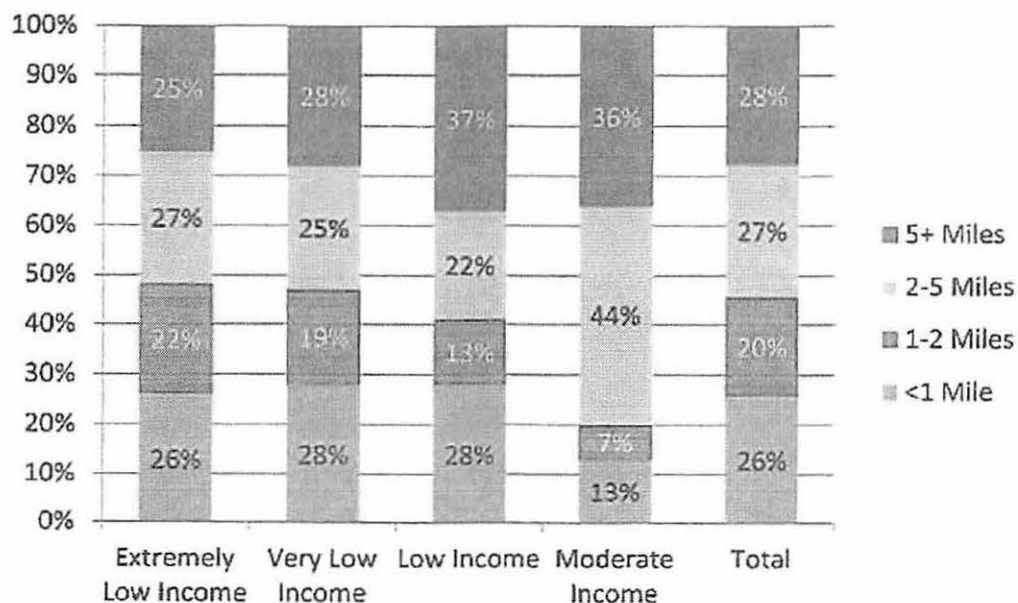
adjusting for type of destination and mode, living in Alameda rather than Pittsburg reduced average distances traveled by car by 19 percent; Berkeley compared to Pittsburg reduced car travel distance by 23 percent; Oakland residents drove to destinations 32 percent closer than Pittsburg residents.

Location and proximity to transit remains an important factor when measuring the distance traveled by residents. But for households that don't own a car, income also influences trip length. Households categorized as extremely low income and very low-income (households below 50 percent of AMI) had the largest share of trips taken within two miles. Households with incomes above 50 percent of AMI had a significantly larger share of trips that were more than five miles away and a sizable share of trips between two and five miles (see Figure 9). Although the

typical trip length varied across different income categories, further analysis of survey results reveal that location remained a strong predictor of a household's travel pattern, even after taking income into account, with shorter distances traveled overall by households living TOD properties.

Our findings indicate that both income and proximity to transit remain important factors in determining the distance and length of travel. Therefore, if one of the major intended outcomes

Figure 9 – Percent Traveling Different Distances by Income Category



Source: ABAG analysis from RCD resident survey, 2014

Amenities and Location Advantage

Proximity to transit-rich areas, car ownership, and household income remain critical factors when considering household travel behavior and consequently GHG production through VMT. But other strategies and factors can also play a vital role in further reducing the amount of GHG emissions by residents, most notably the proximity of nearby parks, retail, schools, and recreational amenities.

Residents of both TOD and non-TOD sites are more likely to walk if the destination is to a park, retail outlet, school, or recreational facility.

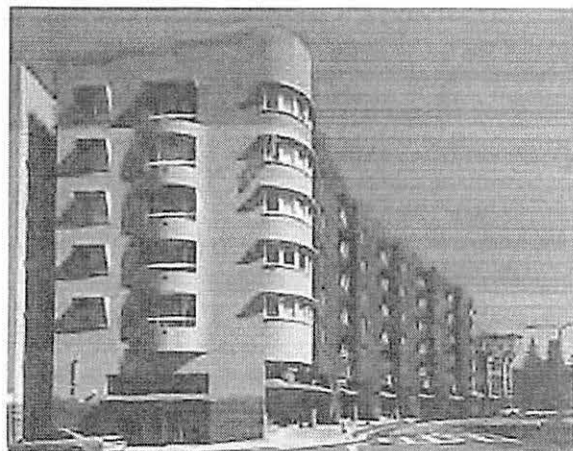
Although transit remains an important factor in household car ownership and use, it is not the only factor influencing travel behavior. Residents, even in the suburban non-TOD sites of Alameda and Pittsburg, reported they often enjoyed the easy access of nearby amenities that allowed them to not use a car.

This ease of access is made possible by the strategic location of the properties. Although located further away from transit (BART and bus), properties in both cities are near shopping and parks. The selection of sites in amenity rich areas is driven in part by regulations and criteria set forth by affordable housing financing programs, such as the Low Income Housing Tax Credit (LIHTC).

Under the current LIHTC criteria affordable housing developers are granted more points for locating within a quarter mile from parks and

other services. By locating affordable housing *in amenity rich neighborhoods, residents were able to access the services and shops on a regular basis without relying on a car, further reducing GHG emissions through fewer VMT.*

Other types of destinations often require more distant travel. These included commuting to work, trips to visit friends, family, place of worship, child care, or a medical visit. When residents in both TOD and non-TOD locations took a trip for worship or medical reasons, they commonly traveled further than five miles. The difference in travel patterns by type of amenities suggests that not all nearby amenities may be used at the same rate by local residents. Anecdotal comments and survey results suggest that existing social ties to previous amenities or communities heavily influenced whether a resident was likely to change some amenity destinations.



In amenity-rich Berkeley, residents were able to access services and shops without relying on a car.

As Figure 10 illustrates, households were less likely to change their place of worship, medical care provider, and the school for their children. After moving to the RCD property, residents were most likely to change where they travel for groceries, recreation and entertainment. This implies that more than just proximity affects a household's decision to travel shorter or longer distances to reach particular services or amenities.

Although the current criteria for LIHTC and other subsidy programs measure amenities as comparable advantages (giving equal points for a diverse range of different amenities), our findings indicate that **social ties and a resident's willingness to change location, greatly affect the actual use of nearby amenities.**

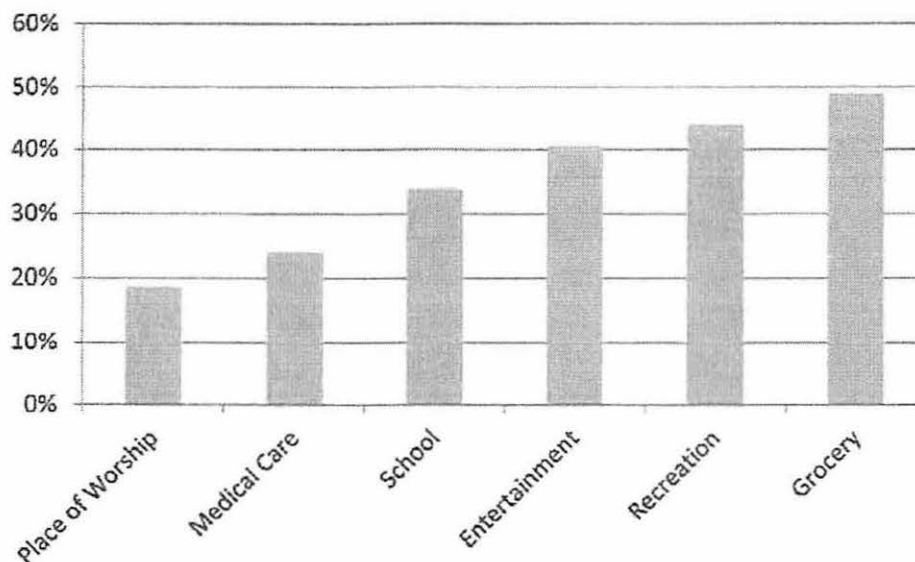
"Everything from bank, groceries stores, library, and parks are within walking distance."

--[Wife and husband with three children, Berkeley]

"My doctor is further away now. But shopping for clothes, crafts, home, etc. is easier."

--[Woman with a disability living with a care giver, Alameda]

Figure 10: Changes after Moving to an RCD Property



Source: ABAG analysis from RCD resident survey, 2014

Quality of Life

Beyond analyzing the potential impact on GHG emission and VMT, this study also focused on potential improvements to residents' quality of life. The survey asked a series of questions designed to gauge a household's perceived level of satisfaction with current housing and the benefits made possible by living near transit and/or amenity rich areas.

Benefits and perceived improvements to a household's quality of life were reported by residents in both TOD and non-TOD properties.

Access to jobs and employment opportunities improved or stayed the same for the majority of residents in all properties. Only a small proportion of all residents (less than four percent at each site) felt that their access to job opportunities was reduced since moving to the property site (see Figure 11). This relative level of satisfaction can

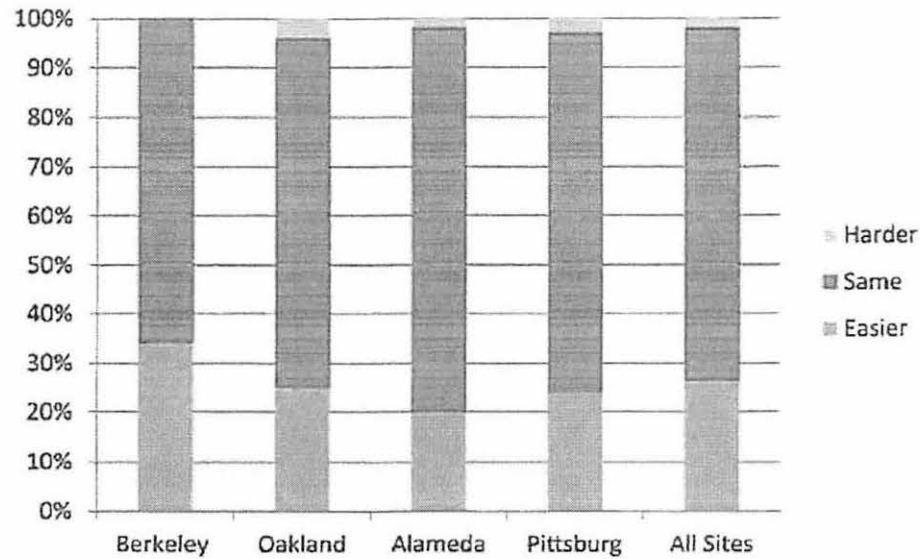
be attributed to factors including the proximity of potential retail employers (for example in downtown Berkeley or Alameda Landing) or the ability to use transit to access jobs in other urban employment centers like Downtown San Francisco and Oakland.

Qualitative responses to questions about employment opportunities provided further context and nuance to residents' perceived ease or complexity in accessing job opportunities. For example, one Berkeley resident commented that although there were greater employment opportunities in the surrounding area, the competition and requisite skills for those jobs also increased. Although access to job opportunities and employment increased or stayed the same for a majority of residents, ***access to job opportunities in the surrounding area or via transit did not necessarily translate into securing regular employment.***



The study also focused on potential improvements to residents' quality of life.

Figure 11: Access to Jobs from the RCD Properties



Source: ABAG analysis from RCD resident survey, 2014

Residents who were seeking job opportunities and employment commented positively on the assistance provided on-site either through counseling services or amenities offered. One Alameda resident wrote, "All I had to do was go to the [property] computer lab and the one-stop career center at the college." A Berkeley resident commented, "We have the computer lab [on-site] and library accessible." From an Oakland resident, "If I became unemployed, the job center to look for jobs is within walking distance." And a Pittsburg resident noted, "The Internet [at the property's computer lab] is free for job search." Residents also appreciated the broader support the property facilities provide, from financial counseling to encourage timely payment of rent to after school and tutoring programs for children.

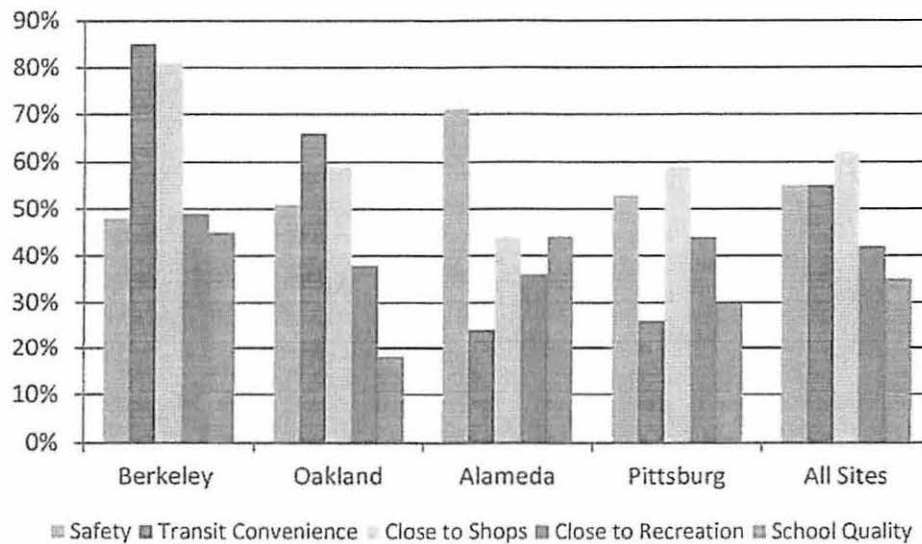
Other advantages attributed to the property location varied by city (see Figure 12). Berkeley

residents reported the highest satisfaction in transit convenience (84 percent of households) and nearby shops (82 percent of households). Alameda residents identified safety (71 percent of households) as the most prominent location advantage. Pittsburg residents identified nearby shops (61 percent of households) as the most prevalent location advantage. Oakland residents reported comparable levels of satisfaction to the other properties on safety, transit, shopping, and recreation (51 percent, 66 percent, 59 percent, and 38 percent respectively), but rated school quality the lowest (18 percent of households).

"I feel that the possibility of being hired is a lot more challenging here in Berkeley. Especially if the job is here in Berkeley. Your chances of being hired for a middle class job(s) are a great deal more competitive."

--[Adult student, Berkeley]

Figure 12: Percent of Households Responding Yes to Listed Advantage of Their Location



Source: ABAG analysis from RCD resident survey, 2014

Variation in location advantages for each property can partly be attributed to the differences in transit access (TOD vs non-TOD) as well as the surrounding neighborhood or community. Residents' perceptions of each property were linked to the accessibility of amenities or services within walking distance as well as the services offered on-site. But residents also understood the opportunities and challenges of each property location as part of the larger narrative and reputation of each city. For example, many Oakland residents felt that although the immediate neighborhood was safe, the city as a whole remained dangerous. These larger narratives attached to each city help to form residents' perception and informed their personal level of satisfaction with the property.



Alameda residents identified safety as a location advantage

4. INCORPORATING THE LARGER CONTEXT

The study findings show that although policy and planning decisions (such as parking policies and proximity to transit) are essential, they are not sufficient in guaranteeing sustainable outcomes, such as reduction in GHG emissions through VMT. Moreover, as the quality of life related questions indicated, it was often the larger context of the surrounding city and community that affected residents' overall perception and satisfaction. Residents cited particular external factors such as the perception of a fare increase on public transit or the convenience of nearby shopping and retail as having a large role in determining household behaviors.

Two examples illustrate the larger environmental factors that may affect the quality and effectiveness of affordable housing and transit use.

Planning for the Future - Alameda Landing

During planning and pre-development of the two Alameda sites, the future development of Alameda Landing as a mixed retail and shopping center was not part of the planning for the developments. At the time of this study, the Alameda Landing development was still under construction, with a few retail stores already

open, but with several more slated for completion by the end of 2015.

The proximity of the Alameda Landing development now provides a broad array of employment and retail opportunities that were previously unavailable. The retail development also now provides a free shuttle that connects residents to two BART stations (Downtown Oakland 12th Street and Lake Merritt). Although the Alameda sites did not originally include the Alameda Landing development as part the network of services and amenities that would be accessible to residents, it has significantly changed the perception and satisfaction among residents. Without the advantages of the retail development and transit connectors, residents might not have used BART or the bus as often or reported the same level of satisfaction or convenience in accessing retail and employment. The Alameda Landing example illustrates some benefits of neighborhood investments beyond housing that will accelerate GHG reductions through reduced VMT.

"Because there are now free shuttle service and it takes me where I need to go."

--[Wife and husband with two children, Alameda]

Perception and External Challenges: Transition to Day Pass

Berkeley residents reported the highest level of satisfaction and convenience in transit accessibility among all properties, yet many residents also reported concern over the cost of transit, in particular the anticipated increase in bus provider AC Transit's day fare. At the time of the survey, AC Transit was initiating a fare modification that would change its policy regarding single fares and transfers. It would no longer provide a transfer for a marginal cost, instead offering Day Passes upon the second trip, theoretically saving the passenger money if they took multiple trips a day. This fare modification was not necessarily a fare increase in the direct sense, but it was perceived as a doubling of

the fares and consequently was met with high levels of concern. Many of the residents cited the fare increase when justifying their use of other forms of transportation, including using a car or carpooling with a friend. The perception of the fare increase was strong enough to change at least a few residents' satisfaction with the transit service and altered their travel behavior as a result.

Although proximity to transit provides a strong indicator and motivating factor for residents, they do not on its own sufficiently explain or ensure particular outcomes. ***The larger context that informs residents' quality of life and travel patterns illuminates the kind of factors that influence transit choices, even in transit rich areas.***

"AC Transit's fare increase has caused me to drive every day instead of taking the bus!!!"

--[Retired adult, Berkeley]



Urban TOD supports local housing needs.

5. CONCLUSION

The results of the survey make clear some of the ways in which proximity to transit and household income levels affect travel patterns. The findings also highlight the range of advantages that affordable housing properties can offer to low income residents in a region with rapidly escalating housing costs. The results have implications for state and regional housing policy and for affordable housing development strategies.

Findings

The findings of this report make clear some of the ways in which proximity to transit and household income affect household travel patterns.

- **A regional problem needing local solutions:** Affordable housing properties draw residents primarily from nearby communities.
- **Affordable housing residents respond to transit opportunities:** Residents of affordable housing properties in TOD sites use public transit more and car travel less than their counterparts in locations farther from transit options. Walking and biking are also options when amenities are nearby.
- **Lower income households make the greatest use of transit opportunities:** Among survey respondents, lower income households, in both TOD and non-TOD locations, drive less and take transit more frequently than higher



TOD siting of affordable housing is an effective strategy to reduce GHG emissions

income households. Higher income households travel further distances for work, school and recreational activities compared to their lower income neighbors.

- **Households are sensitive to travel costs:** The property with higher cost parking and fewer spaces had lower rates of car ownership and use, yet some households expected to reduce bus use following a transit system fare increase.
- **More households will walk or bike to nearby destinations:** By reducing the distances between housing and work, housing and retail, and housing and recreation, reductions in GHG emissions and VMT are possible in both urban and suburban locations.
- **Residents traveled the greatest distances to work, to places of worship and for medical care:** Of all amenities, residents were least likely to change place of worship or medical services after moving into the RCD property.
- **The great majority of residents reported that access to jobs was the same or easier after moving to an RCD property:** Respondents were no more likely to report access to jobs improved in TOD sites compared to non-TOD sites.
- **TOD is a viable and highly effective strategy to reduce GHG emissions through the reduction of VMT, but it is not the only mechanism to achieve both environmental and quality of life outcomes:**
 - Affordable housing projects near amenities like grocery stores, parks and schools can produce significant VMT reduction, even if transit links are weaker than at TOD locations.

- Innovative programs such as free shuttle connections to bus and BART service can boost ridership by residents of affordable housing properties more distant from transit services.

Recommendations

Affordable and Green

Due to current standards and policy measures that incentivize strategic site selection—such as proximity and access to surrounding amenities and services—affordable housing development has the potential to further promote sustainable goals and outcomes apart from simply providing greater access to transit. The environmental, economic and social benefits of housing near transit are strengthened by focusing on deeper levels of affordability, by ensuring that developments include units dedicated to extremely low-income and very low-income households. ***Sustainability and equity are not competing goals; by focusing on equity as an outcome we strengthen the effectiveness of sustainable strategies.***

Weighting Amenities by Relation to Travel Patterns

The type of amenity and the larger social context influence a resident's willingness to use nearby services and amenities. The survey results suggest that a ***reevaluation of the weighting of amenities in allocating funds, focusing on the type of amenity and likelihood of using a nearby service, could extend resources to additional projects with the potential for providing beneficial outcomes in reducing GHGs and improved quality of life for residents.*** This is particularly relevant in suburban areas which have few TOD sites to offer but a growing low income population as well as lower land costs.

Sensitivity to Costs

Because low income households are very sensitive to costs of travel, cost factors become tools for influencing the level of driving or use of transit.

Restrictions or pricing on parking in transit rich areas combined with transit subsidies or free shuttle services to access transit can contribute to goals of GHG emissions reduction.

TOD and Beyond

Affordable TOD continues to be a viable model for reducing GHG and the total VMT taken by low-income households. However, high land costs and fierce competition in urban areas and the amount of land available in TOD locations will limit the ability to reduce GHG emissions and VMT through this approach. TOD should not be the only solution for meeting the housing needs of low and moderate income households. Non-TOD localities, those not well serviced by transit, can still promote reductions in VMT and GHG emissions by supporting affordable housing developments close to amenities and services such as retail, grocery stores, schools, recreation, and employment opportunities. ***By reducing the distance needed to travel for everyday activities and errands, residents in non-TOD sites can reduce their GHG emissions and VMT by utilizing nearby services.***

Flexibility in Setting Goals

TOD policy and programs that provide a mixture of different levels of affordability may provide needed accessibility for households that often travel shorter distances (typically lower income households) while providing opportunities for

households that often travel further distances by car (typically moderate income households) to choose alternative and sustainable transportation options. ***Survey results suggest a strategy for affordable housing in TOD locations may be most effective when focused on different types of benefits at different income levels.***

Local solutions to address local needs

Low-income households are struggling in every local jurisdiction and region of the state. The high prevalence of survey respondents who relocated within the local area points to the need for housing to serve existing residents in the local areas. ***Strategic development of both TOD and non-TOD in urban and suburban should continue to be supported in order to meet the local housing needs of every community, while furthering state wide and regional goals of sustainability and GHG reduction.***





A Health Risk Assessment

By: Jonathan I. Levy, Jonathan J. Buonocore, & Katherine von Stackelberg

Traffic congestion is a significant issue in virtually every urban area in the United States and around the world. Anyone who spends any time commuting knows that the time and fuel wasted while sitting in traffic can not only be annoying, but can lead to real economic costs. An examination of the peer-reviewed literature shows that there are many previous analyses that estimate the economic costs of congestion based on fuel and time wasted, but that these studies don't include the costs of the potential public health impacts. Sitting in traffic leads to higher tailpipe emissions which everyone is exposed to, and the economic costs of those exposures have not been explored.

Motor vehicle emissions contain pollutants that contribute to outdoor air pollution. One in particular, fine particulate matter (referred to as $PM_{2.5}$) is strongly influenced by motor vehicle emissions. Studies that evaluate the sources of $PM_{2.5}$ in our environment find that vehicles contribute up to one-third of observed $PM_{2.5}$ in urban areas. $PM_{2.5}$ has been associated with premature deaths in many studies, and health impact assessments have shown $PM_{2.5}$ -related damages on the order of hundreds of billions of dollars per year. Recently, an expert committee convened by the Health Effects Institute in Boston, Massachusetts, summarized the available evidence on exposure to traffic-generated air pollution and negative health effects. They find strong evidence for a causative role for traffic related air pollution and premature death, particularly from heart attacks and strokes. $PM_{2.5}$ is emitted directly, and it is also produced by secondary formation, as sulfur dioxide (SO_2) and nitrogen oxide (NO_x) emissions contribute to the formation of sulfate and nitrate particles. Exposure to $PM_{2.5}$ also causes other health effects such as asthma attacks, and other respiratory illnesses.

In this study, we evaluate the premature deaths resulting from people breathing primary $PM_{2.5}$ and secondarily-formed particles during periods of traffic congestion and compare that to the economic costs from time and fuel wasted. We do this analysis for 83 individual urban areas. We predict how much congestion to expect in each of the 83 urban areas over the period 2000 to 2030. We use several inter-linked models to predict how much of what people are breathing in each urban area is attributable to emissions from traffic congestion. The models predict how many people will die prematurely as a result of being exposed to these traffic conditions over the long term. We assign a dollar value to the predicted deaths using a "value of a statistical life" approach as is done for most regulatory impact analyses. The analysis explores the significance of public health impacts in assessments of predicted traffic congestion to identify information gaps to be addressed to better determine the ongoing public health burden of congestion in the United States, and to set the stage for evaluating potential strategies for relieving traffic congestion. Evaluating such strategies will require models and assumptions that take advantage of conditions and the context unique to each area.

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We estimate traffic congestion-related $PM_{2.5}$, NO_x and SO_2 emissions in these 83 cities caused approximately 4,000 premature deaths in the year 2000, with a monetized value of approximately \$31 billion (in 2007 dollars). This compares to the estimated \$60 billion congested-related cost of wasted time and fuel in these communities during the same year. This fuel and time loss is expected to continue to grow annually over the next 20 years. Across cities and years, the public health impacts of traffic congestion range from an order of magnitude less than the lost time/fuel economic impacts, to in excess of these impacts, with variation attributable to the extent of congestion, population density, and other factors.

We forecast the mortality and public health costs of congestion, however, will diminish slightly over time in most of the areas studied—until rising again toward the end of the modeling period, 2030. In 2005, for example, we estimate congestion-related premature mortality of 3,000 lives, with a monetized value of \$24 billion (in 2007 dollars). This reduction results from the continual turnover of the motor vehicle fleet to lower emission vehicles and the increased use of cleaner motor fuels.

Our estimates of the total public health cost of traffic congestion in the U.S. are likely conservative, in that they consider only the impacts in 83 urban areas and only the cost of related mortality and not the costs that could be associated with related morbidity, health care, insurance, accidents, and other factors. Our analyses indicate that the public health impacts of congestion are significant enough in magnitude, at least in some urban areas, to be considered in future evaluations of the benefits of policies to mitigate congestion.



Results

In total, across the 83 urban areas modeled, vehicle miles traveled (VMT) is projected to increase more than 30% from 2000 to 2030 (an increase from 2.97 billion daily VMT to 3.94 billion daily VMT), closely paralleling projected population growth in the urban areas of 32% (an increase from 133 million people to 176 million).

For 2005, nationwide estimates of traffic emissions attributable to time spent in congestion include approximately 1.2 million tons of NO_x , 34,000 tons of SO_2 , and 23,000 tons of $PM_{2.5}$. These emissions are associated with approximately 3,000 premature deaths in 2005 (Figure 1), with an economic valuation of \$24 billion (in 2007 dollars). Overall, nearly 48% of the impact over the 83 urban areas is attributable to NO_x emissions, with 42% attributable

Nationwide estimates for 2005 of emissions attributable to congested traffic:

- 1.2 million tons of NO_x
- 34,000 tons of SO_2
- 23,000 tons of $PM_{2.5}$

These emissions are associated with approximately:

- 3,000 premature deaths

The total social cost of these impacts:

- \$24 billion

By 2020, we predict:

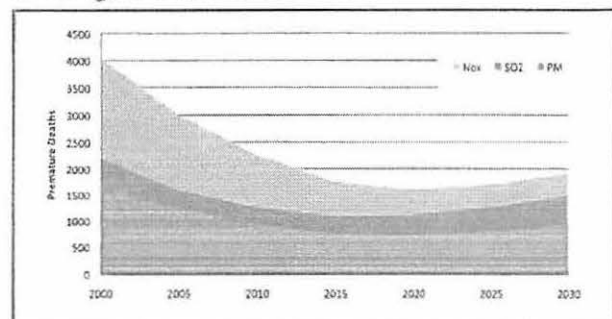
- 1,600 premature deaths
- \$13 billion in total social costs

By 2030, we predict:

- 1,900 premature deaths
- \$17 billion in total social costs

Figure 1

Projected Nationwide Premature Deaths Attributable to Congested Traffic, 2000 - 2030



This graph represents the nationwide estimates for premature deaths attributable to congested traffic for 2000-2030. The colored sections indicate the portion of these premature deaths attributable to NOx, primary PM_{2.5} and SO₂.

attributable in part to high ambient sulfate in the eastern United States, which tends to reduce particulate nitrate formation, and to conditions in California favoring the secondary formation of particulate sulfate.

to primary PM_{2.5} and 11% attributable to SO₂. However, the relative proportion of the impact attributable to different pollutants varies significantly across urban areas. For example, the proportion due to NOx ranges from 6% in multiple Northeast cities (Hartford, CT; Boston, MA; New Haven, CT; Springfield, MA) to over 70% in less densely populated areas of Texas (Brownsville, Austin) and Washington State (Spokane).

Similarly, the proportion of impact due to primary PM_{2.5} is highest in densely-populated urban areas of the Northeast (approximately 80%) and below 20% in Brownsville. The proportion attributable to SO₂ emissions is highest in California, with four urban areas in California constituting the only places with more than 20% of the mortality risk from SO₂ emissions. These relative proportions are

Figure 2

The Monetized Health Impacts Attributable to Congestion for Selected Urban Areas, 2000 - 2030

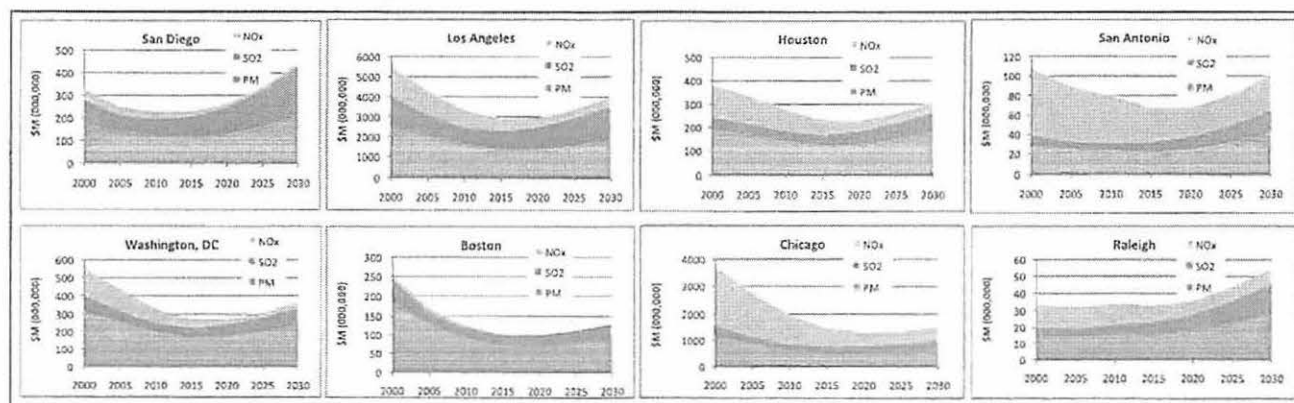
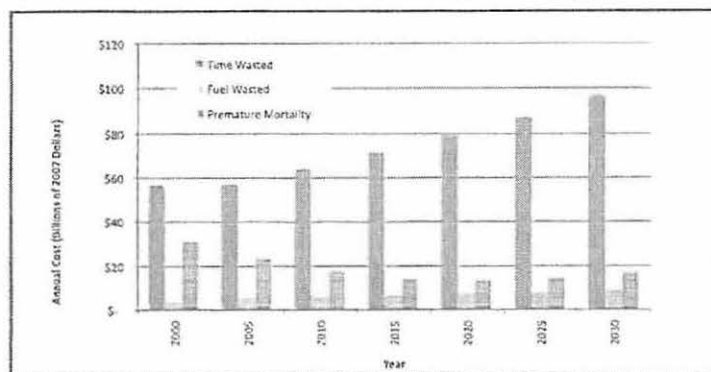


Figure 2 presents the monetized health impacts over time for selected urban areas. These trajectories differ as a function of differential population growth, congestion, population density and atmospheric chemistry. For example, monetized health impacts increase steadily over time in cities such as Raleigh NC and San Diego CA, in which VMT and population growth are significant and primary PM_{2.5} makes a substantial contribution to health risk. In contrast, Chicago and other cities in the Midwest are projected to have small VMT growth and have more substantial contributions to public health damages from NOx emissions, and therefore show a steady decline in health risks over time given the larger decline in NOx emissions per vehicle-mile.

Figure 3

Figure 3 presents the economic costs from time and fuel wasted and monetized estimates of premature mortality attributable to traffic congestion across the 83 urban areas. Overall, time wasted accounts for the bulk of the economic cost associated with traffic congestion, and the cost of delay continues to increase between 2000 and 2030, as this is directly proportional to the extent of congestion. In contrast, reductions in per-vehicle emissions contribute to declines in economic costs associated with premature mortality between 2000 and 2025, with modest increases after that point.

Monetized Premature Mortality as Compared to Projected Time & Fuel Dollars Wasted Attributable to Congested Traffic



As a result, whereas the public health impacts contributed approximately 34% of the total cost of congestion in 2000, this decreases to 14% by 2030. However, the proportion of health impacts attributable to premature mortality varies substantially across urban areas. For example, in 2000, 17 urban areas had health impacts contributing less than 20% of the total cost of congestion, whereas 19 urban areas had contributions in excess of 50%. Those urban areas with relatively small contributions from public health had very high levels of congestion (near or at the 50% threshold) but did not have correspondingly high population density, including Laredo TX, Eugene OR, and Las Vegas NV. In contrast, those urban areas where public health impacts dominated had smaller percentage of time spent in congestion but greater public health benefits per ton of emissions.

Frequently Asked Questions

How was the analysis conducted?

The key components of the analysis include predicting emissions corresponding with traffic congestion for 83 individual urban areas based on travel demand models, which predict how many vehicle-miles people will be traveling in each area. We develop estimates of changes in air pollution (based on $PM_{2.5}$ concentration) associated with these emissions, and apply a concentration-response function that predicts how many people will be impacted by breathing this air pollution. Finally, we assign a dollar value to the predicted number of premature deaths.

Where did we get our data?

We develop estimates of vehicle miles traveled (VMT) based on data and methods from the Center for Urban Transportation Research (CUTR) at the University of Central Florida. We use a model developed by the US EPA called MOBILE6 to estimate city-specific emissions per VMT based on year, temperature profile, and average vehicle speed. We focus on emissions from the baseline year (2000) until 2030. The analysis is conducted for 83 individual urban areas that were previously evaluated by the Texas Transportation Institute (in order to directly compare our results with their estimates of economic costs of congestion) and are in the lower 48 states.

To estimate the changes in air pollution associated with congestion-related emissions from each urban area, we applied a source-receptor (S-R) matrix. S-R matrix is a reduced-form model containing county-to-county transfer factors across the United States, considering both primary $PM_{2.5}$ and secondary formation of sulfate and nitrate particles. To determine the health effects, we use the same studies that the US EPA uses based on a combination of published epidemiological studies and an expert elicitation study addressing the concentration-response function for $PM_{2.5}$ -related mortality. To monetize the resulting estimates of

mortality attributable to congestion, we applied a value of a statistical life (VSL) of approximately \$7.7M in 2007 dollars (for 2000 GDP), the central estimate used in recent EPA regulatory impact analyses.

What does it mean?

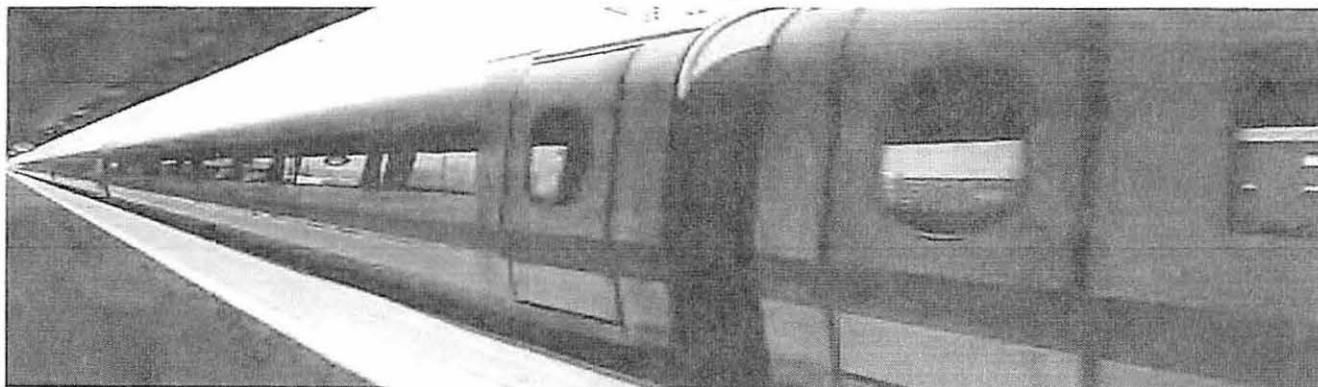
Our modeling illustrates that the public health impacts of traffic during periods of congestion, associated with premature mortality from primary and secondary $PM_{2.5}$ concentrations, are appreciable, with thousands of deaths per year and a monetized value of tens of billions of dollars per year. While the monetized public health damages are smaller than the economic value of time wasted, with the differential anticipated to grow over time, there are some geographic areas where public health damages represent a significant proportion of the total damages, even in future years when per-vehicle emissions are expected to be substantially less. Prior analyses of population exposure per unit emissions from motor vehicles demonstrated that these values were highest in dense urban areas for primary $PM_{2.5}$ and secondary sulfate, especially in California, the mid-Atlantic states, and the industrial Midwest, and were highest in the Southeast and Midwest for secondary nitrate. The urban areas with the greatest proportion of damages from public health were often found in parts of California and the Midwest, where the damages per ton of emissions were greater and the projected future population growth was lower. These findings provide an indication that considering only the direct economic costs of congestion will underestimate societal benefits of mitigating congestion, significantly so in certain urban areas.

What did we leave out?

There are clearly numerous other health endpoints or pollutants that may contribute to the public health burden of congestion, including morbidity endpoints associated with $PM_{2.5}$, mortality and morbidity from ozone, and effects of multiple air toxics. This analysis assumed no change to road infrastructure from 2005 levels, and the models, out of necessity, do not use individualized models of traffic congestion in each urban area (that is, although population and traffic demand are specific to each area, the analysis does not consider road closures, construction, or other area-specific factors that might contribute to increases or decreases in congestion over particular time periods). It is important to note that these are not traffic planning models specific to each area. These are models that predict emissions of pollutants associated with congested conditions on broader scales. Therefore, the results are approximations and represent order-of-magnitude predictions. In addition, the relative proportions across pollutants and urban areas are more robust than the specific numeric estimates.

Where do we go from here?

These results indicate that public health impacts of traffic congestion exist and should be considered when evaluating long-term policy alternatives for addressing congestion such as traffic management through congestion pricing, traffic light synchronization and more efficient response to traffic incidents, and adding new highway and public transit capacity. This analysis represents a first step, and future analyses could incorporate more sophisticated approaches for predicting expected emissions under location-specific conditions as opposed to the generalized case presented here. This exploratory study was designed to evaluate the scope of the issue; more refined estimates are possible that would address urban-area specific alternatives and impacts.



The following tables provide supporting information for our analyses that did not appear in the published paper. Note that the estimates for individual urban areas are more uncertain than the overall estimates for all 83 urban areas combined, and should be interpreted with caution. The model does not capture the nuances and dynamics of each individual urban area. Traffic demand, for example, is based on a national model, not individual models specific to each location.

Table A: Forecasted Increase in Vehicle Miles Traveled (VMT) in 83 U.S. Urban Areas: 2000-2030

Urban Area	Percent VMT Increase					
	2000-2005	2000-2010	2000-2015	2005-2020	2000-2025	2000-2030
Akron, OH	1%	1%	2%	3%	4%	6%
Albany, NY	3%	4%	4%	5%	6%	7%
Albuquerque, NM	2%	8%	14%	19%	23%	28%
Allentown--Bethlehem, PA--NJ	-3%	3%	6%	10%	13%	16%
Atlanta, GA	7%	14%	19%	22%	24%	27%
Austin, TX	6%	12%	17%	21%	25%	29%
Bakersfield, CA	9%	16%	21%	26%	30%	33%
Baltimore, MD	1%	4%	9%	13%	17%	20%
Beaumont, TX	-4%	-3%	-1%	2%	4%	7%
Birmingham, AL	1%	4%	6%	9%	12%	15%
Boston, MA--NH--RI	-5%	-3%	-2%	0%	1%	3%
Boulder, CO	0%	6%	11%	14%	17%	20%
Bridgeport--Stamford, CT--NY	0%	2%	3%	4%	5%	7%
Brownsville, TX	6%	10%	14%	17%	20%	23%
Buffalo, NY	-3%	-3%	-3%	-2%	-1%	0%
Cape Coral, FL	8%	20%	25%	30%	34%	38%
Charleston--North Charleston, SC	3%	11%	18%	25%	28%	32%
Charlotte, NC--SC	4%	13%	17%	21%	25%	28%
Chicago, IL--IN	1%	3%	5%	6%	8%	10%
Cincinnati, OH--KY--IN	-4%	-3%	-1%	0%	2%	3%
Cleveland, OH	-6%	-8%	-9%	-10%	-11%	-12%
Colorado Springs, CO	-2%	6%	12%	17%	22%	27%
Columbia, SC	-2%	7%	15%	23%	31%	36%
Columbus, OH	-1%	2%	6%	10%	13%	17%
Corpus Christi, TX	1%	6%	12%	19%	25%	29%
Dallas--Fort Worth--Arlington, TX	8%	15%	18%	21%	24%	27%
Dayton, OH	-8%	-8%	-8%	-8%	-7%	-6%
Denver--Aurora, CO	0%	7%	10%	13%	16%	19%
Detroit, MI	-3%	-3%	-2%	-2%	-1%	0%
El Paso, TX--NM	3%	7%	11%	15%	19%	22%
Eugene, OR	1%	7%	12%	16%	19%	22%
Fresno, CA	3%	9%	14%	19%	22%	25%
Grand Rapids, MI	-15%	-9%	-3%	2%	8%	14%
Hartford, CT	-2%	-1%	0%	2%	4%	5%
Houston, TX	8%	12%	15%	17%	20%	23%
Indianapolis, IN	4%	8%	12%	15%	19%	22%
Jacksonville, FL	5%	15%	19%	23%	28%	32%
Kansas City, MO--KS	0%	8%	15%	21%	28%	35%

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Urban Area

Percent VMT Increase

	2000-2005	2000-2010	2000-2015	2005-2020	2000-2025	2000-2030
Laredo, TX	8%	16%	22%	28%	33%	38%
Las Vegas, NV	15%	25%	32%	37%	42%	46%
Little Rock, AR	-8%	-5%	-3%	0%	3%	6%
Los Angeles--Long Beach--Santa Ana, CA	2%	4%	5%	7%	8%	10%
Louisville, KY--IN	0%	2%	4%	6%	8%	10%
Memphis, TN--MS--AR	-3%	-1%	1%	3%	5%	8%
Miami, FL	4%	8%	13%	18%	22%	26%
Milwaukee, WI	-5%	-4%	-3%	-1%	0%	2%
Minneapolis--St. Paul, MN	0%	5%	9%	14%	17%	20%
Nashville-Davidson, TN	-12%	-3%	4%	11%	17%	24%
New Haven, CT	-2%	1%	4%	7%	9%	12%
New Orleans, LA	-3%	-36%	-25%	-15%	-8%	-2%
New York--Newark, NY--NJ--CT	1%	2%	3%	5%	6%	8%
Oklahoma City, OK	3%	9%	13%	16%	19%	23%
Omaha, NE--IA	5%	10%	14%	19%	23%	27%
Orlando, FL	6%	18%	27%	32%	37%	41%
Oxnard, CA	5%	15%	25%	34%	42%	47%
Pensacola, FL--AL	-7%	4%	12%	19%	26%	31%
Philadelphia, PA--NJ--DE--MD	0%	2%	3%	4%	5%	7%
Phoenix--Mesa, AZ	8%	15%	20%	24%	29%	33%
Pittsburgh, PA	-6%	-6%	-4%	-2%	0%	3%
Portland, OR--WA	4%	7%	10%	13%	16%	19%
Providence, RI--MA	-1%	1%	4%	7%	10%	13%
Raleigh, NC	11%	28%	37%	43%	49%	54%
Richmond, VA	-4%	5%	14%	22%	31%	36%
Riverside--San Bernardino, CA	9%	15%	19%	24%	28%	31%
Rochester, NY	0%	0%	0%	0%	1%	3%
Sacramento, CA	6%	10%	14%	18%	22%	25%
St. Louis, MO--IL	1%	1%	1%	2%	2%	3%
Salem, OR	5%	11%	15%	20%	25%	29%
Salt Lake City, UT	6%	17%	27%	35%	40%	45%
San Antonio, TX	5%	15%	22%	28%	35%	42%
San Diego, CA	1%	10%	15%	20%	26%	31%
San Francisco--Oakland, CA	0%	1%	2%	3%	5%	6%
San Jose, CA	1%	2%	3%	4%	5%	6%
Sarasota--Bradenton, FL	8%	17%	25%	33%	39%	45%
Seattle, WA	2%	6%	8%	11%	14%	17%
Spokane, WA--ID	2%	8%	14%	20%	25%	30%
Springfield, MA--CT	-6%	-5%	-5%	-4%	-2%	-1%
Tampa--St. Petersburg, FL	4%	7%	10%	13%	15%	18%
Toledo, OH--MI	-5%	-6%	-5%	-5%	-4%	-2%
Tucson, AZ	5%	12%	19%	23%	26%	29%
Tulsa, OK	-8%	-2%	4%	10%	16%	22%
Virginia Beach, VA	-1%	3%	7%	10%	14%	17%
Washington, DC--VA--MD	3%	5%	7%	9%	11%	13%

Table B provides estimates of premature mortality and associated social costs across selected years to 2030 for each of the 83 urban areas. While estimates in all individual urban areas were not reported in the published paper, they are included below to provide perspective on the relative proportion of expected impacts across the 83 modeled areas. Given the underlying uncertainties and simplifications in the modeling approach, although the values are listed below with multiple significant figures for ease of comparison, the values in this table should be interpreted as order of magnitude estimates of the potential public health impacts.

Table B: Estimated Selective Public Health Impacts of Traffic Congestion With Status Quo Infrastructure & Mobility Options in 83 U.S. Urban Areas: 2000 - 2030

	2000		2005		2010		2015		2020		2025		2030	
	EPD	\$M	EPD	\$M	EPD	\$M	EPD	\$M	EPD	\$M	EPD	\$M	EPD	\$M
Akron, OH	8	63	6	47	4	34	3	27	3	26	3	28	4	32
Albany, NY	<2	9	<2	7	<2	5	<2	4	<1	4	<2	4	<2	5
Albuquerque, NM	4	32	3	25	3	21	2	17	2	17	2	19	3	23
Allentown--Bethlehem, PA--NJ	6	44	4	31	3	25	3	21	3	21	3	24	3	29
Atlanta, GA	93	717	80	633	70	549	56	454	52	431	55	476	62	549
Austin, TX	17	129	14	110	12	92	9	73	8	67	8	73	10	85
Bakersfield, CA	2	17	2	15	2	13	<2	11	<2	11	2	13	2	16
Baltimore, MD	65	499	45	354	32	252	24	195	22	183	23	200	26	228
Beaumont, TX	<1	2	<1	2	<1	<2	<1	<2	<1	<2	<1	<2	<1	<2
Birmingham, AL	9	66	6	48	5	36	4	29	3	27	3	29	4	33
Boston, MA--NH--RI	33	257	21	169	16	125	13	102	12	100	13	112	15	130
Boulder, CO	<2	8	<2	6	<2	5	<2	4	<2	4	<2	4	<2	5
Bridgeport--Stamford, CT--NY	11	83	8	62	6	47	5	38	4	37	5	40	5	46
Brownsville, TX	4	28	3	25	3	20	2	15	2	13	2	14	2	16
Buffalo, NY	4	34	3	23	2	16	2	13	<2	12	2	14	2	16
Cape Coral, FL	10	78	9	75	10	76	8	65	8	64	8	73	10	91
Charleston--North Charleston, SC	2	18	2	14	2	13	2	12	2	14	2	17	2	21
Charlotte, NC--SC	16	120	13	102	12	92	10	78	9	78	10	89	12	105
Chicago, IL--IN	487	3,751	350	2,770	251	1,982	182	1,481	157	1,313	158	1,361	171	1,520
Cincinnati, OH--KY--IN	60	460	41	321	28	220	19	154	15	129	15	129	16	139
Cleveland, OH	34	262	21	165	14	111	10	84	9	77	9	79	10	86
Colorado Springs, CO	4	29	3	21	2	18	2	15	2	14	2	15	2	18
Columbia, SC	2	17	2	12	<2	11	<2	10	<2	11	2	14	2	18
Columbus, OH	19	150	14	109	11	83	8	69	8	68	9	76	10	89
Corpus Christi, TX	2	18	2	13	<2	11	<2	9	<2	9	<2	10	<2	12
Dallas--Fort Worth--Arlington, TX	122	941	103	816	85	671	62	507	54	455	56	483	62	547
Dayton, OH	21	161	13	103	9	70	6	48	5	40	5	39	5	42
Denver--Aurora, CO	41	319	31	245	24	192	18	144	15	126	15	132	17	148
Detroit, MI	173	1,333	116	918	76	603	52	421	43	357	41	355	43	381
El Paso, TX--NM	9	69	7	56	6	47	5	40	5	40	5	47	7	58
Eugene, OR	<2	5	<2	4	<1	4	<1	3	<1	3	<1	4	<2	5
Fresno, CA	9	70	7	58	6	49	5	42	5	42	5	47	6	56
Grand Rapids, MI	8	62	5	36	4	28	3	22	2	21	3	23	3	27
Hartford, CT	7	54	5	38	4	29	3	24	3	23	3	26	3	30
Houston, TX	50	383	43	338	35	277	29	232	28	231	30	263	35	311
Indianapolis, IN	34	264	27	210	19	153	14	113	12	100	12	103	13	112
Jacksonville, FL	5	39	4	32	4	29	3	25	3	26	3	30	4	36
Kansas City, MO--KS	18	142	14	108	11	88	8	67	7	62	8	69	9	84
Laredo, TX	<2	4	<1	4	<1	3	<1	3	<1	3	<1	4	<2	5
Las Vegas, NV	4	34	5	36	4	34	4	33	4	37	5	46	7	61
Little Rock, AR	3	22	2	14	<2	10	<2	8	<2	7	<2	7	<2	7
Los Angeles--Long Beach--Santa Ana, CA	722	5,564	547	4,324	426	3,362	360	2,924	355	2,974	394	3,396	454	4,038

EPD = Estimated Premature Deaths

\$M = Estimated Cost in Millions of U.S. Dollars (2007 \$)

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Table B Continued:

Estimated Selective Public Health Impacts of Traffic Congestion With Status Quo Infrastructure & Mobility Options in 83 U.S. Urban Areas: 2000 - 2030

	2000		2005		2010		2015		2020		2025		2030	
	EPD	\$M	EPD	\$M	EPD	\$M	EPD	\$M	EPD	\$M	EPD	\$M	EPD	\$M
Louisville, KY--IN	34	265	24	192	17	138	12	101	11	89	11	91	11	99
Memphis, TN--MS--AR	16	123	11	84	8	62	6	48	5	44	5	47	6	52
Miami, FL	62	474	47	370	40	316	36	293	38	316	44	379	53	473
Milwaukee, WI	40	308	26	205	18	142	13	102	11	88	10	90	11	99
Minneapolis--St. Paul, MN	66	505	48	380	37	295	29	236	27	225	28	245	32	282
Nashville-Davidson, TN	11	84	6	50	5	42	4	34	4	32	4	36	5	43
New Haven, CT	5	35	3	25	2	19	2	17	2	17	2	19	3	22
New Orleans, LA	10	76	6	51	2	17	2	16	2	19	3	23	3	29
New York--Newark, NY--NJ--CT	644	4,962	477	3,768	337	2,658	244	1,981	212	1,772	215	1,859	234	2,079
Oklahoma City, OK	16	120	12	94	9	73	6	52	5	44	5	44	5	48
Omaha, NE--IA	7	53	6	45	4	34	3	26	3	23	3	25	3	28
Orlando, FL	25	196	21	169	21	166	19	157	19	161	22	191	27	236
Oxnard, CA	4	29	3	24	3	22	3	24	3	29	5	39	6	51
Pensacola, FL--AL	3	23	2	15	2	14	2	12	<2	12	2	14	2	17
Philadelphia, PA--NJ--DE--MD	149	1,145	102	806	71	561	51	416	45	374	46	395	50	441
Phoenix--Mesa, AZ	19	148	17	134	15	116	13	102	12	104	14	123	17	152
Pittsburgh, PA	18	137	11	87	8	63	6	51	6	51	7	57	8	69
Portland, OR--WA	20	154	16	129	13	101	10	81	9	75	9	81	11	94
Providence, RI--MA	11	81	7	59	6	44	5	38	5	39	5	45	6	55
Raleigh, NC	4	34	4	32	4	34	4	33	4	36	5	44	6	55
Richmond, VA	6	45	4	30	3	27	3	25	3	29	4	38	5	49
Riverside--San Bernardino, CA	13	98	11	90	10	80	10	79	11	89	13	111	16	144
Rochester, NY	3	24	2	17	<2	13	<2	10	<2	9	<2	10	<2	12
Sacramento, CA	69	533	60	471	48	378	39	316	36	305	40	343	46	412
St. Louis, MO--IL	103	797	74	589	51	399	34	273	27	224	25	218	26	227
Salem, OR	<1	3	<1	2	<1	2	<1	2	<1	2	<1	2	<1	2
Salt Lake City, UT	5	42	5	37	4	34	4	31	4	34	5	39	6	49
San Antonio, TX	14	108	11	89	10	80	8	68	8	68	9	81	12	103
San Diego, CA	43	331	31	249	29	227	28	229	32	265	39	339	50	449
San Francisco--Oakland, CA	235	1,813	170	1,345	124	981	90	733	77	649	78	675	85	751
San Jose, CA	42	323	31	248	24	191	19	156	18	149	19	163	21	188
Sarasota--Bradenton, FL	2	12	<2	11	<2	9	<2	8	<2	8	<2	9	<2	12
Seattle, WA	32	246	26	203	21	162	16	128	14	119	15	128	17	149
Spokane, WA--ID	<2	7	<2	5	<2	5	<1	4	<1	4	<1	4	<2	5
Springfield, MA--CT	<2	5	<1	3	<1	2	<1	2	<1	2	<1	2	<1	2
Tampa--St. Petersburg, FL	80	619	61	482	45	357	33	265	28	233	28	238	29	260
Toledo, OH--MI	12	91	8	60	5	40	3	28	3	24	3	24	3	26
Tucson, AZ	4	31	3	26	3	23	3	21	2	21	3	24	3	29
Tulsa, OK	9	68	5	43	4	35	3	26	3	24	3	25	3	29
Virginia Beach, VA	13	102	9	74	7	59	6	53	7	56	8	67	9	82
Washington, DC--VA--MD	72	556	55	438	42	330	34	273	33	272	36	310	41	366
Total	4,045	31,161	3,001	23,736	2,264	17,861	1,746	14,192	1,602	13,412	1,703	14,690	1,917	17,034

EPD = Estimated Premature Deaths

\$M = Estimated Cost in Millions of U.S. Dollars (2007 \$)



The Harvard Center for Risk Analysis (HCRA), founded in 1989, is recognized as a world-leader in applying decision theory, environmental and health science, and economics to a broad range of important environmental and public health issues. HCRA is a research institute within the Harvard School of Public Health, which has the objective of using a variety of analytic methods to inform public policy decisions relevant to public health. Our researchers enjoy successful collaborations across disciplines, and a hallmark of our work is synthesizing and integrating basic environmental sciences with social sciences to better inform decision making. We regularly host interdisciplinary seminars. Since 1993, HCRA has been publishing *Risk in Perspective*, a periodic publication available from our website (www.hcra.harvard.edu). Currently, HCRA hosts the Research Translation Core for a Superfund Basic Research program grant focused on gene-environment interactions (www.srphsph.harvard.edu) and is responsible for developing and communicating policy-relevant research based on the results of studies from partners across the University and MIT.

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DEMOGRAPHIA

Population Density, Traffic Density and Nitrogen Oxides (NOx) Emission Air Pollution Density in Major Metropolitan Areas of the United States

This report summarizes the latest Environmental Protection Agency (EPA) data on the density of daily traffic densities and road vehicle nitrogen oxides (NOx) emissions densities by counties within the 51 metropolitan areas with more than 1 million population in the United States as of 2010. The measures used are described under "The Measures," below.

The EPA data indicates a strong association both between:

- Higher population densities and higher traffic densities (Figure 1).
- Higher population densities and higher road vehicle nitrogen oxides (NOx) emission intensities (Figure 2)

In both cases, the relationships are statistically significant at the 99 percent level of confidence.

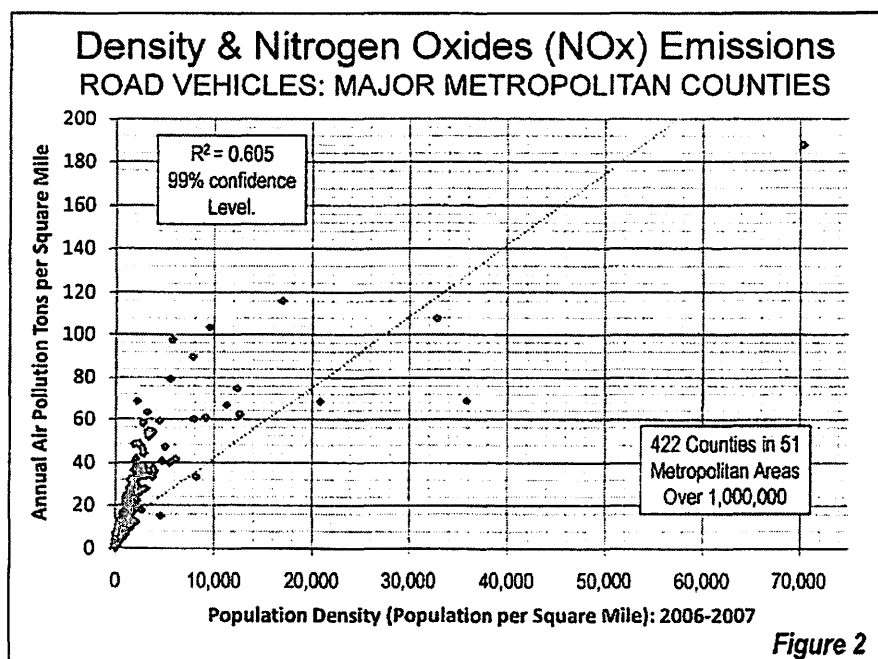
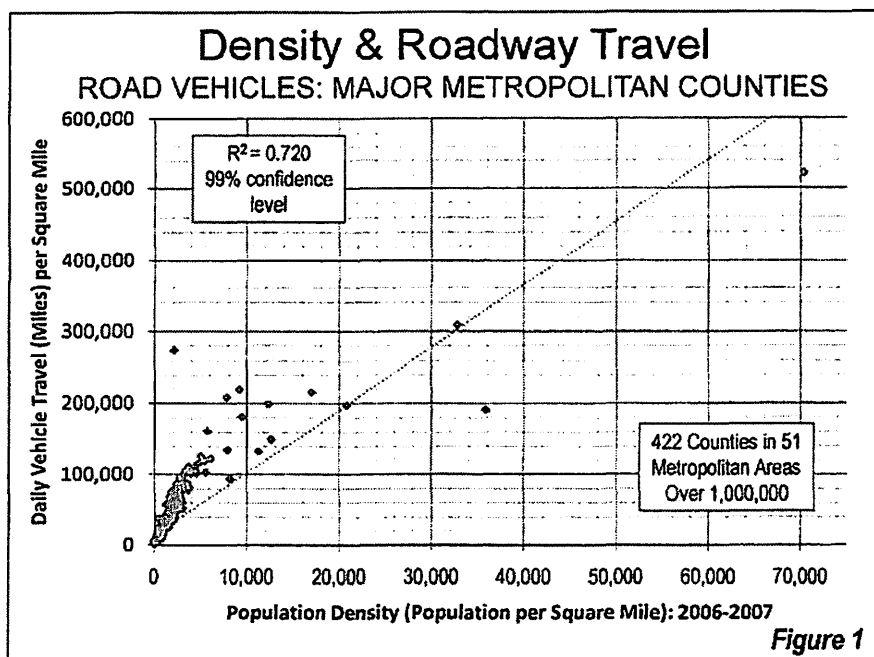
These relationships are summarized by population density category in Table 1, which includes total daily road vehicle travel density (vehicle miles per square mile), annual nitrogen oxides (NOx) emission intensity and a comparison to the average of all of the metropolitan area counties.

Table 1
Nox Emission & Road Travel Intensities by Population Density
Counties in Major Metropolitan Areas (Over 1,000,000 Population)

Population Density	NOx Emissions per Square Mile	Compared to Road Travel per Average Square Mile	Compared to Average
20,000 & Over	108.1	13.7	304,064
10,000 - 20,000	79.8	10.1	173,450
5,000 - 10,000	65.1	8.3	146,149
2,500 - 5,000	40.3	5.1	84,695
1,000 - 2,500	23.1	2.9	45,064
Under 1,000	4.6	0.6	7,057
Average of Major Metropolitan Counties	7.9		13,779

Table 3
Nox Emission & Road Travel Intensities by Population Density
Highly Urbanized Counties in Major Metropolitan Areas (Over 1,000,000 Population)

It is important to recognize that air pollution emissions alone are not a fully reliable predictor of air quality, though all things being equal, higher air pollution emissions will lead to less healthful air. This issue is described further under "Caveats." Below.



Data by County

Some in the urban planning community have implied that vehicle travel is lowered by higher densities and more intense transit service. It has also been implied that higher population densities are associated with lower air pollution levels.

In fact, New York County (Manhattan), the highest density county in the nation, also has the highest traffic density and the highest total nitrogen oxides (NOx) emission density out of all of the nation's nearly 3,200 counties, metropolitan and non-metropolitan. Moreover, New York County also has the highest concentration of emissions for the other criteria air pollutants, such as carbon monoxides, particulates and volatile organic compounds (2002 data).¹

The clearest lesson from these data is that *both propositions are patently false*. The county with the highest population density in the nation (New York County) has the both the highest traffic density and nitrogen oxides (NOx) emission density. Generally, increasing population densities leads to increased traffic and air pollution density. The new traffic generated by the new residents substantially offsets any per capita reduction in driving.

Seven of the 10 counties with the highest NOx emissions concentration² (annual tons per square mile) in major metropolitan areas (those with more than 1 million population) are also among the top 10 in population density (2008). As noted above, New York County (Manhattan) has by far the most intense NOx emissions and is also by far the most dense. New York City's other three most urban counties (Bronx, Kings and Queens) are more dense than any county in the nation outside Manhattan and all are among the top 10 in NOx emission density (Table 3).

More concentrated traffic leads to greater traffic congestion and more intense air pollution. The data for traffic concentration is similar.³ Manhattan has by far the greatest miles of road travel per square mile of any county. Again, seven of the 10 counties with the greatest density of traffic are also among the 10 with the highest population densities. As in the case of NOx emissions, the other three highly urbanized New York City counties are also among the top 10 in the density of motor vehicle travel (Table 3).

NOx Emissions				Motor Vehicle Travel			
Rank	Density Rank	County	Compared to Average	Rank	Density Rank	County	Compared to Average
1	1	New York Co, NY	23.8	1	1	New York Co, NY	37.8
2	5	San Francisco Co, CA	14.7	2	3	Bronx Co, NY	22.3
3	3	Bronx Co, NY	13.7	3	50	Fredericksburg city, VA	19.9
4	9	Washington city, DC	13.1	4	10	Alexandria city, VA	15.8
5	15	St. Louis city, MO	12.4	5	5	San Francisco Co, CA	15.6
6	13	Arlington Co, VA	11.3	6	13	Arlington Co, VA	15.1
7	15	Cook Co, IL	10.0	7	7	Suffolk Co, MA	14.4
8	7	Suffolk Co, MA	9.5	8	4	Queens Co, NY	14.3
9	2	Kings Co, NY	8.7	9	2	Kings Co, NY	13.8
10	4	Queens Co, NY	8.7	10	9	Washington city, DC	13.1
Calculated from 2008 EPA Data Ranking out of 422 counties				Calculated from 2005 EPA Data Ranking out of 422 counties			

Urbanization

Most counties have substantial rural land area, which results in lower factors for both traffic density and air pollution emission density. This is evident in Los Angeles County (California) for example, which contains most of the Los Angeles urban area, which has the highest population density of any urban area in the country. Los Angeles has been renowned for decades as having some of the country's worst air pollution. Yet, this report shows Los Angeles County to have a much lower traffic density than many

¹ Calculated from data downloaded from <http://www.epa.gov/oar/data/geosel.html>.

² <http://www.epa.gov/ttn/chief/net/2008inventory.html>

³ http://www.epa.gov/ttnnaqs/pm/docs/2005_vmt_county_level.xls

other counties. This reflects the fact that approximately one half of the land area of Los Angeles County is very low density rural, which substantially reduces the traffic density. Similarly, the air pollution emission factors in Los Angeles County are lower than would be expected because of the large share of the county that is rural.

Data from the 35 counties in which 90 percent or more of the land is developed indicates virtually the same relationships as were indicated in the overall analysis. Table 3 shows the results, which indicates a substantially the same population density/traffic density and population density/air pollution emission density relationship as in all of the metropolitan area counties.

Table 3
Nox Emission & Road Travel Intensities by Population Density
Highly Urbanized Counties in Major Metropolitan Areas (Over 1,000,000 Population)

Population Density	NOx Emissions per Square Mile	Compared to Average	Road Travel per Square Mile	Compared to Average
20,000 & Over	108.1	0.1	304,064	22.1
10,000 - 20,000	79.8	0.1	173,450	12.6
5,000 - 10,000	65.1	0.1	146,149	10.6
2,500 - 5,000	44.8	0.1	91,701	6.7
1,000 - 2,500	26.3	0.0	51,140	3.7
Under 1,000	-	-	-	-
Average of Major Metropolitan Counties	833.3		13,779	

Counties with 90% or more in urban land (35)

Cautions:

The air pollution data contained in this report is for emissions, not for air quality. Air quality is related to emissions and if there were no other intervening variables, it could be expected that emissions alone would predict air quality. However there are a number of intervening variables, from climate, wind, topography and other factors. Again, Los Angeles County makes the point. As the highest density large urban area in the nation is to be expected that Los Angeles would have among the highest density of air pollution emissions. However, the situation in Los Angeles is exacerbated by the fact that the urban area is surrounded by mountains which tend to trap the air pollution that is blown eastward by the prevailing westerly winds.

The EPA data for 2002 can be used to create maps indicating criteria pollutant densities within metropolitan areas. Examples of a map of the New York metropolitan area and the Portland (OR-WA) metropolitan area are shown (Figures 3 and 4), with the latter indicating the data illustration feature using Multnomah County (the central county of the metropolitan area).

The Measures:

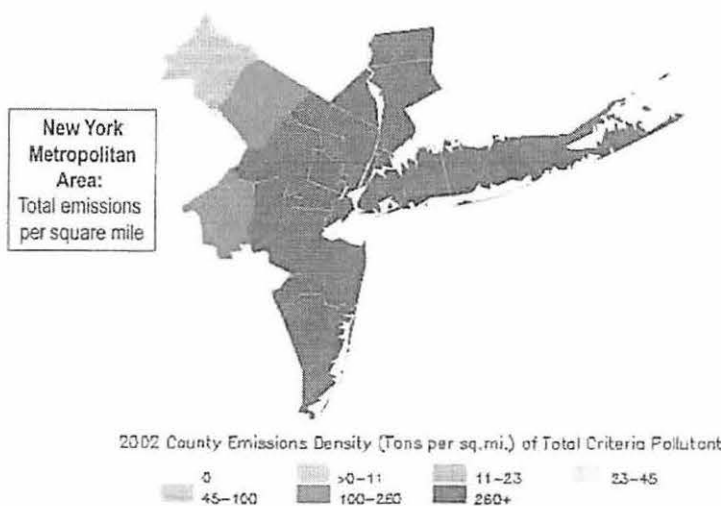
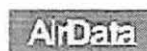
Road Travel Volumes: Annual traffic volumes in vehicle miles are reported by EPA.⁴ The annual vehicle miles for each county is divided by the number of days (365) and then by the county land area in square miles to generate a vehicle miles per square mile (density) figure. The EPA data is for 2005, which is the latest data available on the EPA website.

⁴ http://www.epa.gov/ttn/naaqs/pm/docs/2005_vmt_county_level.xls.

Vehicle Air Pollution Emissions: The EPA reports annual air pollution emissions by county, both gross and by density for various pollutants on its website.⁵ This analysis is based on the density of nitrogen oxides (NOx).

This report covers local air pollutants only and does not provide information on greenhouse gas emissions (nor does the EPA "Air Data" website).

County Emissions Map — Criteria Air Pollutants
Counties in New Jersey, New York, Pennsylvania



Source: US EPA Office of Air and Radiation, NEI Database

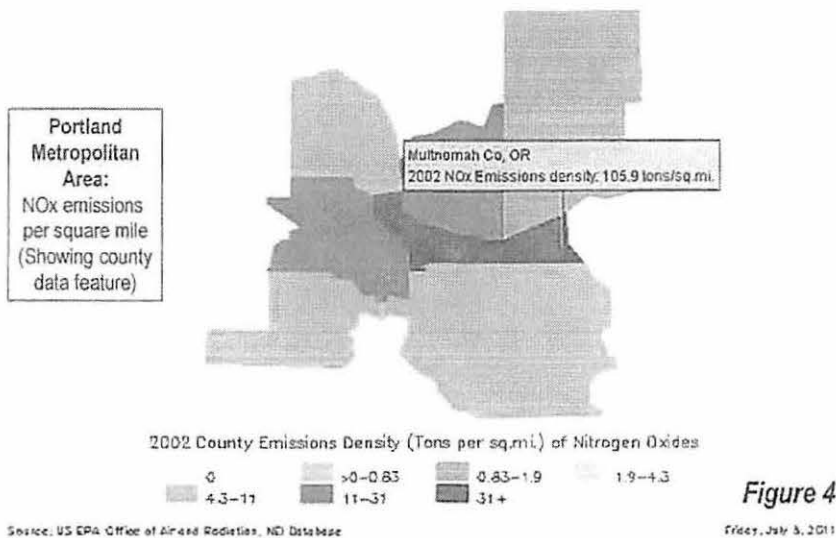
Figure 3

Thursday, July 7, 2011

⁵ <http://www.epa.gov/air/data/geosel.html>.

County Emissions Map — Criteria Air Pollutants
Counties in Oregon, Washington

AirData



Other Air Pollutants

Similar relationships exist with respect to the other criteria air pollutants. In each case, the relationships between higher population densities and more intense air pollution is statistically significant at the 99 percent level of confidence. The relationships are illustrated in the following figures:

Figure 5: Carbon Monoxide

Figure 6: Volatile Organic Compounds (VOC)

Figure 7: Sulphur Dioxide (SO²)

Figure 8: Particulate Matter less than 2.5 micrometers in diameter (PM-2.5)

Figure 9: Particulate Matter less than 10 micrometers in diameter (PM-10)

Figure 10: Ammonia (NH³)

Density & Carbon Monoxide Emissions

ROAD VEHICLES: MAJOR METROPOLITAN COUNTIES

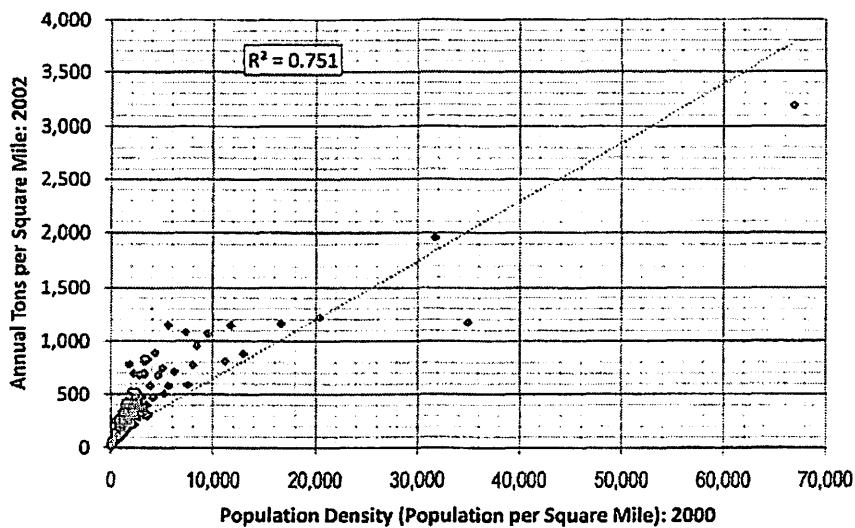


Figure 5

Density & VOC Emissions

ROAD VEHICLES: MAJOR METROPOLITAN COUNTIES

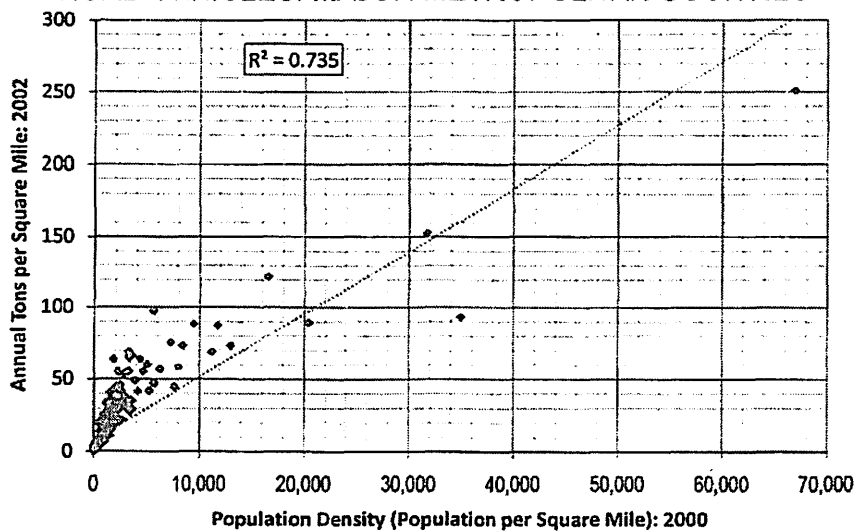


Figure 6

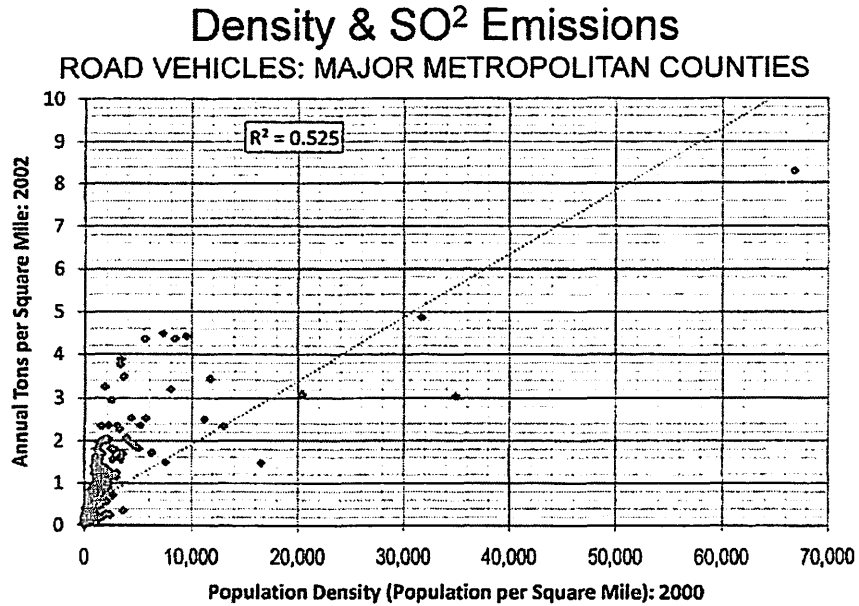


Figure 7

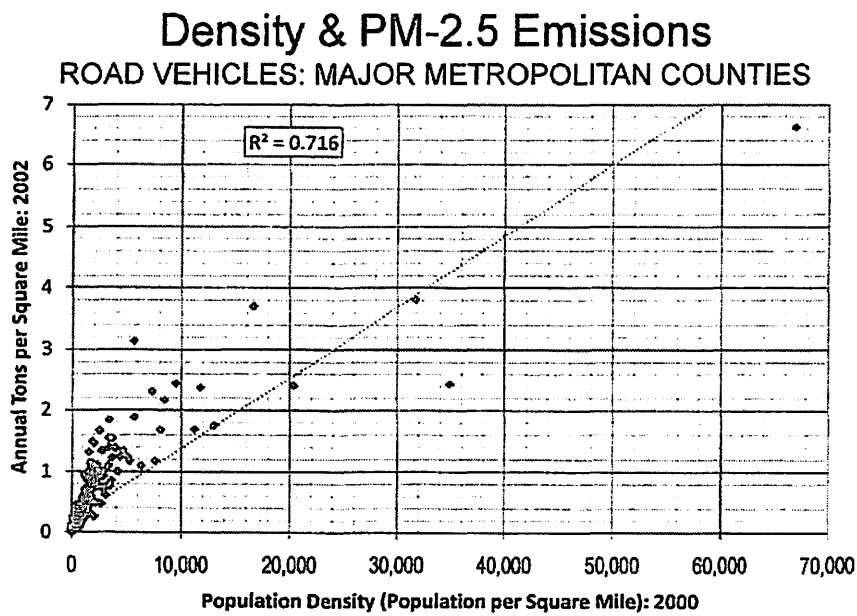


Figure 8

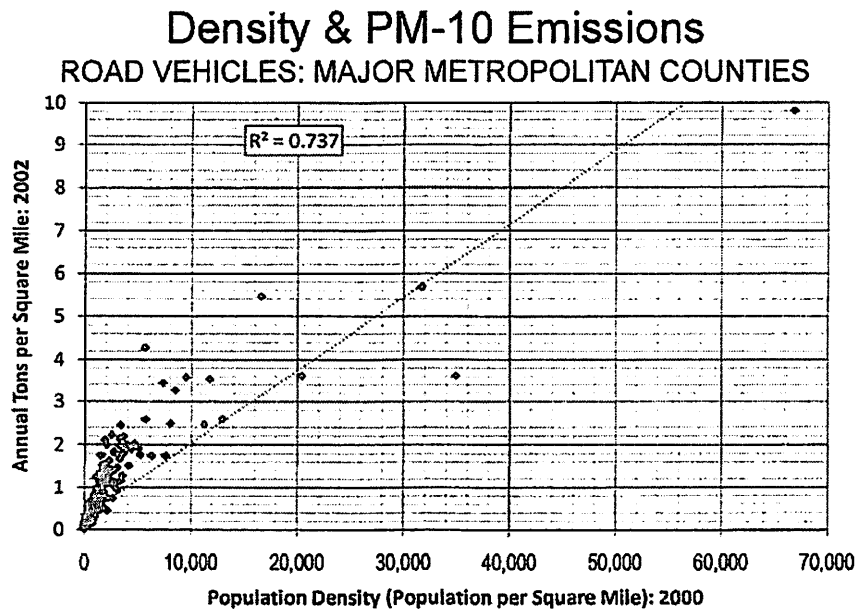


Figure 9

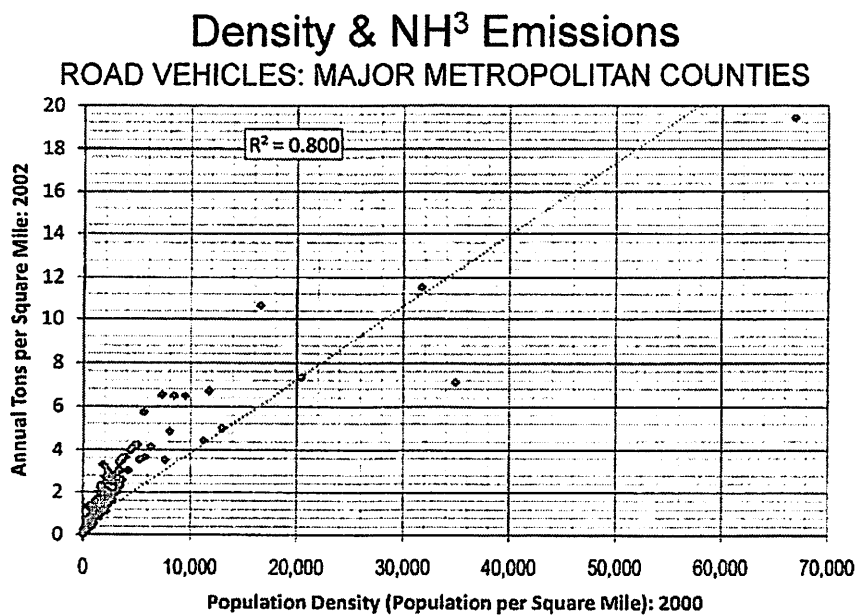
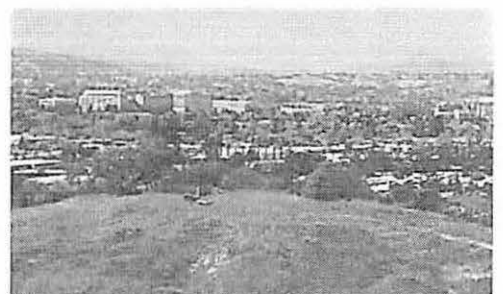
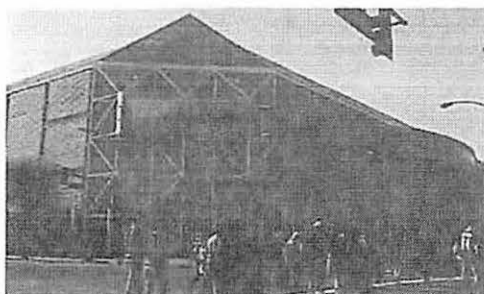
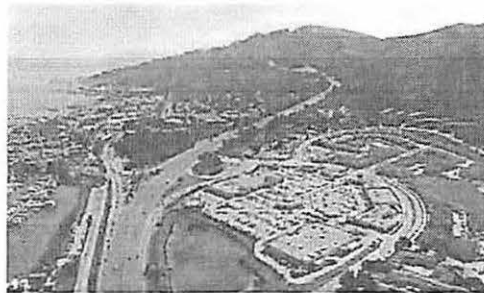
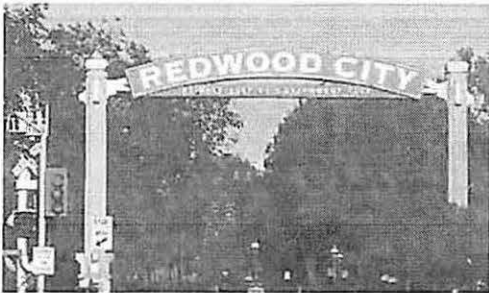
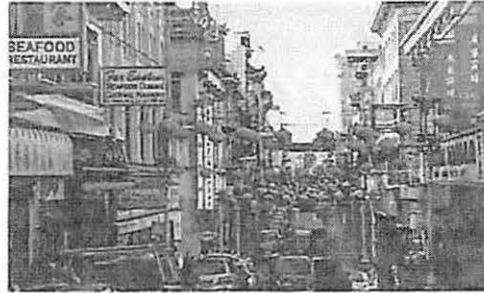


Figure 10

case studies

on Gentrification and Displacement in the San Francisco Bay Area



CENTER FOR COMMUNITY INNOVATION
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The Center for Community Innovation (CCI) at UC-Berkeley nurtures effective solutions that expand economic opportunity, diversify housing options, and strengthen connection to place. The Center builds the capacity of nonprofits and government by convening practitioner leaders, providing technical assistance and student interns, interpreting academic research, and developing new research out of practitioner needs.

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² The statements and conclusions in this report are those of the authors and not necessarily those of the California Air Resources Board. The mention of commercial products, their source, or their use in connection with material reported herein is not to be construed as actual or implied endorsement of such products.

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Executive Summary

As regions across California begin to implement their Sustainable Communities Strategies (SCS) in compliance with Senate Bill 375, communities are increasingly concerned about how new transit investment and related infill development will affect the lives of existing residents, particularly low-income communities and communities of color. Locals are likely to benefit from improved mobility, neighborhood revitalization, lower transportation costs, and other amenities that spill over from the new development (Cervero 2004). However, more disadvantaged communities may fail to benefit, if the new development does not bring appropriate housing and job opportunities, or if there is gentrification and displacement of low-income and/or minority residents (Pollack, Bluestone, and Billingham 2010; Chapple 2009).

In 2009, we conducted a study on neighborhood's susceptibility to gentrification in the San Francisco Bay Area (Chapple 2009). In it, we quantified the impact of a diverse set of variables on neighborhood gentrification, finding that proximity to transit significantly predicted a neighborhood's later turnover and gentrification, which has been supported by more recent research as well (Pollack, Bluestone, and Billingham 2010). These findings are further supported by research linking proximity to transit with a property value premium of between 3 and 45% (Cervero and Duncan 2002b; Cervero and Duncan 2002a; Hess and Almeida 2007).

This research seeks to explore more closely the phenomena of gentrification and displacement in the San Francisco Bay Area, in an effort to better understand, predict and possibly prevent residential displacement. This report summarizes a year's worth of community-engaged research involving case studies on gentrification and displacement pressures in nine neighborhoods across the Bay Area. We utilized mixed methods of quantitative data analysis, stakeholder interviews, and field observations to better characterize the various types of changes and pressures being experienced in diverse neighborhoods across the Bay Area.

The San Francisco Bay Area

The 9-county Bay Area is one of the most expensive and challenging housing markets in the country. With over 7 million inhabitants, over a quarter of Bay Area households meet the Department of Housing and Urban Development's definition of severely housing burdened, dedicating more than 50 percent of their income to housing. Four of the ten most expensive counties in the United States are located in the San Francisco Bay Area, where minimum wage workers would need to work 4.7 full time jobs to afford a two-bedroom unit (Arnold et al. 2014). The recovery from the Great Recession, combined with a booming technology sector in Silicon Valley have resulted in rapid job growth at the top and bottom of the wage scale while the middle continues to shrink. Over a third of Bay Area workers earn less than \$18 per hour, which is especially troubling in the Bay Area because of the high cost of living (Terplan et al. 2014).

The continued growth at both ends of the income range will place even more pressure on the region's housing market and transportation systems. Although planned new transit facilities will help to accommodate much of the population growth, they also present a challenge. Researchers generally agree that new transit investment will bring higher property values to the surrounding area (except in the immediate vicinity of the transit station). This could spur a process of gentrification, which will be beneficial to some – but not to those who cannot bear rent increases and are forced to leave the neighborhood.

By examining nine diverse Bay Area communities in depth, this report provides planners, advocates and city leaders with a rich understanding of how gentrification proceeds, as well as what features encourage displacement and what policies slow it.

Outline of the Report

This report proceeds as follows: In Chapter 2 we outline the methodology used for case study site selection, data analysis, and community-engaged research methods. The heart of the report is found in the individual case study chapters 3 through 11, divided into three groups according to the nature of change in each neighborhood:

Section 1: Neighborhoods Long Experiencing Pressures of Gentrification and Displacement

Chapter 3. San Francisco's greater **Chinatown** neighborhood has witnessed years of housing pressures. In part due to strong community organizing and planning restrictions, the core of Chinatown has stemmed the tide of gentrification and displacement, yet the greater area including the neighborhoods of Polk Gulch and parts of North Beach have witnessed significant change and loss of Asian households since 1980.

Chapter 4. Perhaps the icon of gentrification and displacement, **San Francisco's Mission District** has been the site of active community organizing for decades, which has perhaps maintained more affordable housing and minority-owned businesses than would otherwise be there. But the pressures that began during the dot com boom continue, as more and more industrial land shifts to high-end residential uses.

Section 2: Places Currently Undergoing Rapid Neighborhood Change

Chapter 5. Years of city planning and redevelopment around **San Jose's Diridon Station** have transformed the area into an affluent urban neighborhood, which is witnessing rapid development supported by the City's vision to create Urban Villages. Recent activism around the Station Area plan has reignited the call for affordable housing, yet it remains to be seen what funding will be available in this post-redevelopment era.

Chapter 6. The neighborhoods surrounding **North Oakland's Macarthur Bart Station** have undergone rapid demographic and physical change, associated with both its proximity to revitalizing commercial districts, affluent neighborhoods, and transit accessibility.

Chapter 7. As an immigrant gateway in the city of **Concord**, the **Monument Corridor** was severely impacted by the Great Recession. However, its proximity to the BART, as well as the active planning and downtown redevelopment efforts of City government, have resulted in active speculation and displacement of low income and Latino residents.

Chapter 8. In the heart of Silicon Valley, leaders of **Redwood City** are trying to redevelop the once nearly abandoned downtown to create an active job and housing center. Yet this planning and growth nearly ignores the needs of future low income workers and existing residents of surrounding neighborhoods, resulting in an acute risk of exclusionary displacement.

Section 3: Communities Vulnerable to Gentrification and Displacement

Chapter 9. The **Canal neighborhood** of San Rafael in the wealthy county of Marin continues to serve as a point of entry to immigrant communities, specifically of Latin American origin. The substantial stock of low quality multi-family housing, significant overcrowding, as well as the physical separation (i.e., highway and industrial/commercial land uses) has stabilized the neighborhood for the time being.

Chapter 10. The City of **East Palo Alto** was established on the principles of protecting housing of lower income communities of color in the affluent Silicon Valley. These principles have translated to some of the strongest tenant protections in the Bay Area, preserving the affordability of the community. Yet continued high income job growth combined with the lack of new or affordable housing in surrounding communities suggest growing pressures already felt by the community.

Chapter 11. A historically African American community, established during WW II, the unincorporated **Marin City** houses over half of its residents in subsidized housing. Despite being surrounded by affluent communities of Marin County and restricted in growth because of the County's value of preserving open space, Marin City continues to be home to low and moderate income families even after racial and demographic shifts.

Key Themes from the Nine Case Studies

Although the overall Bay Area exhibits many of the characteristics that scholars have documented in their studies of gentrification and displacement, we found wide variability in the nine case studies we explored and some contradictions of the basic underlying assumptions about these processes. Below we summarize our findings across the nine case areas, highlighting specific examples to illustrate seven key findings:

1) In contrast to how gentrification is discussed in the media and modeled in quantitative studies, it is not an endpoint that happened or didn't, but rather a complex, multi-stage process.

2) Researchers and practitioners alike often regard the relationship between gentrification and displacement as linear and sequential, yet in many of our cases we found that displacement precedes gentrification and that the two processes are often occurring simultaneously.

3) Due to data limitations, the literature on gentrification and residential displacement frequently is restricted to 4 to 13 year periods. However, the process of neighborhood change can often take much longer often preceding what is perceived to be rapid change felt in very hot real estate markets.

4) On average, roughly 15% of Americans move each year. There are many reasons for people to move and it is therefore often desirable for researchers to separate voluntary moves from involuntary moves. Yet, we found in many of our cases that such a distinction is nearly impossible to discern, making such dichotomies in quantitative research somewhat useless.

5) Due to analytical complexities, gentrification is often studied as a neighborhood phenomenon. Yet our research shows how the pressures of the housing and jobs market function at the regional scale, making an expansive lens particularly useful in understanding the processes of neighborhood change.

6) Despite continued pressures and much anxiety, many of the cases have shown remarkable stability. We explore some of the housing policy, community organizing, tenant protections and planning techniques used in the Bay Area that appear to have been somewhat successful in mitigating the pressures of gentrification and displacement.

7) The impact of public investment, particularly transit investment, on gentrification and displacement is not well understood. Although this study lacked the data on investment timing needed to ascertain the precise relationship between public improvements and neighborhood change, our research suggests that not just the investment itself, but also planning for the investment, can accelerate processes of displacement.

1. Gentrification as a process not an end-point

From the outset of this research our advisory committee, consisting of housing policy experts around the Bay Area, insisted that the ways in which gentrification has been conceptualized and modeled in the literature was wrong. "Gentrification is not an on-off switch" one of our committee members told us. Instead, they argued, it is a multi-stage process that may not be easily captured or discerned from the data. Taking this into consideration, we set out to analyze existing demographic and housing datasets. To gather initial feedback on our findings, we held a workshop with our community partners and advisory committee. Kicking off the workshop, a researcher from our team showed data for the Monument community in Concord, CA – a low income, Latino community living proximate to the train station and downtown. We showed data that demonstrated a reduction in income, educational attainment, and home sales price among other key indicators of neighborhood change. In the presentation, the researcher noted "this place shows little signs of gentrification" a statement that put many of our community partners in a state of unease. How could we discount the current housing pressures they argued? Concord was a place that was being actively primed for gentrification by the City and local property owners – therefore, they argued, we need to redefine how we see the place. What we saw as neighborhood decline they saw as an early stage of gentrification.

This view that Concord may be experiencing an early, or pre-gentrification phase, was in fact later validated by interviews with key informants. One landlord, for instance, told us that his building's proximity to the BART commuter train station was useful for "catering to the laptop crowd," that commute to work in San Francisco. He even boasted how he "got rid of... the 99% Latino" population that formerly lived in the complex, which he plans to convert into condominiums and sell once the market picks up again. Similarly, activists in the area report that following several years' worth of advocacy to improve walkability along the Monument Corridor in Concord, they are beginning to learn about active speculation and property flipping happening in the area, as property owners begin to capitalize on public improvements there.

Many of the other cases that we chose were similar to Concord in this regard. Furthermore, reorienting our understanding of gentrification as a process and not necessarily an end helped us to see places that are usually considered to be already gentrified (e.g., the Mission) as further along in the process but not necessarily at an end point as they continue to undergo a process of displacement and change.

2. Reframing the relationship between gentrification and displacement

Much of the academic literature as well as popular media frames the relationship between gentrification and displacement as a linear one: a neighborhood is disinvested and property values decline, it becomes attractive for its amenities or location, the difference between the rents property owners receive and the amount at which they can sell (e.g., the rent gap; see Smith (1987)) increases, higher income households and investors begin to value the neighborhood and start moving in and buying up property, and eventually the pre-existing community of low income households and people of color are displaced from their neighborhoods of origin. While this may certainly be the case in some neighborhoods, the linear relationship between revaluation, gentrification and displacement does not hold true for all the neighborhoods we studied, some of which instead witnessed this process in reverse.

The idea that displacement can in fact precede gentrification is not a new concept. In their seminal framing paper on displacement in 1978, Eunice and George Grier distinguish between disinvestment displace-

ment and reinvestment displacement: "unrelated as they seem, these two conditions of displacement may be successive stages in the cycle of neighborhood change" (Grier and Grier 1978, p.3). Similarly, Peter Marcuse argued that when looking at the relationship between gentrification and displacement one must first consider the disinvestment of urban neighborhoods and subsequent displacement, which makes land ripe for investment with gentrification of "vacant" land. From this perspective gentrification can happen long after disinvestment-induced displacement (Marcuse 1986). On the other hand, investment-related displacement can also precede gentrification, a case made very clear during Urban Renewal and decades of Redevelopment.

Three of our cases that present early stages along the gentrification spectrum show signs of both disinvestment- and reinvestment-related displacement that precedes the types of demographic and physical changes characteristic of gentrification. For instance, stakeholders in the Canal area of San Rafael discussed the active disinvestment of landlords that often leads to displacement, while residents of public housing in Marin City face similar experiences, albeit from government disinvestment in public housing. In Concord, residents are witnessing both disinvestment- and reinvestment-related displacement simultaneously as discussed above, and all the communities studied are likely years away from being classified as gentrified according to their demographic characteristics. Similarly, and as will be discussed in the next section, San Jose's Diridon Station Area underwent significant redevelopment and displacement decades before the current housing boom and demographic shifts. Nearly all of our cases displayed these types of processes, and some in fact are currently experiencing the commonly recognized gentrification-induced displacement. Therefore, these processes are neither linear nor mutually exclusive, and it therefore takes a reframing to be able to capture the full scale of the processes.

3. Extending the time horizon of neighborhood change

Often popular media and residents describe gentrification as change occurring at a rapid rate – property values rising, people selling homes, and longtime residents moving out can feel like it's happening overnight. Yet, the neighborhood change narratives told by our

CBO partners and stakeholders often extended back decades, frequently referencing the historic actions of Cities and their Redevelopment agencies that displaced vibrant, albeit low-income, communities as well as the active disinvestment of the private sector.

One example of this can be seen in our case study of the Diridon Station area in San Jose. When we began the study, people looked dubious when we mentioned displacement in the area. People argued that few people actually lived in the vicinity of the station. This is certainly true when looking at the recent past. However, when extending our analysis to a thirty year timeframe, we saw in the data and archival analysis that considerable displacement preceded the current renaissance of the area. A pattern familiar to the model of Urban Renewal, in the 1980's the Redevelopment Agency made almost \$2 billion in public investments, and devoted "nearly all its money and power," to an attempted revitalization of its downtown and surrounding areas (Terplan 2013). Redevelopment projects included construction of a convention center, a luxury hotel, expansion and construction of multiple museums, renovation and construction of parks and plazas, over 500 units of market rate and moderate income housing, and 1.2 million feet of new office space (Kutzman & Farragher, 1988) alongside the razing of a low-income Latino residential neighborhood totaling about 12 square blocks. The analysis of Census data also revealed the significant drop in population between 1980 and 1990 and the loss of approximately half of its housing units.

Ask any planner, developer or community activist and they will tell you that neighborhood change is a slow process that can take decades. Despite extensive recognition by practitioners and scholars alike, most research on gentrification and displacement to date has quantified it as change over a 10 year period or less, which may therefore significantly underestimate the magnitude of the problem. Peter Marcuse (1986) warned against such limited analysis that would underestimate the total number of displaced households when scholars ignore what he refers to as "chains" or cycles of displacement. These findings indicate a need to pay specific attention to the timing of public and private investments and disinvestments and the impact they have on communities over longer periods of time.

4. The false dichotomy of voluntary and involuntary displacement

Another key feature of contemporary studies of displacement and neighborhood mobility is the categorization of household moves as voluntary or involuntary. To many scholars (Freeman 2005; Ellen and O'Regan 2011), only involuntary moves can qualify as displacement (e.g., evictions). Furthermore, the voluntary nature of people's moves frequently enters into political debates about neighborhood change. In the Bay Area, scholars, activists, planners and many others debate these issues around the loss of low income and African American households from San Francisco and the simultaneous rise in the eastern cities in Contra Costa County like Antioch and Pittsburg, CA (Schafran and Wegmann 2012). Despite the obvious links and accounts of families moving east, many have argued that such moves are likely voluntary, resulting from a family's desires to move to the suburbs.

These issues have frequently emerged in our cases, especially when analyzing the loss of African American households. Our CBO partners, from diverse communities such as the public housing and entry homes of Marin City to the working class suburb of East Palo Alto, to the flatlands of Oakland, describe the loss of housing due to foreclosure or the simple inability to find nearby housing when normal life events lead to a move (e.g., having children). Communities in the South Bay, for instance, have shown that there is virtually no affordable housing in their communities, forcing residents to far out suburbs or to leave the Bay Area entirely. Despite what seems like a voluntary move perhaps because of childbirth or a desire for home ownership, many would argue that such decisions to leave their communities are anything but voluntary. Again, we can hear the chiding from the early framers of displacement Eunice and George Grier (1978) who, despite using the term "forced" displacement, were careful not to equate it with involuntary. In fact, they conclude that:

"For most residents to move under such conditions is about as 'voluntary' as is swerving one's car to avoid an accident. By the time the landlord issues notices of eviction, or the code inspector posts the structure as uninhabitable, few occupants may be left. Therefore we cannot define displacement simply in terms of legal or administrative actions – or even draw a clear-cut line between 'voluntary' and 'involuntary' movement." (p.3)

Similarly, in another early study of displacement, Newman and Owen (1982) argue that “low-income households who experience extremely large rent increases may technically ‘choose’ to move, but the likelihood that they had any real alternative is very small” (p.137). Perhaps above all, a household’s motivation for moving is rarely known, making it particularly difficult to analyze. Although the National Housing Survey asking people’s reasons for moving, the motivation is rarely known and can in fact be masked. For instance, in the case of the Mission we learned about the proliferation of tenant buy-outs that may seem voluntary on the books as tenants may be “choosing” to accept cash to move. However, the amount of actual choice in such decisions is up for debate. Furthermore, documenting the scale of this phenomenon is unknown. Although San Francisco has recently begun requiring landlords to register buyout negotiations with the City, experts believe what has been registered thus far to be significantly lower than actual buyouts. Furthermore, argues Sara Shortt of the Housing Rights Committee, “Too often tenants don’t see [buyouts] as a choice or even a negotiated process” (Sabatini 2015).

From these cases we learned that although the distinction between voluntary and involuntary moves is conceptually sound, it is nearly impossible to analyze quantitatively and at scale. Some scholars have therefore eliminated the dichotomization of voluntary and involuntary displacement from their studies, either due to data limitations (McKinnish et al. 2010) or ideological disagreement (Atkinson et al. 2011), and have characterized displacement as the loss of any vulnerable populations including low income households, renters, and people of color among others. We employ a similar approach in the case studies presented in this report.

5. The value of the regional lens on housing markets and neighborhood change

From our complementary regional analysis of gentrification and displacement (Zuk 2015), we found that over half of Bay Area tracts are neither currently experiencing displacement nor are they at any significant risk of doing so in the near future. Yet, the prevailing narrative in strong market regions is that large swaths of their center cities are “at risk” for gentrification. Is it only a matter of time before the others “switch on”? Or is the dominant narrative being driven by extreme cases (e.g., the Mission)?

Although our regional analysis attempts to identify characteristics that had in previous years led to gentrification and displacement, for instance, proximity to a transit stations and jobs, rising housing prices and pre-war housing stock, among other factors, this kind of analysis will inevitably fail to capture the range of factors and events that can set the stage for gentrification and displacement in future decades. For instance, in the Concord case, as well as in many other neighborhoods across the country, planning and revitalization efforts have unfurled processes of housing speculation. But it may take years or decades for the switch to turn “on.” Likewise, the rent gap is frequently a precursor of gentrification (Smith 1987). But homeowners and landlords do not respond overnight to the gap; their inclination to realize the gain will depend on their use value for the housing unit, among other factors.

The larger economic and regulatory environment is also a factor. For example, in San Francisco, the changing regional economy (from manufacturing to high-tech) combined with a loop-hole in the zoning code allowed light industrial buildings to be converted to “live-work” units without having to change zoning classifications, allowing conversions to proceed at a much faster clip, and accelerating gentrification.

Another underappreciated factor in neighborhood change is the issue of demographic succession. The aging of a generation, or the dying out of the first generation of an immigrant group, may set the stage for neighborhood transformation. But whether the generation chooses to remain in the neighborhood depends on a variety of factors not captured in secondary data, such as group affinity. These issues have emerged consistently in our cases, especially in places like Marin City and East Palo Alto, where community groups struggle to understand why the children of civil rights activists sell their parents homes. Finally, analysis at the tract level may be deceptive, since changes are often occurring at the micro-scale. For instance, some of the stable or at risk tracts we identify in our regional analysis may have had housing price appreciation on certain blocks and decline on others, what Wyly and Hammel (1999) memorably call “islands of decay in seas of renewal.” We found as much in our ground-truthing exercise, where adjacent blocks often appeared to be at very different levels of investment.

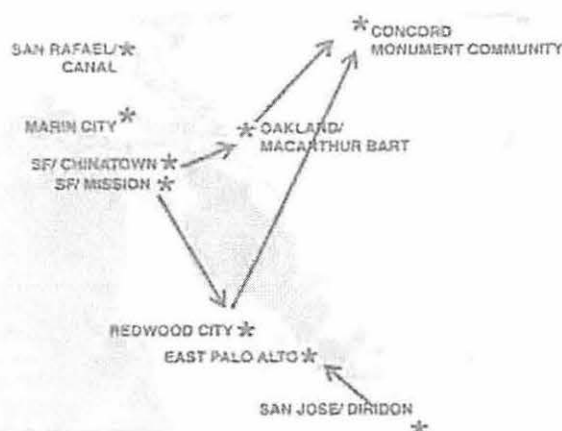


Figure 1.1: From neighborhood to regional trajectories of displacement

Using the regional lens on neighborhood change, rather than simply focusing on strong markets, allows us to understand the variety of types. Gentrifying tracts are likely just the tip of the iceberg, and our current methods of secondary data collection and analysis may not be up to the task of describing the rest of the iceberg.

Finally, intra-regional mobility means that no community's housing or jobs market is acting in isolation. As described above, developers in Concord are reacting to changes in the San Francisco housing market and the Silicon Valley jobs market when they make long-term plans for redevelopment. The renters evicted or excluded from San Francisco put new pressures on communities like East Palo Alto, where families are doubling up. As housing conditions worsen on the periphery, the prospects of realizing profit from the rent gap improve. Thus the regional process of displacement makes it clear that reinvestment in one place works hand in hand with disinvestment in another. The regional lens helps us understand displacement as a dynamic and long-term process, rather than a singular event.

6. What mitigates the negative impacts of gentrification?

When looking across the nine case studies, we can begin to understand the variable scale of the displacement process and investigate what may be attenuating it in some places in comparison to others. Using the place categories presented above we roughly group our nine neighborhood case studies into 3 groups: 1) places that have been undergoing pressures of

gentrification and displacement for many years and have potentially limited the magnitude due to years of strong community organizing, tenant protections and/or zoning restrictions (e.g., Chinatown and Mission); 2) places that are undergoing active redevelopment and/or speculation (e.g., Diridon, Redwood City, MacArthur, and Monument); and 3) places that have anticipated gentrification and displacement for a while due to their close proximity (and even enclosure by) affluent neighborhoods, but may not yet be experiencing it because of weaker housing markets or a large supply of public housing (e.g., East Palo Alto, the Canal and Marin City).

In general, we identify the following 5 factors as potentially attenuating the scale of displacement: 1) weak housing markets, 2) large and stable subsidized housing stock, 3) strong community organizing, 4) tenant protections, and 5) restrictive zoning.

Slower/weaker markets

A number of the cases we analyzed that may be characterized as being at very early stages of gentrification, showed little to no signs of such when looking at the numbers. Yet, when we spoke to stakeholders, we heard about their anxiety about housing pressures from surrounding affluent communities and some evidence of budding speculation. Especially when considering the time frame of our analysis, which encompasses the Great Recession, these are places that were struck by the foreclosure crisis, are slower to recover, and in general have weaker housing markets. From 2000 to 2013, for instance, the Canal neighborhood of San Rafael, where residential sales values actually declined by 30%, lost only 17% of its market rate housing units that were affordable to low income households, although it started off with very few. In contrast, the MacArthur Station Area of Oakland, which saw a 70% increase in sales values during the same time period, lost nearly 70% of its market rate affordable housing stock, or nearly 500 units. These differences may be due to the quality of the housing stock, proximity to undesirable land uses, or perhaps the overwhelming housing demand from low-income immigrants that flood the market and double up in homes. Nevertheless, the proximity to more affluent neighborhoods as well as jobs and other amenities heighten the risk in these communities leading to ongoing community anxiety over the prospects of gentrification and displacement.

Large and stable subsidized housing stock

Certainly the prevalence of income-restricted housing in a neighborhood guarantees the stability of low income populations, at least for the duration of the deed. This guarantee has been especially important for stabilizing the large proportion of low income households in Marin City, and even the number of households in the Mission which would have declined even more precipitously if it weren't for the doubling of the subsidized housing stock from 2000 to 2014 (excluding units that used only local sources of funding). Neighborhoods with few subsidized housing units (e.g., Macarthur Bart where only 7% of the housing stock is subsidized), saw a steeper decline in the number of low income households from 2000 to 2013, when it lost 523 low income households.

Tenant protections

Often the neighborhoods that have strong tenant protections (e.g., strong rent control and just cause evictions ordinances) are the same ones that are experiencing the largest gentrification and displacement pressures (e.g., the Mission). Tenant protections often arise out of community activism to dampen housing pressures in strong market communities. These pressures can often mask the benefits of strong tenant protections, yet the displacement effects would have likely been magnitudes larger without such protections.

Strong community organizing

No case with strong neighborhood protections existed in the absence of strong community organizing. In the case of East Palo Alto, the city was established by housing and social justice advocates that sought to ensure the stability of their communities in the long term. Similarly, Chinatown and the Mission have a long history of community organizing, which has led to both the production of subsidized units as well as other protections. The places that lacked such policies were also places where community organizations were notably absent (e.g., Redwood City and Concord).

Planning strategies

Finally, zoning and other planning strategies appear to have been the saving grace for neighborhoods like San Francisco's Chinatown. Certain height and use restrictions have made it virtually impossible to tear down existing single room occupancy and other low in-

come units. Similarly, residential uses have been protected by limiting office conversions and buildings. The effects are clearly evident when comparing the loss of low income households in Chinatown Core and neighboring Polk Gulch. Whereas Polk Gulch lost 571 (14%) low income households between 2000 and 2013, Chinatown Core lost only 80 households (5%). In other places, such as the Mission, planning responses are being sought to correct previous actions that had negative consequences, such as the live-work ordinance.

7. How does public investment, particularly transit investment, shape gentrification and displacement?

Public investment, from infrastructure investment like bike lanes and landscaping, to fixed rail transit systems, can accelerate processes of displacement. As investment is planned, the very anticipation of change can lead to either disinvestment or investment, both of which can result in displacement. The implementation of the improvement is associated with property price increases (as shown by the hedonic price literature).

This study measured transit investment through proxies such as location relative to a rail transit station and use of transit in the commute to work. Lack of fine-grained data on the location and timing of other public infrastructure improvements made it impossible for this study to evaluate the effect of investment more broadly. However, we found a significant positive relationship between transit investment, gentrification, and displacement, although sometimes the time lag between rail investment and gentrification has been significant (e.g., Diridon, Macarthur, Mission, etc.). The planning and implementation of transit improvements also shapes displacement in less tangible ways. As investment is planned – yet not funded in current budgets – a climate of uncertainty takes hold. Anticipating future changes, such as the arrival of the SMART train in San Rafael, residents may feel they have to move – yet, as noted above, this may not be a real choice.

In practice, there is a general expectation that public intervention, whether in the form of investment or policy changes like rezoning, will trigger a positive process of neighborhood transformation, often leading to gentrification and subsequent displacement. On average, redevelopment projects or highway improvements or new transit stations do generate increases

in local property values. But individual responses may vary. In our Bay Area cases, improved transit access in the form of BART meant one thing in the Mission, but another in Concord. Rezoning of the San Francisco downtown has put tremendous pressure on rents in Greater Chinatown, but rezoning of Uptown Oakland is not what is transforming Temescal.

Finally, the existence of transit investment creates the possibility of mitigating displacement. As improvements are planned, it is possible to create more subsidized housing and change local zoning to protect existing affordability. Awareness of the upcoming improvements can also help to spur community organizing.

Concluding Thoughts

The San Francisco Bay Area is undergoing rapid socio-spatial transformations that provide rich material for better understanding and modeling gentrification and displacement. In this report we show the invaluable insights that community-engaged research can provide and specifically highlight the need to more accurately define gentrification and displacement as a long term regional process that involves both investment and disinvestment.

The San Francisco region experiences demand for its housing from around the world, not just from immigrants but also investors seeking to profit from the market's strength. Yet, these nine case studies illustrate the diversity of sub-regional housing markets, with lessons applicable to metropolitan areas around the U.S. The islands of affordability such as East Palo Alto and Marin City behave essentially as weak housing markets, characterized more by poor housing conditions than high rents. But housing dynamics in these neighborhoods unfold in relation to the ongoing competition for housing in the Bay Area's inner core. This study thus underscores the importance of using the region as the unit of analysis when examining gentrification and displacement.

Case Study Methods

This research builds on the methodologies utilized in past studies of neighborhood change, gentrification and displacement (Ellen and O'Regan 2011; Freeman and Braconi 2004; Newman and Wyly 2006; McKinish, et al. 2010) by adding a layer of data validation and analysis through community-engaged participatory research.

Given the fact that community groups are often at odds with the results of academic, quantitative research on gentrification, these case studies sought to bridge the chasm through the validation and enrichment of our data analysis through community-engaged research. The community-engaged and ground-truthing components of this research were accomplished through two main venues: case studies and the validation of parcel and census data through field observations.

To select case study neighborhoods that were both geographically representative of the region and capture the myriad housing pressures felt by low income communities, a screening analysis was done to identify Census tracts that had recently undergone neighborhood change and would be classified as having undergone gentrification from 2000 to 2010 using the definition of gentrification put forth by Freeman (2005), modified slightly for the Bay Area:

- Housing price appreciation above the regional median
- Increase in educational attainment above the regional median
- Household income at or below the 40th percentile of regional household income (roughly 80% of median income, a standard definition of low-income) in the starting year (as the process begins).

Given the wide variability between counties in the Bay Area, with extreme wealth in the south bay counties (San Mateo, Santa Clara) and poverty in some north and east bay counties (Solano, Sonoma, Alameda) we chose to compare each tract to its respective county average, to reflect regional variability and change.

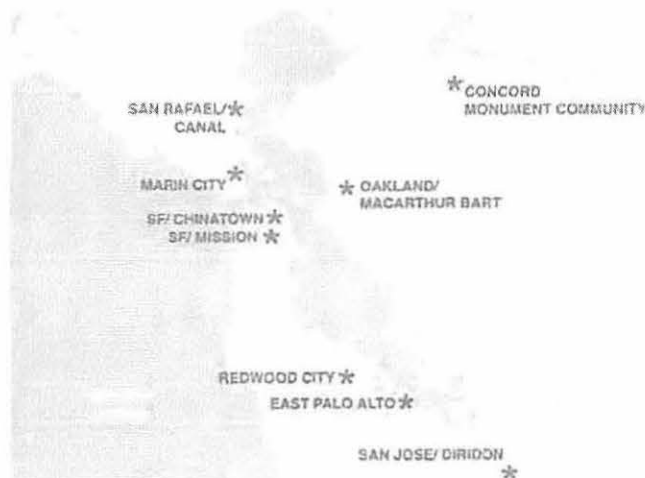


Figure 2.1: Case Study Communities

Additional preference was given to communities that were proximate to rail transit and were designated as Priority Development Area during the last regional planning process. A panel of regional stakeholders that were participating in the region's HUD Sustainable Communities Initiative analyzed the results and selected a final set of 9 neighborhoods around the Bay Area (Figure 2.1).

We used mixed methods to study demographic and housing changes in case study neighborhoods. We first analyzed indicators from the US Census and American Community Survey that are associated with processes of gentrification and residential displacement, and/or thought to influence susceptibility to such processes (Chapple 2009) from 1980 to 2010. Because of the changes in Census tract boundaries between decades, we used the Geolytics Neighborhood Change Database, which normalized historic Census data to 2010 Census Tracts, allowing for standardized comparisons across decades (Geolytics 2014). Data regarding real estate sales trends were obtained through Dataquick, Inc. In addition, qualitative data from stakeholder interviews and archival research were collected to provide richer neighborhood descriptions and a more in-depth understanding of how and why neighborhoods change.

Community Engagement

To engage community-based organizations (CBOs) in the case studies, request for proposals were released and 7 CBOs were selected to participate in the research, which was funded by the Regional Prosperity Plan of the Metropolitan Transportation Commission.

CBOs were engaged in three stages of the analysis: scoping, research validation/feedback, and ground-truthing of secondary datasets. Researchers met with CBO partners to scope the case studies by jointly selecting the neighborhood boundaries (based on Census tracts), discussing the most important indicators for each community, and identifying potential stakeholders to interview and important documents to review. Simultaneous to our research, CBO partners prepared narratives on how they perceived their neighborhood changed. Following preliminary analysis, two workshops were held in which the researchers presented preliminary analyses and CBOs presented their narratives. Rich discussion and feedback ensued. A second set of CBO analysis and feedback occurred after preliminary drafts of the cases were prepared.

Ground-truthing

In order to ground-truth the secondary datasets (Census and real estate data), a visual analysis tool was developed adapting similar methodologies used to observe gentrification and neighborhood change in Chicago (Hwang and Sampson 2014; see appendix for the observation tool developed for this study). We conducted an initial screening analysis of block-level Census and Assessor data to identify blocks that have recently undergone change in each case study area. Criteria used to select blocks included higher than average percentage change in tenure (from owner-occupancy to renter-occupancy or vice versa), percentage of white residents, and percentage of parcels sold since 2012. Upon initial screening, CBO partners were engaged to select the most important blocks to analyze from the screened list.

Researchers and community partners visited the selected blocks and recorded a set of indicators for each parcel on the block. These indicators include the primary land use, building type (multi-family, single-family, business, etc.), the number of units it appears to

Table 2.1: CBO Partner Organizations

Case Study Neighborhood	CBO Partner Organization
Chinatown, San Francisco	Chinatown Community Development Center
The Mission, San Francisco	People Organizing to Demand Environmental & Economic Rights (PODER)
Diridon Station Area, San Jose	Working Partnerships USA
Macarthur Bart Station Area, Oakland	Causa Justa :: Just Cause
The Monument Corridor, Concord	Monument Impact
Redwood City	San Francisco Organizing Project / Peninsula Interfaith Action
The Canal, San Rafael	Marin Grassroots
East Palo Alto	San Francisco Organizing Project / Peninsula Interfaith Action
Marin City	Marin Grassroots

Table 2.2: Selected Census Tracts

Case Study Neighborhood	Census Tracts Included in the Study
Chinatown, San Francisco	Chinatown Core: 113, 118 Polk Gulch: 109, 110, and 111 Chinatown North: 106, 107 and 108
The Mission, San Francisco	177, 201, 202, 207, 208, 209, 210, 228.01, 228.03, 229.01, and 229.02
Diridon Station Area, San Jose	5003, 5008 and 5019
Macarthur Bart Station Area, Oakland	Temescal: 4011 Temescal-Broadway: 4012 Longfellow: 4010 Hoover-Foster: 4014 Koreatown-Northgate: 4013
The Monument Corridor, Concord	3361.01, 3361.02, 3362.01, 3362.02, and 3280
Redwood City	6100, 6101, 6102.1, 6102.2, 6102.3, 6105, 6107, and 6109
The Canal, San Rafael	1122.01 and 1122.02
East Palo Alto	6118, 6119, 6120, and 6121
Marin City	1290

hold, and indicators of recent investment such as permanent blinds and updated paint. Researchers also looked for signs of concern over safety, such as security alarm signage or barred windows, as well as signs of disinvestment, such as litter or debris, boarded windows, or peeling paint.

Finally, data collected from the observation tool was compared to Tax Assessor and Census data. The results of the ground-truthing exercise for each case study is included in the Appendix. Additionally, observations from community members encountered during the ground-truthing and CBO partners further enriched the analysis and validating of data and case study conclusions.

Final Review

Upon incorporating the results from the various stages of analysis, the final case study report was submitted to CBO partners. Researchers collected and incorporated feedback on the general tone of the report as well as specific points.

chinatown

Chapter 3: Community Organizing amidst Change in SF's Chinatown



Community Organizing amidst Change in SF's Chinatown

Case Study on Gentrification and Displacement Pressures in Greater Chinatown of San Francisco, CA

Introduction

As one of the oldest ethnic enclaves in the US, San Francisco's Chinatown has been a major immigrant gateway as well as a cultural, economic and residential hub for the Bay Area's Chinese American and Asian American communities for over 150 years. Since establishment in 1848, it has experienced constant transformation as nexus of complex transnational sociopolitical forces—from immigration laws and trends to global movements of capital—that have evolved alongside Chinese American identity in the San Francisco Bay Area (Tan 2008; Li 2011).

Chinatown's current location (Figure 3.1) was established after the original neighborhood was destroyed in the 1906 earthquake and fire that razed over 80 percent of San Francisco. To this day, the official Chinatown neighborhood remains a relatively small land area of approximately 30 city blocks. With the rapid growth of the Chinese American population beginning in the 1960s, neighborhoods adjacent to the core area became home to many Chinese American families, and businesses and institutions serving the Chinese American community likewise began establishing themselves beyond the boundaries of Chinatown.

With this expansion, Chinatown has deeply influenced the evolution of these neighboring areas, which include portions of the historically affluent neighborhoods of Russian Hill, Nob Hill and Polk Gulch, as well as tourist hotspots like North Beach, which is known as San Francisco's Little Italy. For the purposes of this case study, we use the term "Polk Gulch" to refer to the western portion of Greater Chinatown, which includes sections of Nob Hill and Russian Hill between Van Ness Avenue and Leavenworth Street. We also use the term "Chinatown North" to refer to the areas

directly North and Northwest of the official Chinatown boundaries, including portions of North Beach and Polk Gulch. The area officially

recognized as Chinatown is referred to as "Chinatown Core" in this case study. Though each of these areas has maintained their own distinct character and identity, each of their individual neighborhood changes have been deeply informed by development and market pressures in the others. As we analyze this intricate relationship between the Chinatown core and peripheral communities throughout this case study, we examine this entire geography as "Greater Chinatown."³

Historically, tensions between Greater Chinatown's core and periphery have manifested through competing demands on the City's limited housing stock – in particular, the vast need for affordable housing for low-income residents in Chinatown and the ever-increasing desirability of San Francisco real estate. The following case study explores the roots and impacts of this dynamic, seeking to elucidate possible implications for future neighborhood change and residential displacement throughout the different communities within Greater Chinatown.



Figure 3.1: Greater Chinatown Boundaries

³ Greater Chinatown is a term that we use specifically to refer to the case study area. It should be noted that this is term is not colloquial. Though neighborhood boundaries and names are varied and contested, San Francisco residents generally use neighborhood names of Nob Hill, Polk Gulch and North Beach to refer to the geographies that we include in the term Greater Chinatown.

Overview and Historical Context

Since the 1960s, Greater Chinatown's population has included a large percentage of foreign-born, low-income Chinese American and Asian American families. Elderly residents have also consistently made up a significant share of the population; between 2009 and 2013, approximately 17 percent of Greater Chinatown's residents were age 65 and over (US Census Bureau).⁴ While the Asian population's overall number has decreased over time, its influence remains present to varying degrees within all three neighborhoods. In 2009-2013, 55 percent of households within Greater Chinatown were Asian (Geolytics 2014).

Greater Chinatown is situated at the center of San Francisco's booming real estate market, with close proximity to the Financial District, Downtown, and affluent neighborhoods such as Russian Hill. Due to its prime location, it has consistently endured pressures of development and speculation that have transformed surrounding areas and much of San Francisco. Differing land use regulations between Chinatown Core and the rest of Greater Chinatown have led to varied patterns of neighborhood change throughout the area. While the Chinatown Core community has largely resisted displacement and gentrification, increasing market pressure and ongoing neighborhood improvements, such as the construction of the Chinatown Central Subway Station that is scheduled to open in 2016, may profoundly impact the area's affordability and further shift its demographics.

Chinatown's History

The area's built form is rooted in the early history of discriminatory policies directed at Chinese immigrants in the late 1800s, including the 1882 Federal Chinese Exclusion Act, which prohibited further migration of individuals from China until it was repealed in 1943 (Yip 1985). With this institutionalized halt in migration for nearly an entire century, Chinatown's built environment did not evolve from the influence of its earliest cohort of settlers, who were predominantly male contract laborers from Chinese provinces near Pearl River Delta. These men arrived in California in search of

⁴ This percentage of residents age 65 and over is a bit higher than in San Francisco as a whole, where 14.2 percent of residents were age 65 and over between 2009 and 2013 (US Census Bureau).

wealth during the Gold Rush and later also took on jobs in the railroad industry (Yip 1985). Few arrived with the intention of permanent settlement; rather, San Francisco, "was merely the point of arrival" (Yip 1985). Instead of a residential community, Chinatown initially functioned as a "provision station" for Chinese workers (Li 2011).

Within this context, much of Chinatown's housing was built as single room occupancy (SRO) residential hotels or small rooms in commercial structures or community spaces. Chinese immigrants, who were barred from property ownership, were subjected to discriminatory housing practices by absentee landlords seeking to maximize profits. Housing was thus poorly maintained and often overcrowded (Yip 1985).

After the US Civil War, anti-Chinese sentiment driven in part by labor disputes led to thousands of Chinese immigrants relocating to Chinatown for protection from racialized violence, which resulted in the neighborhood transforming into a permanent residential community (Li 2011). The Chinese community's spatial segregation and social isolation contributed to the development of "an impenetrable social, political, and economic wall" between Chinatown and the rest of San Francisco (Wang 2007). While the neighborhood's insularity allowed for the formation of strong social networks and a self-sufficient system of community institutions, small businesses and cultural activity (Yip 1985), it also reinforced a language barrier that still presents a challenge for socio-economic integration and contributes to persistently high poverty and unemployment rates (Wang 2007).

When Chinatown was rebuilt after the 1906 earthquake, Chinese immigrants were able to lease land from white landowners, who dictated the parameters of building design and construction (Asian Neighborhood Design 2008). With the goal of attracting tourists and outsiders, new Chinatown buildings were deliberately designed by white architects using elements intended to signify the community's heritage, with the hope that Chinatown would generate increased revenue for the City through commercial activity (Li 2011). During this period, much of the housing was reconstructed as SROs, which were considered economically efficient

In the 1960s, the liberalization of US immigration policy led to a population boom and subsequent shortage of affordable housing. Chinatown quickly became one of the densest neighborhoods in the country, with an overwhelming majority low-income renter population.

SROs and other small residential units were often overcrowded, in poor condition, and yet still expensive for very low-income residents (Tan 2008).

The influence of Chinatown Core on portions of North Beach (Chinatown North), Nob Hill, and Russian Hill (Polk Gulch) manifested between 1970 and 1990, when the Chinese American populations, mostly made up of families with US-born children, in these areas grew as previous immigrant communities moved out (Fujioka 2014). The incremental dispersal of the Chinese community during this period was informed by social changes brought about through the Civil Rights Movement, which facilitated challenges to norms of racial segregation (Li 2011). By 1990, the large proportions of Asian households in Chinatown North and Polk Gulch—73 and 49 percent, respectively—signified the establishment of the areas' connection to the Core Chinatown community.

Today, Greater Chinatown is still primarily renter-occupied, though the share of owner-occupied housing units has grown in recent years. With an estimated residential density of 85,000 people per square mile in the Chinatown Core (Tan 2008), overcrowding and housing affordability remain pressing issues for the community. Although most of Greater Chinatown has maintained its relative affordability in relation to the rest of San Francisco, the dramatic rise in real estate values and the cost of living in surrounding neighborhoods has driven increasing “rent gaps,” or disparities between what existing residents pay and the amount landlords could charge in the current market (Smith 1979). This has spurred a resurgence of concern over possible residential displacement. This case study seeks to address these concerns by deconstructing the unique forces that have allowed the neighborhood to remain affordable and analyzing the implications that these factors may have for potential displacement and gentrification.

The Changing Chinatown Community

Chinatown residents make up approximately 4 percent of the San Francisco population. Though its density remains incredibly high, Chinatown's population decreased slightly since 1980, in contrast to a 21 percent increase in the overall San Francisco population (Table 3.1). This can be explained by the growing den-

sification of other San Francisco neighborhoods, while by the 1990s, parts of Greater Chinatown were largely built out, with high rates of overcrowding.

However, as shown in Table 3.2, the population decline was not distributed evenly throughout Greater Chinatown. While Chinatown North experienced a population decline of 8 percent, Polk Gulch and Chinatown Core's populations increased by 4 and 12 percent, respectively, between 1980 and 2009-2013.

This discrepancy exemplifies a broader difference in degrees and types of neighborhood change between Chinatown North, Polk Gulch and the Chinatown Core, which will be explored further throughout this case study.

Greater Chinatown's general population decline coincides with a drop in its average household size between 1980 and 2009-2013, which fell across all three neighborhood areas, as shown in Table 3.3. In contrast, San Francisco's average household size increased nominally.

Table 3.1: Total Population in Greater Chinatown and San Francisco, 1980-2013

Year	Chinatown	San Francisco
1980	34,607	677,678
1990	35,938	723,959
2000	34,891	776,733
2009-2013	34,557	817,501
% Change, 1980 to 2009-2013	-0.1%	21%

Source: US Census 1980, 1990, 2000 (Geolytics, 2014). 2009-2013 American Community Survey 5-Year Estimates.

Table 3.2: Population Change in Chinatown by Area, 1980 to 2009-2013

Area	1980	2009-2013	% Change, 1980 to 2009-2013
Chinatown Core	4,464	5,012	12%
Chinatown North	15,315	14,067	-8%
Polk Gulch	14,830	15,478	4%
Greater Chinatown	35,938	33,018	-4%

Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.

Table 3.3: Average Household Size in Greater Chinatown and San Francisco, 1980 to 2009-2013

Year	Chinatown	San Francisco
1980	2.22	2.27
1990	2.30	2.37
2000	1.97	2.36
2009-2013	2.03	2.31
% Change, 1980 to 2009-2013	-9%	1.8%

Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.

This trend also correlates with the slight growth in the share of non-family households in Greater Chinatown. Between 2009 and 2013, 61 percent of the neighborhood's 17,457 households were non-family households, up from 59 percent in 1980.

Greater Chinatown also saw a drop in the share of overcrowded households between 2000 and 2009-2013, as shown in Figure 3.3. Despite this decrease, its rate of overcrowding in 2009-2013—defined as more than one person per room—was still over twice that of San Francisco, which had 3 percent overcrowded and 3.3% extremely overcrowded units.

Combined declines in family households, average household size and overcrowding are often associated with the process of gentrification, and changes in Chinatown's racial/ethnic composition, further reinforce that possibility. Between 1990 and 2013, the share of Asian households in the neighborhood decreased by 11 percentage points, corresponding with a growth of 5 percentage points in the share of white households. The largest change, however, occurred between 1990 and 2000.

Though the concentration of Asian residents between Chinatown North, Polk Gulch and Chinatown Core varied greatly during the baseline year of 1980, all three areas reflected a broader trend of a declining share of Asian households in the following decades. By 2010, the share of Asian households dropped by 10 percent in both Chinatown North and Polk Gulch, alongside a 7 and 6 percent increase, respectively, in the share of the white households. Chinatown Core showed a much slower rate of decline in the share of Asian households; by 2010 it fell by only 5 percentage points to 83 percent. Figures 3.5 and 3.6 depict these varying rates of change in concentration of Asian households across Greater Chinatown's census tracts.

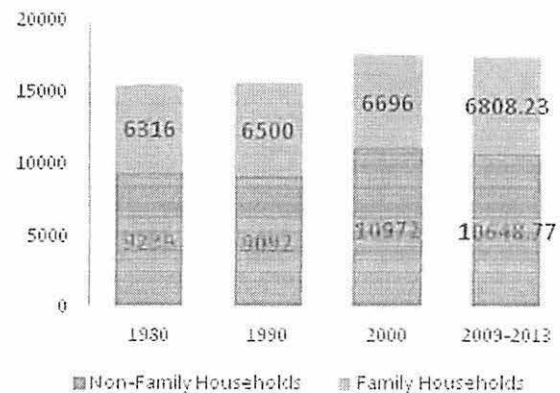


Figure 3.2: Households in Greater Chinatown, 1980 to 2009-2013

Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.

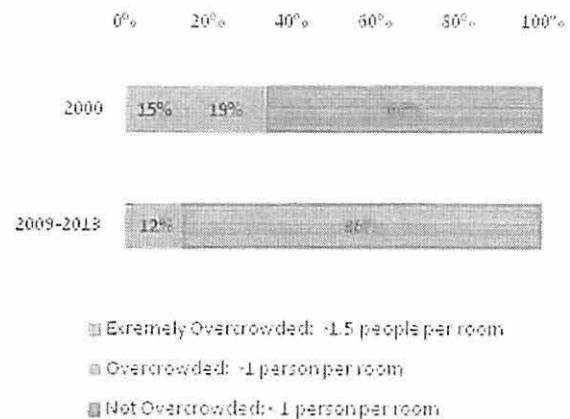


Figure 3.3: Overcrowded Households in Greater Chinatown, 1980 to 2009-2013

Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.

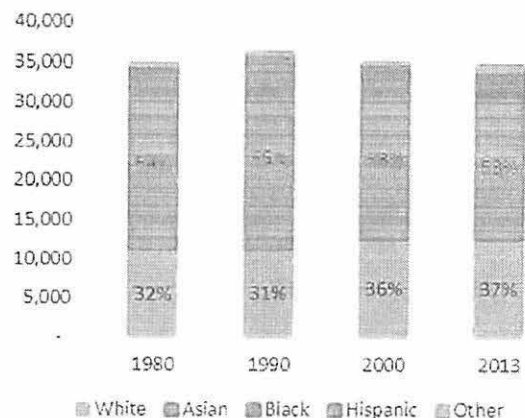


Figure 3.4: Racial/Ethnic Composition of Greater Chinatown Households, 1980-2013

Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.

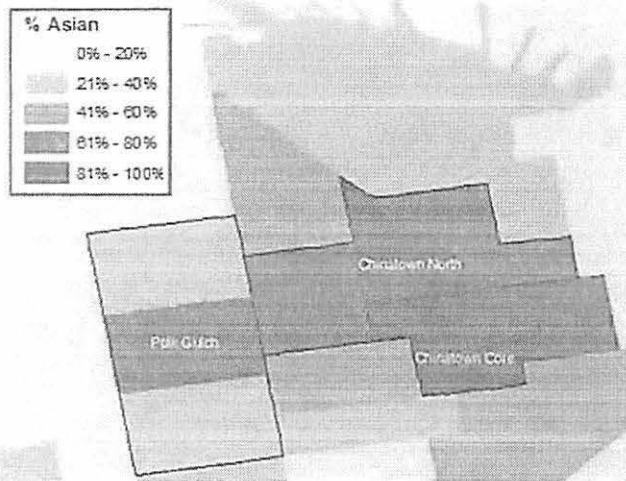


Figure 3.5: Asian Households as a Percentage of all Households in Greater Chinatown by Census Tract, 1980.

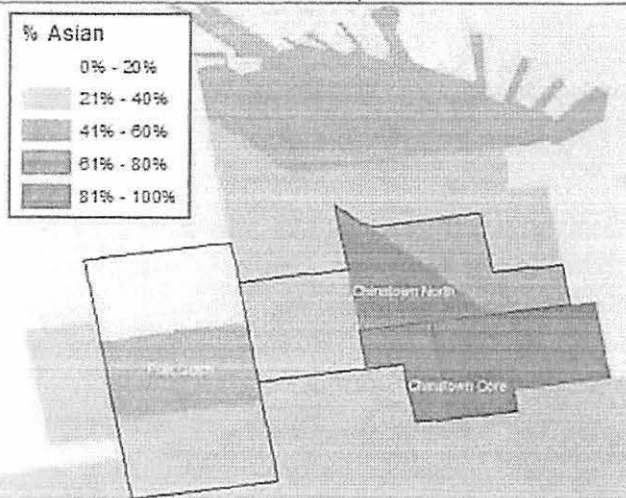


Figure 3.6: Asian Households as a Percentage of all Households in Greater Chinatown by Census Tract, 2010.

Source: US Census 1980, 2010 (Geolytics, 2014).

Educational attainment among Chinatown residents also increased as the share of white households increased, as shown in Figure 3.7

. By 2013, 48 percent of the population 25 and older had a college degree or higher. Polk Gulch is driving this figure; there, the same figure was 61 percent, compared to 21% in Chinatown Core.

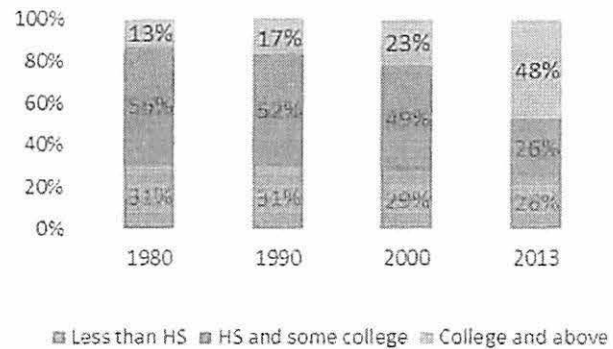


Figure 3.7: Educational Attainment in Greater Chinatown, 1980 to 2009-2013

Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey 5-Year Estimates.

Since the increase in educational attainment was concurrent with significant shifts in the population's racial/ethnic composition, this increase may signify new residents moving in, rather than existing residents achieving higher levels of education.

Data also show another key difference among the areas regarding the change in proportion of foreign-born residents. Between 1980 and 2013, the percentage of foreign-born individuals decreased by over 10 percentage points in Chinatown North and Polk Gulch. Meanwhile, the same figure decreased by only 4 percentage points in Chinatown Core. This suggests that the Chinatown Core has served as the primary immigrant gateway in Chinatown as the other two areas have become less accessible to first generation immigrant households.

This shift is likely attributable to changes in rental prices, which have deviated significantly by area. Figure 3.8 shows that in contrast to other areas and San Francisco overall, median rent in the Chinatown Core has remained exceptionally stable since 1980. This is primarily due to the large number of subsidized and rent-controlled units in Chinatown Core. By 2013, median rent in Chinatown North and Polk Gulch had approximately doubled the median cost of rent in the Chinatown Core.

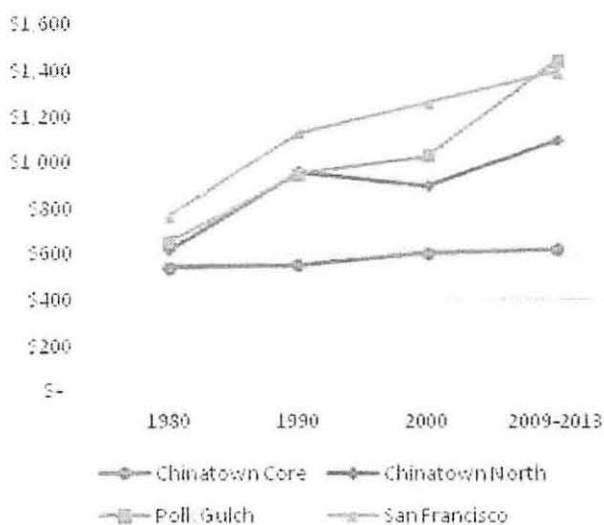


Figure 3.8: Median Rent in Chinatown and San Francisco (in 2010 dollars), 1980 to 2009-2013.

Source: US Census 1980, 1990, 2000 (Geolytics, 2014). American Community Survey 2009-2013.

An even closer look at the spatial differentiation in rental prices shows wide disparities within each of Chinatown's three areas at the tract level. The spread of Chinatown North's distribution is most notable; in 2013, Tract 107's median rent was only \$575, compared to \$1,455 in adjacent Tract 108.

Although Greater Chinatown's rental prices on average have maintained their affordability, data suggest that its community was deeply impacted by the recession, and as a result, the neighborhood has grown increasingly unaffordable for its residents. Between 2000 and 2009-2013, Greater Chinatown's median household income fell by 36 percent, and its poverty rate increased by 4 percentage points to 18 percent. Again, disaggregation by area shows that the recession's impact varied significantly by geography. As shown in Figure 3.9, Chinatown Core's poverty rate had more than doubled the rate of Polk Gulch's by 2009-2013.

Polk Gulch is the only area that saw an overall growth in median household income from 1980 to 2013.

Amidst increasing income stratification in Chinatown, low-income residents are very vulnerable to displacement. The extreme rise in percentages of rent- and mortgage-burdened households between 2000 and 2009-2013, as shown in Figure 3.11, serves as an indicator of this.

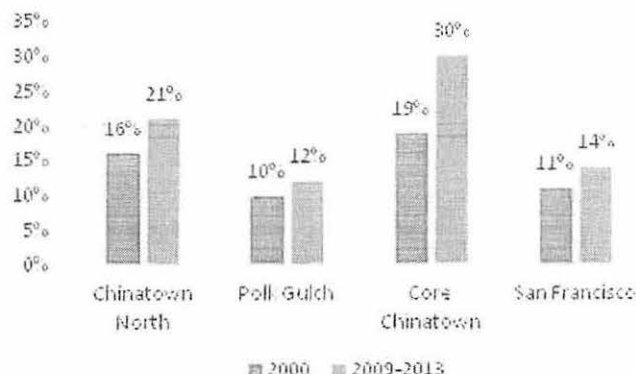


Figure 3.9: Poverty Rates in Greater Chinatown and San Francisco, 2000 to 2009-2013.

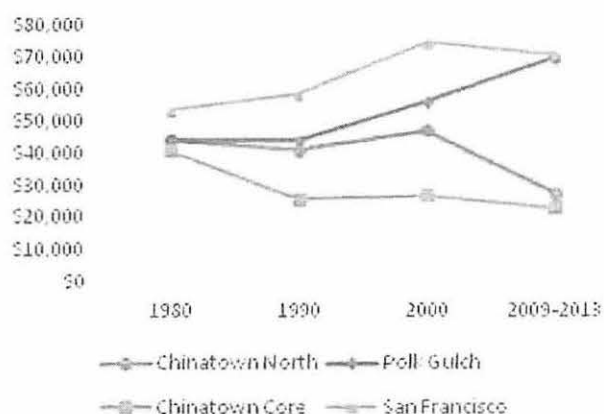


Figure 3.10: Median Household Income in Greater Chinatown and San Francisco (in 2010 dollars), 1980 to 2009-2013.⁵

Source: US Census 1980, 1990, 2000 (Geolytics, 2014). American Community Survey 2009-2013.

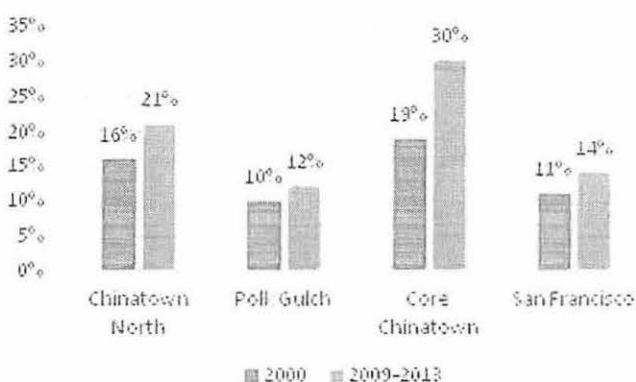


Figure 3.11: Rent- and Mortgage-Burdened Households in Greater Chinatown, 1980-2013.

Source: US Census 1980, 1990, 2000 (Geolytics, 2014); 2009-2013 American Community Survey. Burdened means paying more than a third of income towards housing costs.

⁵ Data for 1980 is the average rent rather than the median rent.

Given the lower cost of housing in Chinatown than the City on average, displaced residents from Chinatown would likely struggle to find more affordable housing elsewhere in San Francisco and thus be forced out of the City as a whole.

The threat of displacement, which appears to have already impacted portions of Polk Gulch, seems to be rising in Chinatown North and inward toward Chinatown Core, which has largely resisted gentrification up to this point. If patterns of change in Polk Gulch and Chinatown North continue to diverge from those in Chinatown Core, the geography of what is considered Greater Chinatown may shrink as residents' connections to the Core community weaken.

Chinatown Housing Policy and Planning

In the face of external pressures of gentrification, a number of key policies and planning efforts have uniquely allowed Chinatown Core to maintain its historic character and accessibility to low-income San Franciscans. One of the most influential and comprehensive policy changes took place in 1986, with the adoption of the City Planning Department's official Chinatown Rezoning Plan as an amendment to the General Plan, which resulted in the designation of Chinatown as a mixed use area distinct from the downtown.

CCDC's predecessor, the Chinatown Resource Center, led this planning effort with the Chinese Chamber of Commerce and Asian Neighborhood Design. In the years prior, Chinatown Resource Center had worked tirelessly to stave off infringing developers, many of whom sought to purchase land for office uses (Chinn 2014). Between the mid-1970s to mid-1980s, approximately 1,700 residential units in Chinatown were converted to office use, and at the same time, an influx of capital from Asian firms drove up both commercial and residential rents (Li 2011). As these factors exacerbated the threat of displacement, the Chinatown Resource Center realized the unsustainability of this project-by-project approach and switched course toward advocating for structural changes to the neighborhood's land use policy in an attempt to slow development (Chinn 2014).

They organized residents behind opposed set of zoning regulations that were originally conceived of as part of a Chinatown community planning process that took place over several years prior (Chinn 2014), during which the San Francisco Planning Department had proposed a new Downtown Plan and housing advocates across the city sought to limit the proliferation of office buildings to preserve affordable housing (Li 2011). With the growing threat of speculation and encroaching development from the downtown, residents, community-based organizations, and City officials all exhibited political will for policy change, agreeing that action must be taken to preserve Chinatown's character and culture for its existing residents (Chinn 2014). The proposal, which specifically addressed the core portion of Chinatown, sought to downzone the neighborhood by setting lower height limits that would curb the neighborhood's development potential. Previous zoning had set limits at much higher than the prevailing scale of most existing buildings. This was due to the fact that Chinatown had originally been zoned as "a creature of downtown," resulting in regulations that did not align with the neighborhood's distinct character (Chinn 2014). The community's proposal was broadly viewed as a necessary, sensible shift toward land use policy that was indigenous to Chinatown (Chinn 2014).

The 1986 Rezoning Plan's central aim was to protect what the Planning Department acknowledged was a "virtually irreplaceable" resource of affordable housing in Chinatown. The plan effectively prohibited demolition, allowing it only "if that is the only way to protect public safety or for a specific use in which there is a high degree of community need," and furthermore banned conversion of residential buildings into different uses (San Francisco Planning Department).

Chinatown's large stock of SROs was granted further protection by the 1980 citywide Residential Hotel Ordinance, which made it very difficult for developers to convert residential hotel rooms to commercial use by requiring replacement of lost affordable units and mandating that 80 percent of the replacement cost be paid by developers to the City for conversions or demolitions (Fribourg 2009).

With these requirements in place, approximately 50 percent of the Chinatown Core's housing stock has remained SRO hotels (Tan 2008), and an estimated 92 percent of units are protected by the 1979 San Francisco Rent Control Ordinance (San Francisco Department of Public Health).

Nearly 30 years later, the 1986 effort can thus be considered to have essentially achieved its policy objectives to “preserve the distinctive urban character of Chinatown” and “retain and reinforce Chinatown’s mutually supportive functions as a neighborhood, capital city and visitor attraction.” (San Francisco Planning Department) However, some would problematize the lack of new development in Chinatown Core amidst the City’s affordable housing shortage (Tan 2008). County Assessor data shows that since 1987, only 22 residential buildings have been constructed in Chinatown Core (Dataquick 2014). By comparison, 65 buildings in Chinatown North and 353 residential buildings in Polk Gulch have been built within the same time frame (Dataquick 2014). Construction of affordable housing in Chinatown Core has also been limited; the small stock of 342 subsidized and public units has not increased since 1990, despite increasing need (CHPC 2014). Thus, the neighborhood’s land use policy has given rise to other unresolved challenges of supplying sufficient housing in San Francisco.

With few new housing units built in Chinatown Core after 1986, the vast majority—75 percent, compared to 61 percent in San Francisco overall—were built before 1949 (pre-World War II). A combination of age and weak code enforcement has led to many buildings falling into disrepair (Chinn 2014). Consequently, two mutually reinforcing phenomena have emerged in Chinatown Core: a shortage of supply and a declining quality of housing as buildings have deteriorated (Chinn 2014). With low profit potential, particularly for rent-controlled units, and exceedingly high demand throughout the neighborhood, owners are disincentivized to rehabilitate their rental units (Chinn 2014). In some cases, they have opted to take units off of the market to avoid necessary maintenance costs, which has further contributed to the broader housing crisis that most severely impacts lowest income individuals (Tan 2008).

Further pressure was placed on the housing stock as developers often opted to build commercial rather than residential buildings. By 1992, an estimated 25 percent of land was used for commercial activities, which led to a lack of parking and open space, while 50 percent was used for residential purposes. Landscape architecture scholar Chuo Li notes that these proportions differed greatly from New York and Chicago’s Chinatowns, which had dedicated 70 percent of land to residential uses and 20 percent to commercial uses (Li 2011).

These constraints surrounding both redevelopment and rehabilitation have made Chinatown Core somewhat less desirable to residential real estate speculators (Chinn 2014). Since many buildings would likely require major rehabilitation and potentially demolition to allow for conversion into condos or tenancies in common (TICs), a conversion project would be a much more difficult and costly undertaking in Chinatown Core compared to other San Francisco neighborhoods that have been systematically impacted by such types of redevelopment. In some senses, then, Chinatown Core has avoided gentrification because other areas were—and continue to be—more susceptible to gentrification and/or lucrative for speculators seeking to flip residential properties (Chinn 2014).

Signs of Displacement

Despite Chinatown Core’s ability to resist gentrification in the past decades, the threat of displacement looms large for the share of residents facing unemployment, poverty and rent or mortgage burdens. Gen Fujioka, Public Policy Manager at CCDC, notes that even the modest increases in rents for SRO units have led to both economic and exclusionary displacement. Though occurrences of eviction have been rare, these other factors suggest a tenuous future for the Chinatown Core.

Trends in other areas of Greater Chinatown present a starkly different picture of change. Fujioka explains that the Chinatown North and Polk Gulch communities have experienced “reoccurring waves of evictions,” including Ellis Act and Owner-Move-In evictions, as well as “many more under-the-table evictions that are unrecorded” (Fujioka 2014). With a growing number of accounts from Chinese American residents of informal threats of buyout or eviction in these areas, anxiety over displacement runs high.

Without the force of the 1986 rezoning policy that applies only to Chinatown Core, the Chinatown North and Polk Gulch areas have not been immune to the proliferation of TIC or condo conversion. Tract level census data suggests that much of this activity is primarily occurring in Polk Gulch, where the share of owner-occupied units has gone from 9 to 16 percent between 1980 and 2013. According to an analysis of the San Francisco Department of Public Health of no-fault evictions during the period 2009-2012, approximately 34 no-fault evictions – which include evictions due to the Ellis Act, owner move-in and demolition—

have occurred in Polk Gulch, compared to 12 in Chinatown North and 1 on the border of Chinatown North and Chinatown Core (San Francisco Public Health Department 2014).

Census figures also show that this trend has generally corresponded with declines in the number of Asian households and increases in the number of white households. For example, in Tract 110 (in Polk Gulch), the number of Asian households decreased from 3,519 to 2,527 between 1980 and 2013—a decrease in share of total population of 22 percentage points. This corresponds with an increase in the share of white residents by 17 percentage points over the same time period (Geolytics 2014).



Figure 3.12: Instances of No-Fault Evictions and Percentage of Rent-Controlled Units in San Francisco by Census Tract (zoomed in to case study area).
Source: San Francisco Department of Public Health

In addition to the pressure of evictions and conversions, changes to the culture and dynamic of the Chinese American community have contributed to the shifting demographic composition of Greater Chinatown. As the foreign-born population that moved to Polk Gulch and Chinatown North in the 1970s has aged and passed on, some second generation Chinese Americans are not returning in adulthood to the neighborhood to establish their own homes (Chinn 2014). It is unclear whether this is due to exclusionary displacement or simply shifting preferences and/or circumstances among the second generation. Many are deciding to sell their parents' properties, which have often appreciated enormously in value, and are thus regularly purchased for conversion into condominiums or TICs (Chinn 2014).

Resistance to Displacement

Multiple layers of transformation signify a changing social fabric throughout Greater Chinatown. Nevertheless, a profound sense of community identity persists among Asian American residents as well as a broader set of Asian American individuals who live outside the area yet remain deeply connected to Chinatown's culture, institutions, and spaces. The driving force behind this sense of cohesion is a high rate of civic engagement, which has continued to shape Greater Chinatown's built environment since the 1986 rezoning victory. (Fujioka 2014)

With affordable housing as an unceasing concern in Greater Chinatown as well as all of the Bay Area, the Chinatown Community Development Center and other community-based organizations have formed resilient organizing networks with citywide reach. They have also brought their resident base into the broader movement around the right to the city. Recent campaigns have taken on the uptick in owner-move-in evictions that singled out elderly residents as well as Ellis Act evictions. Informed by a commitment to community-based neighborhood planning from the ground up, CCDC, together with tenant groups such as the 1,000 member Community Tenants Association, have won new eviction protections for seniors and residents with disabilities.

In preserving community spaces and connections throughout Chinatown, strong political engagement has also preserved tight social networks among Chinese American residents. These social connections have also played a key role in the neighborhood's ability to resist gentrification. For example, with apartment vacancies often posted only within local Chinese language newspapers rather than more broadly utilized forums such as Craigslist, information on housing availability is not widely accessible to the public. Property sales also typically occur within existing social networks, resulting in many real estate ownership turnovers occurring within the Chinese American community. Within Chinatown Core, these dynamics have maintained the racial and ethnic composition in spite of many other neighborhood changes.

Conclusion

The unique history of land use politics and policy in Chinatown—from the earliest days of forced segregation through to recent years of housing rights activism—has given rise to a complex set of challenges as well as community assets to address them. New infrastructure initiatives, such as the Chinatown Central Subway Station construction project, alongside ongoing work by community based organizations, will have a major impact on the community's future.

Data and information from residents suggest that while housing in Chinatown Core has been preserved for low-income individuals, many of whom are foreign-born Asian Americans, all of Greater Chinatown faces significant pressure as rates of rent- or mortgage-burdened households have skyrocketed since 2000.

Different factors within each area have driven this pressure. In Chinatown Core, they include internal circumstances such as high rates of poverty and unemployment among residents. On the other hand, pressures in Chinatown North and Polk Gulch appear to be rooted in external market forces, which have caused significant increases in rental costs.

While part of the broader picture of San Francisco's affordability crisis, the unduplicated factors that shape Chinatown's built form require a locally-tailored approach to preserving the neighborhood's livability and vibrancy.

As with the 1986 Rezoning Plan, the neighborhood's effectively mobilized resident base allows for potential solutions to be indigenous to the community. Continued organizing efforts by community groups like CCDC will be critical as both the population and the neighborhood's infrastructure continue to evolve.

mission

Chapter 4: Community Organizing and Resistance in SF's Mission District



Community Organizing and Resistance in SF's Mission District

Case Study on Gentrification and Displacement Pressures in the Mission District of San Francisco, CA

Introduction

The Mission District is located in the southeastern region of San Francisco. Since the 1950s, the neighborhood has been San Francisco's Latino enclave. Prior to this time, the neighborhood was an Italian and Irish working-class neighborhood with an industrial character (PODER, 2014).

In this case study we will examine the time period from 1980 to 2013, with a focus on the changes caused by the rapid growth of the internet sector, alternatively known as the dotcom boom, in the late 1990s. The result of this rapid speculative growth was an increase in the cost of living and a rise in the cost of housing in the Mission, which led to the displacement of long-time residents. During this time, much of the industrial sector in the Mission District was wiped out (Casique, 2013). The changes experienced by the Mission during the dotcom boom are those typically associated with the traditional conception of gentrification, or the influx of investment and higher-income, usually White, residents to areas with low-income, often minority, residents.

New residents were—and are still—attracted to the amenities provided by higher density, the cultural richness of the neighborhood and to the transit accessibility of the area. Multiple bus lines as well as two BART stations (16th Street and 24th Street Mission Station) service the neighborhood for an easy commute to the financial district. The neighborhood is also close to the freeway and the Caltrain, which provide accessibility to the greater region, including Silicon Valley.

This first wave of gentrification is the main story in the neighborhood's shift from a lower-income Latino area to its present state. Although the bust of the dotcom bubble caused gentrification pressures to slow, the neighborhood has continued to be a high demand area, seeing an influx of high-income residents once again from the tech sector. However, this current wave of gentrification is taking place in a neighborhood context that has already undergone years of gentrification—not just with new residents who had moved in, but with an ongoing influx of new retail and public investment.

Today's ongoing battle over the Mission is therefore of a different kind, with weaker community organizations and fewer units left to gentrify. Many long-time residents are holding on and benefitting from the neighborhood's new investment and amenities, but there is even more pressure than before on the remaining affordable units and less of a community to defend them.

This case study examines demographic, housing, and commercial characteristics from 1980 to 2013 to identify changes and trends in the Mission District. After outlining basic demographic changes in the area between 1980 and 2013, we provide a close look at the dotcom boom period and the displacement effects this time of rapid change had on industrial, business, and residential uses, as well as the community's response. Next, we turn to an examination of housing in the area—perhaps the clearest way to observe gentrification, change, and displacement. We briefly outline some of the affordability concerns for residents, and then detail several strategies used to slow displacement, as well as strategies used to speed it up. Before concluding, we outline public investment in the area—which can contribute to gentrification—and recent commercial displacement.

Demographic Changes

The Mission District is home to almost 52,000 of San Francisco's approximately 818,000 residents (Table 4.1). Since 1980, the area has seen significant shifts in racial composition, occupancy, educational attainment, and median income. Tensions are growing among various groups with an interest in the fate of the Mission: lower-income Latino residents, tech

Table 4.1: Total Population SF & Mission District,
1980-2013

Year	San Francisco	Mission
1980	677,678	45,788
1990	723,959	51,640
2000	776,733	54,428
2013	817,501	51,578
Percent Change 1980-2013	21%	13%

Source: Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014);
ACS 2009-2013

sector employees who often work in Silicon Valley but prefer to live in urban neighborhoods like the Mission, longtime residents, small business owners, and others. These tensions have made news across the country as the Mission has in many ways become the poster-child of gentrification (Goode, 2013; Nieves, 2000). Understanding how these changes have taken place may provide some insight into the causes and indicators of residential displacement. From 1980 to 2000, the population of the Mission district swelled by about 19%, then declined slightly in 2013. In contrast, San Francisco's population has steadily increased in the last three decades.

The decrease in population from 2000 to 2013 may be linked to the steady decrease of family households

since 1980 (Figure 4.2). The share of family households dropped to 38% in 2013 from 52% in 1980.

The decrease in family households is accompanied by a decrease in the Latino population, shifting from 44% in 1980 to 38% in 2013 while the White population increased from 36% to 43%. The racial and ethnic demographics of the Mission in 2013 is similar to the city's (Figure 4.3).

There were significant shifts in educational attainment from 1980 to 2013. The percentage of residents aged 25 or older with a bachelor's degree or higher increased from 18% to 52%, and the percentage without a high school diploma decreased from 41% to 17% in the same period (Figure 4.4).

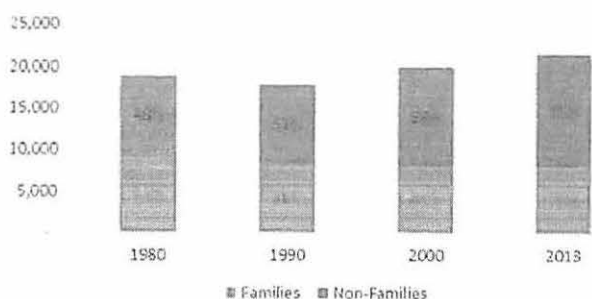


Figure 4.2: Number of Households in the Mission, by type 1980-2013

Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014); ACS 2009-2013

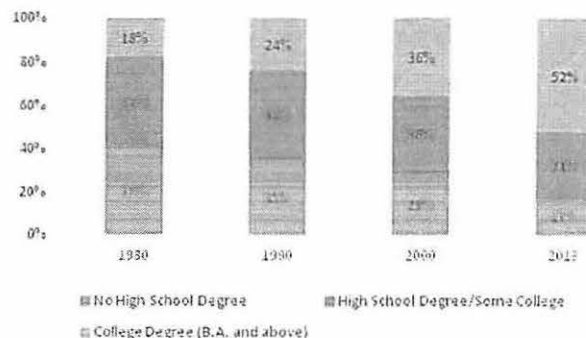


Figure 4.4: Educational Attainment in the Mission (1980-2013)

U.S. Census 1980, 1990, 2000 (Geolytics, 2014); ACS 2009-2013

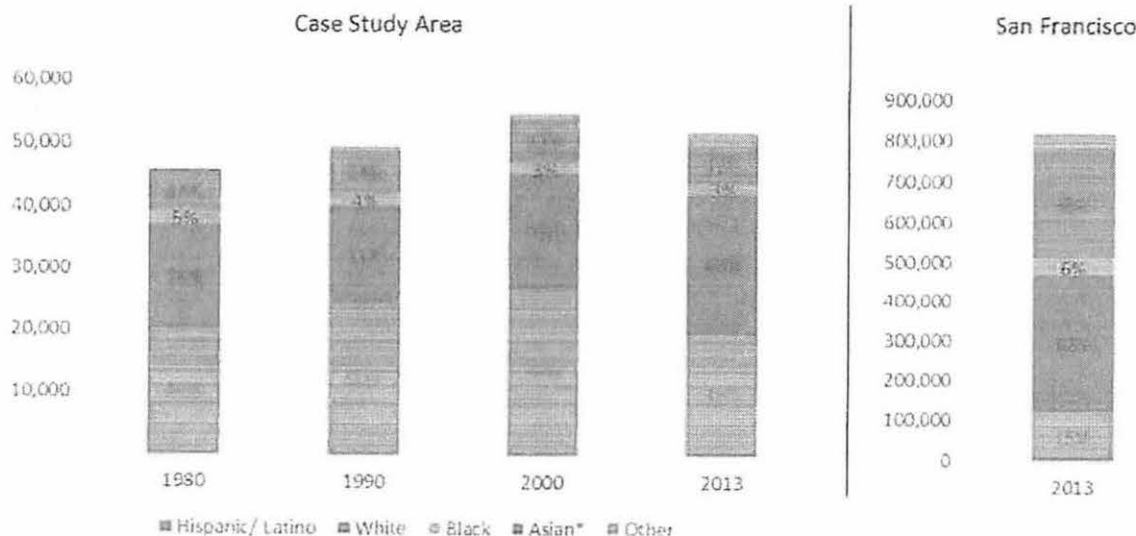


Figure 4.3: Race & Ethnicity in the Mission District by population and percent, 1980-2013, and San Francisco, 2013

Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014); ACS 2009-2013



Figure 4.5: Median Income, Mission vs. SF (1980-2013), 2013 \$

Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014); ACS 2009-2013 *Median income unavailable, average income used

As may be expected, an increase in median income accompanied the increase in educational attainment in the study area. Median household income in the Mission District has risen significantly from 2000 to 2013, increasing at a faster pace than San Francisco overall (Figure 4.5).

The Dotcom Boom: Displacement of Industry, Business, and Residents—and Community Response

The dotcom boom in the late 1990s fundamentally changed the character of the Mission District. The boom hit its peak in 2000 and by 2002 was in decline. This short boom resulted in residential and commercial displacement (Casique, 2013). The industrial sector in the Mission is primarily located in the Northeast Mission Industrial Zone (NEMIZ), an area taking up the northeast corner of the Mission District. Even though the zone was designated in the midst of the dotcom boom, the market for industrial uses was “depressed,” according to a stakeholder, and “a bunch of companies had moved out,” like a brewing company and lumber yards. This devaluing of the land for industrial purposes due to the changing economy coincided with the growth of San Francisco as a result of the dotcom boom.

Industrial uses began to change to office space and housing. According to a community-based organization staff member, the emerging technology com-

panies were in need of office space and able to pay higher rents, so they began converting former light industrial uses to office space; many of these offices, in turn, became empty after the dotcom bust, but light industrial uses did not return.

In terms of conversions to housing, a 1988 ordinance allowed the conversion of industrial spaces into so-called “live/work” spaces, where it is presumed a resident both lives and does their work (Casique, 2013). Advocated by artists, the live/work ordinance was seen as an opportunity to promote the art industry in the city by providing affordable housing arrangements in San Francisco (PODER, 2014). Under the ordinance, developers interested in constructing live/work units in the NEMIZ did not need to get the area rezoned nor did they need a conditional land use permit to build and therefore did not need to conduct an environmental impact report (EIR)—major hurdles for construction developers were able to avoid. As a result, many small developments “started springing up everywhere,” according to one stakeholder, and began converting many industrial structures, vacated due to the changing economy, into expensive “live/work” spaces to house the new residents coming to work in the technology sector as a result of the dotcom boom. According to the San Francisco Housing Databook report issued by the SF Rent Board in 2002, 2,324 live/work units were constructed in San Francisco from 1987 to 2000.⁶ Right before the dotcom crash, the number of constructed units peaked at 587 units in 1999, more than twice the amount of units built in any other year (SF Board of Supervisors, 2002).

⁶ Only four units or more were counted which might result in undercounting.

Once it became clear that such conversions were possible, land values in the NEMIZ area began to rise, making remaining industrial uses difficult to sustain and resulting in business displacement (San Francisco Planning Department, 2002). The live/work ordinance allowed conversion without the requirement of hearings or public comment, allowing them to proceed unnoticed for a long time (Casique, 2013). Once advocates became aware of the situation, the Mission Anti-Displacement Coalition worked with Sue Hestor, a notable SF land use attorney, to force hearings at the Planning Commission and before the board of supervisors (PODER, 2014). Before the formation of the Mission Anti-Displacement Coalition, the "Committee for Jobs, Arts, and Housing had been raising concerns about the developers' scam on live/work developments," according to a community-based organization stakeholder.

Residential displacement in the Mission was also a concern during this period. Between 1990 and 1999, an estimated 925 households were evicted in the Mission (MEDA, as cited by Kennedy & Leonard, 2001). The Mission Anti-Displacement Coalition (MAC) was a major player during this time period, advocating for existing tenants' rights. According to a stakeholder involved with the Coalition, "the value of MAC's work is that unlike most other anti-gentrification work in other parts of the country...MAC focused not only on tenants' rights and stabilizing the neighborhood through that strategy but also on preserving space for local-serving businesses and [production, distribution and repair, or] PDR/light industrial space, especially given that those jobs paid often better [than other jobs available at the time]." Due to MAC's successful lobbying efforts, the San Francisco Board of Supervisors passed a moratorium on the live/work conversions and the production of market rate housing in the Mission that ultimately lasted two years (Casique, 2013).

Another of MAC's efforts was the creation of a "People's Plan." Published in 2005 after a community engagement process, it outlined community members' vision and priorities for the district, including economic, cultural, and community development, affordable housing, livability in the streetscape, environmental issues, transportation, and a specific land use map—essentially, a comprehensive plan for the Mission done by the people (The Mission Anti-Displacement Partnership, 2005). According to PODER, "aspects of

this community-led effort were incorporated into the city's Eastern Neighborhoods Plan" (PODER, 2014). When asked to assess the impact of the People's Plan on the Mission, an organizer involved with the effort shared that he does not believe there was a "causal" effect on affordability in the neighborhood; instead, "market conditions in and of themselves eased some of the pressures on prices given the [dotcom] bust." However, he believed that even with the bust, rents were not decreased in a "substantive way." Instead, he believed that the planning process was significant for the "social capital" it built "by having trained people work on planning issues in the neighborhood and understand the zoning and planning conditions and how those decisions get made."⁷

A park that is currently under development at the intersection of 17th and Folsom Streets represents some of the successes of the People's plan. The park, will include a grassy area, playground, community gardens with trees bearing edible fruit, and public art that honors the Latino character of the neighborhood. multi-year community outreach process was conducted in partnership with PODER, starting in 2009. According to a staff member at PODER, community members were prepared to have meaningful engagement with the city due to the understanding of planning and zoning they developed working on the People's Plan. The staff member said that, the "areas that were rezoned through [the People's Plan] process in the 2000s are coming to fruition after these many years....that speaks to the social capital that has been built. Not just, 'let's rezone and forget about it.' But, 'let's make sure these policies come into fruition.' And we're going to be seeing that happening this year" when the park opens.

⁷ The stakeholder also shared the following outcomes of the process: "The whole Mission Anti-Displacement Coalition and the People's Plan work did a couple of things. One, with MAC, I think it gave visibility to a new level of leadership in the neighborhood that was less accommodationist in terms of the interests of developers, of downtown, of some of these interests. And I think it pointed to a generational divide in the Mission in terms of the Latino 'old guard' and newer leadership...The People's Plan in particular, because of the need to engage with the city and community, I think it also helped the new generation...for understanding how these often arcane and technical issues like land use and zoning are addressed...How we need to be informed and engaged in these processes at the neighborhood and city level...there's an aspect of that reflected in the newer leadership."

Housing: Conditions for Residents

As is the case in the rest of the city, the housing market in the Mission District is competitive. In 2000, right before the dotcom bust, the vacancy rate was at an extreme low of 3%. In 2013 the vacancy rate jumped to 7.6%, representing the decline of the house market. This figure cannot be seen as representing current patterns of gentrification as the housing market has since rebounded.

In terms of tenure, there has been a slight decrease in the portion of occupied housing units that are rented: from 87% in 1980, to 76% in 2013, which is consistent with gentrification patterns.

Overcrowding, when more than 1 person per room lives in an apartment or home, was 50% lower in 2013 than 2000 (Figure 4.6). One explanation is the decrease in both family households and of the Latino population, as low- and moderate-income Latino households often live with extended family members in overcrowded living conditions (MEDA, 2011).

San Francisco has one of the most expensive housing markets in the nation and market rate rents in the Mission are reflective of the city's high cost of living. In 2013, the average price of a market-rate one bedroom apartment in the Mission District was \$2,850 while the average for a two bedroom was \$4,705 (Zumper, 2013). With 76% of residents in the Mission renting (as of 2013), these high rents prevent low-income households from moving into the neighborhood. Additionally, current residents experience a very high rent burden. From 2000 to 2013, the share of rent burdened households, those paying 35% or more of their income on housing costs, increased from 27% to 34%.

Despite high demand for the area, the Mission District has failed to see significant increases in its housing stock, thereby exacerbating pressures on existing housing (Table 4.2). This lack of new development was a common concern among the stakeholders interviewed. A realtor in the area discussed the difficulty in obtaining approvals for new buildings because of the lengthy environmental impact review process, which sometimes caused developers to walk away from projects. A senior staff person from an affordable housing developer spoke about the challenges of building new

housing, in part due to the real estate market collapse and the elimination of redevelopment as a funding source for affordable housing in California.

Meanwhile, as few units are being constructed, 80% of households have recently moved in to their housing unit (Table 4.3). This puts upward pressure on the rents in the older housing stock.

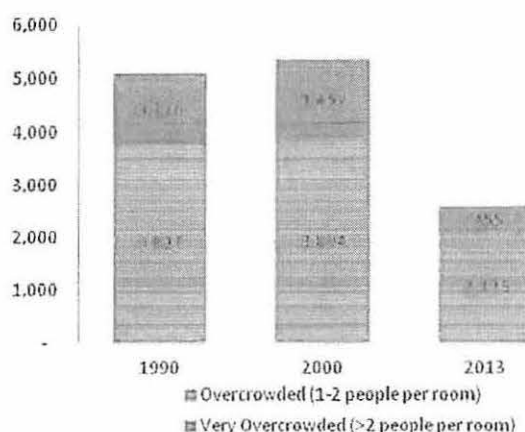


Figure 4.6: Overcrowded Units in the Mission (1990-2013)

Source: U.S. Census 1990, 2000 (Geolytics, 2014); ACS 2009-2013

Table 4.2: Number of Housing Units by Year of Construction

Total	23,106	
Built 2010 Or Later	96	<1%
Built 2000 To 2009	96	7%
Built 1990 To 1999	1,516	5%
Built 1980 To 1989	1,212	4%
Built 1970 To 1979	918	4%
Built 1960 To 1969	854	6%
Built 1950 To 1959	1,337	7%
Built 1940 To 1949	908	4%
Built 1939 Or Earlier	14,662	63%

Source: American Community Survey 2013 5-year estimate

Table 4.3: Mission District Percent of Householders who Moved in Last 5 Years, 1980 – 2013

Year	Percent Moved in Last 5 Years
1980	62%
1990	55%
2000	53%
2013*	80%

Source: U.S. Census 1980, 1990, 2000 (Geolytics, 2014); American Community Survey 2009-2013 *Note: The 2013 figure is the percent of households who moved in last 3 years.

Rent Control

San Francisco's rent control laws protect tenants who live in multi-unit rental buildings built before June of 1979. The rent control ordinance limits the amount a landlord can raise the rent annually, based on the consumer price index. When the unit is vacated, landlords can raise the rent to market rate, also known as "vacancy decontrol".⁸ Once the rent is raised, future rent increases are still governed by rent control. Therefore, while units may technically be considered rent controlled they may be unaffordable due to vacancy decontrol. To prevent landlords from evicting tenants in order to raise rents to market rate, the ordinance also includes a "just-cause evictions" clause requiring landlords to have a good reason for eviction such as chronic late rental payments or a nuisance complaint. There is no record of units that have undergone vacancy decontrol and their new base-rent.

We attempt to estimate the number of rent-controlled units in the Mission District by identifying parcels that contain a building with two or more units, built in 1978 or before, and are identified as an "apartment" or "flat" using tax assessor data from Alameda County (Figure 4.7). This estimation method is imperfect, as housing units that are condominiums, tenancies-in-common, or currently not rented (through the Ellis act) are not rent controlled. However, data on these exempt hous-

⁸ SF's rent control ordinance never included vacancy control and due to the passage of Costa Hawkins in 1996, vacancy control was banned statewide.

⁹ This estimate is derived using estimates of the total number of rental occupied housing units from the American Community Survey (2009-2013 five-year estimates) in combination with data from the San Francisco Public Health department on the percent of rental units in each tract that are subject to rent control. These data sources allowed us to estimate a number of units in each census tract that are subject to rent control. Since ACS figures are reported with a margin of error, we found a range for this figure. Then, we turned to ACS data for counts of renter households who had moved in since 2010. We multiplied this by the proportion of units in the tract subject to rent control (the Public Health data), assuming that the newly moved-in households moved into rent controlled and non-rent controlled units at the same proportion as exist in the tract. This figure—the number of rent control units that experienced turnover between 2010-2013—is taken to be the same as the number that experienced vacancy decontrol. We then divide this figure by the total rent controlled units in the tract to get the percent of units that experienced vacancy decontrol. To get the figures for the whole Mission, we simply add the counts from each tract of vacancy decontrolled units and total rent controlled units, and divide these sums.



Figure 4.7: Potentially Rent Controlled Units

Source: Association of Bay Area Governments, 2014

ing units are not available. Approximately 68% of units in the Mission census tracts are potentially rent-controlled. Eighty-nine percent of these units were built in 1939 or earlier (Figure 4.8). Older buildings are often highly desirable to wealthier residents due to their architectural value; that so many buildings in the Mission District are from the Victorian era increases the likelihood of displacement.

As noted earlier, rent controlled apartments do not necessarily signify affordability due to vacancy decontrol; hence estimating the number of recently vacancy decontrolled units and when these vacancies occurred is important for the purpose of understanding affordability in the rent-controlled market. Our estimate suggests that a maximum range of between 18-28% of rent controlled units experienced rent increases due to vacancy decontrol between 2010-2013.⁹ This is a maximum because, while we are reasonably sure that 18-28% of rent controlled units experienced turnover, it is not guaranteed that landlords would increase the rent when that turnover happens; therefore, the actual figures may be lower.

The map in Figure 4.9 shows that there is a high percent of vacancy decontrolled units in the tracts west of Valencia Street. A walk down Valencia Street shows a trend in higher-end commercial and retail stores. This

trend, to be discussed in greater detail in a later section, might explain the higher vacancy decontrol rate in census tracts along Valencia Street as landlords may be taking advantage of the economic investment along the street to appeal to wealthier tenants.



Figure 4.8: Housing built before 1979 by Block

Source: Association of Bay Area Governments, 2014

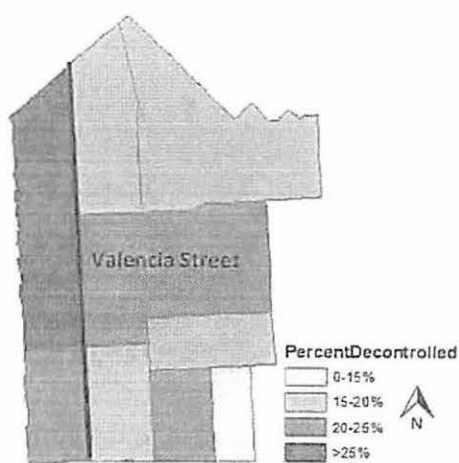


Figure 4.9: Percent of Units with Vacancy Decontrol by Census Tract

Source: 2009-2013 American Community Survey and San Francisco Public Health Department
 ("Proportion of Housing Stock that is Rent-Controlled or Affordable, San Francisco, CA | Data | San Francisco," n.d.)

Public and Subsidized Housing in the Mission

While many residents of the Mission struggle to afford rent, the area is host to a sizable stock of subsidized housing: nearly 2,000 units, as detailed in Table 4.4 (excluding any units built only with local funds, some of which are discussed in the next section). The neighborhood would have likely experienced even greater displacement rates without these units.

Table 4.4: Public and Subsidized Housing in the Mission, 2013

Type of Unit	# of units
Public Housing	170
Low-Income Housing Tax Credit	962
Section 8 New Construction	194
Section 202 (Senior Housing) New Construction and Substantial Rehabilitation	152
Project Rental Assistance Contract	115
Other (including Loan Management Set-Aside and others)	319
Grand Total	1,912

Source: HUD Yearly Data Picture (Department of Housing and Urban Development, n.d.) for Public Housing figure; (California Housing Partnership Corporation, n.d.) for the rest. Note these figures do not include residents who rent using tenant-based vouchers or units developed as part of SF's inclusionary ordinance or any subsidized units developed only with local funds.

Inclusionary Housing

Stakeholders said San Francisco's inclusionary housing ordinance has had a limited impact. Inclusionary Housing began as a policy in 1992 and later became "part of the Planning Code" in 2002; it was revised in 2006 and 2010 (San Francisco Mayor's Office of Housing and Community Development, 2014). The policy requires developers to build affordable units equal to 15% to 20% of a market-rate development or pay a fee in lieu of building such units. The policy has resulted in the creation of 1,560 units of below-market rental and ownership units in San Francisco between 1992 and 2013 (Table 4.5).

Table 4.5: Inclusionary Housing, 1992 - 2013

	Projects with Inclusionary Units (On or Off-Site) or In-Lieu Fees	Projects Choosing On-Site Inclusionary Housing		Projects Choosing Off-Site Inclusionary Housing		Projects Choosing to pay Fee
		Number of Projects	Number of Affordable Units	Number of Projects	Number of Affordable Units	
Mission District ¹⁰	24	21	136	0	0	3
San Francisco	198	157	1,214	7	346	34

Source: San Francisco Mayor's Office of Housing and Community Development, 2014

However, a court ruling in 2009 has limited the impact of the ordinance. In the case, *Palmer/Sixth Street Properties LP vs. City of Los Angeles*, the California Supreme Court let stand a lower court's ruling that held jurisdictions may not mandate developers to build inclusionary rental units, since doing so entails the setting of rents by the city, which was banned by the Costa-Hawkins Rental Housing Act (California Planning and Development Report, 2009; Reuben, Junius & Rose LLP, 2009). The ruling does not affect inclusionary policies for ownership units. The city made revisions to the law in 2010 that "require developers to pay an affordable housing fee rather than construct inclusionary affordable housing" (San Francisco Budget and Legislative Analyst, 2012). That resulted in a significant decrease in the number of inclusionary units produced under the program, from 384 in 2008 to 32 in 2009, without a comparable increase in the fees paid, which could be related to the overall dynamics of the real estate market in these years (San Francisco Mayor's Office of Housing and Community Development, 2014).

Community Opposition to Development at 16th and Mission Streets

Some believe more housing for all income levels is needed to improve affordability in San Francisco, while others believe housing production should focus on affordability for low-income residents. An example of this tension is the proposed ten-story, 351-unit building on the corner of 16th and Mission Streets. The development is under community scrutiny, with the Plaza 16 Coalition leading the opposition. The new apartment complex would replace a Walgreens, a Burger King, a bar, a Chinese restaurant, a market and a parking lot (Elsen, 2014). Despite the fact that no existing tenants

or housing would be displaced, the coalition argues that if this development were to proceed, it would result in business and residential displacement (Christopher, 2014). This type of opposition highlights the social and cultural complexity of gentrification. The 10-story luxury apartment complex represents development for new residents, leaving the Latino community feeling neglected and disrespected. According to a community-based organization stakeholder, the "Plaza 16 Coalition has made substantive arguments against the project ranging from the height, impacts on the adjacent school, traffic concerns, and yes, the pressures luxury condos have on housing prices in the neighborhood."

The developer of the 16th street Mission housing apartment complex has yet to determine how it will satisfy the city's affordable housing requirement (Dineen, 2013). Yet regardless of how the developer will satisfy the affordable housing requirement, residents oppose this development as the project represents a change in the Mission's character. In an article entitled, "Coalition protests 16th Street development", an organizer for Causa Justa :: Just Cause put this clash succinctly, "the height of these towers will keep Marshall Elementary [School] next door in a constant shadow....this project will literally overshadow the Latino students attending that school" (Christopher, 2014). While it may be true that residents will not be directly displaced by the development, the project will have an impact on surrounding businesses and could potentially increase the cost of living in the neighborhood. A city official explained that once new housing development happens "there is such a huge impact on the surrounding area, prices immediately respond." This same city official expressed skepticism that simply building more housing will make the Mission more affordable.

¹⁰ As defined by the Mayor's Office on Housing; a map was not provided to compare to the area we have defined as the Mission.

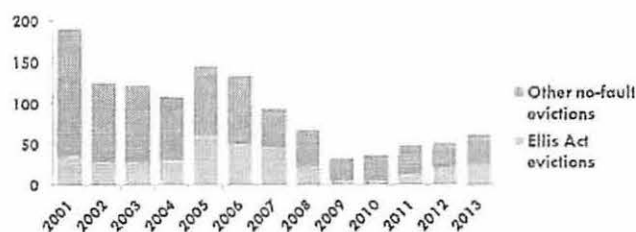
Ellis Act Evictions

Another highly public issue in the Mission has been the impact of the Ellis Act. The Ellis Act is a state law passed in 1985 that allows landlords to evict tenants building-wide by removing the building from the rental market entirely or for five years before being allowed to rent apartments at market rate. The result in San Francisco has been a decrease of rental options in a city where the supply of housing is already strained. The increase in the percent of residents who are homeowners from 13% in 1980 to 24% in 2010 may reflect, at least in part, Ellis Act condo conversions.

While the Ellis Act continues to be a subject of contention in the housing market debate, Figure 4.10 shows that the number of evictions has decreased since 2001. The number of Ellis Act evictions tends to mimic the health of the economy and housing market: in down periods, such as after the crash of the dot-com boom (2001-2004) and during the recent recession, evictions decrease. During up periods, such as in 2005-2007 during the height of the housing boom and more recently, as the economy has begun to recover, evictions increase.

A city official working in the government for the last three decades commented that the planning department saw the peak of Ellis Act evictions in the nineties. This is supported by compiled data from the time referencing 1998 as the “peak” year of Ellis Act evictions (Capps, 2014). The city official believes that since the Planning Department has authority over land use it could restrict the conversion of rental properties to ownership properties. For example, zoning changes or other policy interventions could restrict conversion or make it difficult to do, thereby deterring landlords from pursuing it.

Regardless of the fact that the total number of Ellis Act and no fault evictions has gone down since 2001, the total number of evictions for the Mission compared to the rest of the city has been very high during this twelve-year timeframe. The Mission District (represented in the report issued by the SF Board of Supervisors Budget and Legislative Analyst by the zip code 94110) had a higher number of Ellis Act and no-fault evictions than any other neighborhood, with 383 evictions and 1,222 notices, respectively. Between 2009 and 2013, of the seven neighborhoods with the most Ellis Act evictions, the Mission continued to exhibit the highest number of evictions with 71 evictions, a demonstration of its lucrative housing market (Table 4.6).



Ellis Act Evictions allow landlords to exit the rental housing business. Other “no fault” evictions include those where the eviction is not a result of tenant’s actions (e.g., owner move-ins, etc.)

Figure 4.10: No-Fault Evictions in the Mission, 2001-2013

Source: SF Rent Board as reported by SF Board of Supervisors Budget and Legislative Analyst, 2012

Table 4.6: Top Seven Neighborhoods for Ellis Act Evictions, 2009-2013

Neighborhood	Ellis Act Eviction Notices
Mission	71
Russian Hill/Polk Gulch	46
Castro/Eureka Valley	43
Outer Richmond	41
Inner Richmond	38
North Beach	37
Haight-Ashbury/Western Addition	29
Total	305
San Francisco Total	476

Source: SF Rent Board, accessed through (San Francisco Board of Supervisors Budget and Legislative Analyst, 2013)

Tenant Buyouts

In addition to evictions, tenant buyouts are another strategy in which landlords attempt to lure current tenants out of their homes with cash to increase rent for wealthier residents. The Mission district has experienced the highest concentration of buyouts from 2008-2014 (“Tenant Buyouts Are On The Rise In S.F., As Are The Dollars Involved - SocketSiteTM,” 2014). Buyouts offer landlords several advantages over Ellis Act evictions: the landlord can immediately rent out the unit at market value and retain the option to convert units into condominiums at a later date. The total number of reported buyouts in SF went from 90 in 2007 to 175 in 2013¹¹ (City and County of San Francisco,

¹¹ The data reported by the SF Tenant Union likely undercounts the number of actual buyouts as these are self-reported by tenants.

Budget and Legislative Analyst's Office, 2014). The Mission district had the highest number of buyouts in 2008-2014 with 165 or about 28% of the total share of buyouts, however there is no requirement to report buyouts so these are likely underestimates. There is no regulation of the amount that must be paid for a buyout and sometimes tenants are offered just a few thousand dollars (City and County of San Francisco, Budget and Legislative Analyst's Office, 2014). San Francisco Supervisor David Campos has introduced legislation to regulate buyouts. One of the regulatory features he is proposing is to impose the condo conversion prohibitions that are already in place for no-fault evictions (Taylor, 2014).

Sales and Investment

While the percent of households who are mortgage burdened has stayed constant over time, the cost to buy a home has increased substantially since the 1980s in the Bay Area, San Francisco, and, especial-

ly, the Mission District, as shown in Figure 4.11 and Figure 4.12. The rise in price during the dotcom boom is clear, as is the more recent rise in costs between 2002-2007, then a slight downturn during the recession with a quick recovery since 2012. Single-family homes have shown more dramatic change, particularly recently in the Mission, whose home have shot up in price above San Francisco and the Bay Area.

Use Changes

The increases in housing prices have been paralleled by a gradual increase in the number of parcels whose land use is residential. Many of these are new construction, but others represent use changes. A small portion of parcels changed use each year, but in 2007, 9% of parcels with a commercial use had converted from other uses (mostly industrial and miscellaneous) and 5% of parcels with a residential use had converted from other uses (mostly commercial) (Dataquick, 2014).

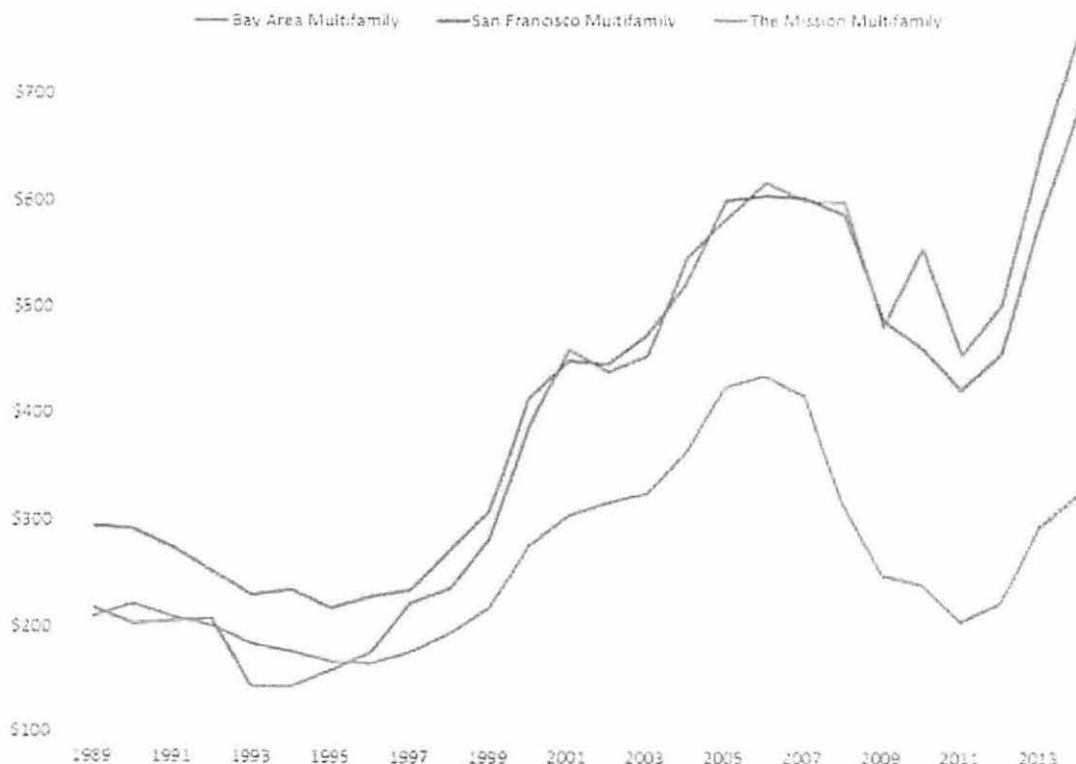


Figure 4.11: Median Sale Price per Square Foot – Multi-Family Properties
 Source: Dataquick, "Bay Area" includes all tracts in the 9-county area)

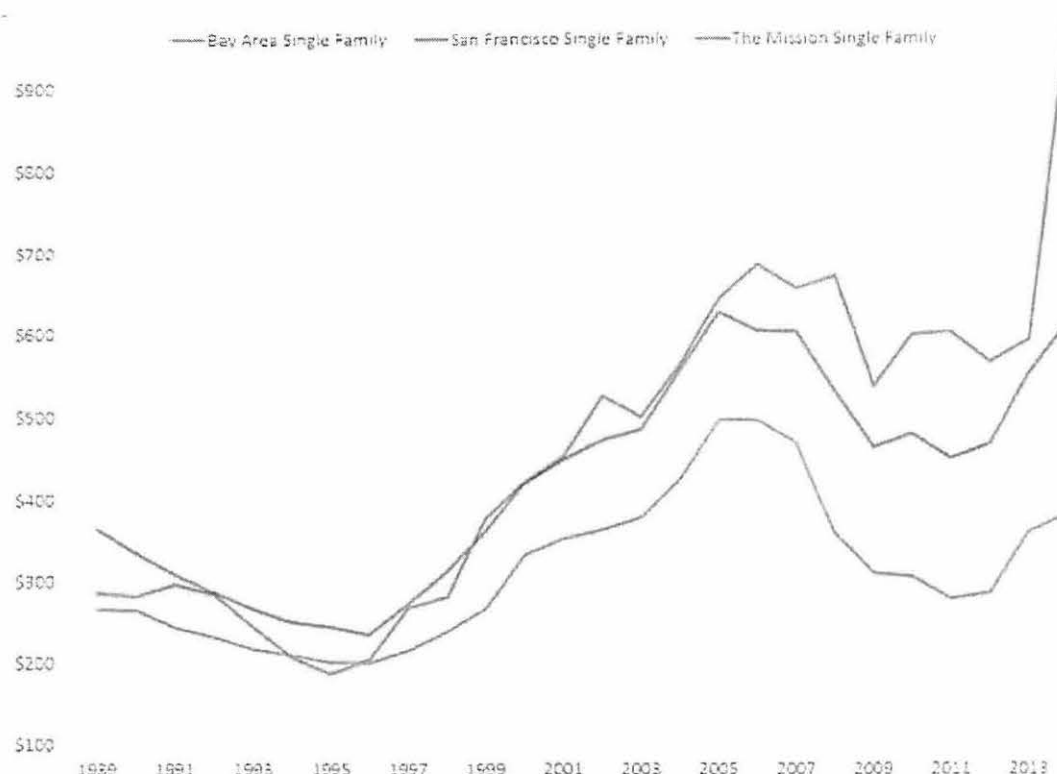


Figure 4.12: Median Sale Price Per Square Foot - Single Family Homes
Source: Dataquick, "Bay Area" includes all tracts in the 9-county area)

Private Investment

We examined trends in sales and building permit data to identify spatial characteristics of investment in residential property. This analysis has the potential to demonstrate how outside pressures and public investments impact patterns of private investment in the Mission District over time.¹² As Figure 4.13 shows, there are a higher number of residential sales in the northwest and central-western portions of the Mission. The northwestern concentration may be related to higher density of housing stock.

¹² Sales data was taken from the first quarter of 2003 through the fourth quarter of 2013 from DataQuick, (DataQuick, 2014). We joined the data to a shapefile containing San Francisco parcels and converted to point data using ArcGIS (ABAG, 2005). These points, which each represent a sale, were spatially analyzed and visualized at different geographies through spatial joining. Building permit data from the San Francisco Planning Department were analyzed similarly (San Francisco Planning Department, 2014a).

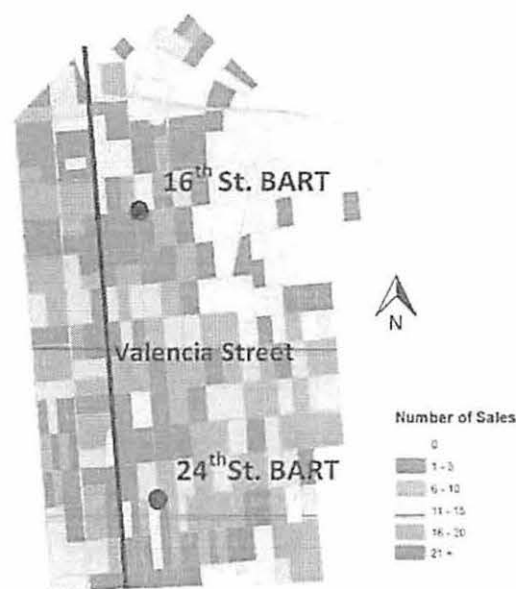


Figure 4.13: Number of Residential Sales by Block, 2003 – 2013

The number of residential sales peaked in 2003 and 2004, declined through the housing bubble burst, but appears to have stabilized (Figure 4.14). San Francisco as a whole recovered from the impact of the financial recession and housing market crash much faster than the rest of the nation.

Figure 4.15 displays the average residential sales prices per square foot in the Mission and shows a slightly different pattern than Figure 4.14, with the largest cluster of high prices seen in the southwest.

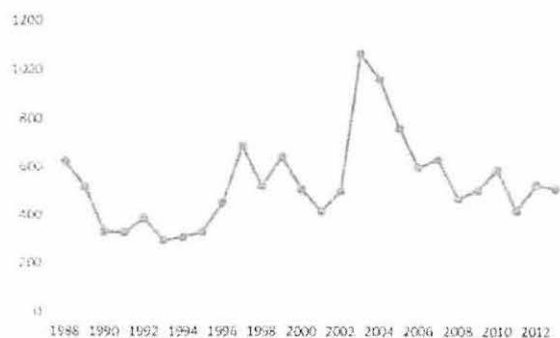


Figure 4.14: Yearly Total Number of Residential Sales in the Mission, 1988-2013

Source: Dataquick, 2014

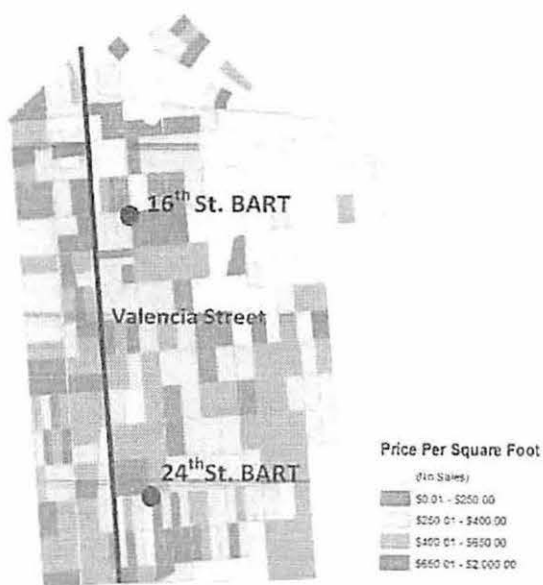


Figure 4.15: Average Residential Sales Price per Square foot by Block, 2003-2013

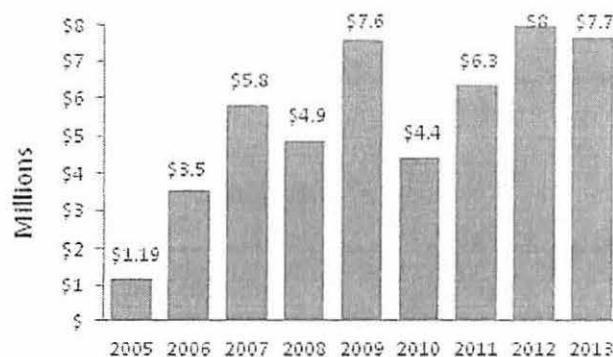


Figure 4.16: Total Annual Cost of Residential Permits in the Mission, 2005-2013

Source: San Francisco Planning Department, 2014



Figure 4.17: Average Permit Cost per Unit in the Mission by Census Tracts, 2005-2013

Source: San Francisco Planning Department, 2014a

The amount of private investment in residential properties has also been increasing since 2005 (Figure 4.16). The total annual value of permits (as ascertained through the cost of building permits) in the Mission increased by 545% from 2005 to 2013. When comparing investment in the Mission to the rest of the city, Figure 4.17 shows how parts of the Mission are averaging higher permitting investments per unit.

Public Investment

Public investment, in so far as it makes the neighborhood more desirable, has the potential to contribute to gentrification pressures. The public project that seems most clearly related to gentrification is one on Valencia Street between 15th and 19th streets completed

by the Department of Public Works in July 2010 at a cost of \$6.1 million. In 2004 the Municipal Transportation Agency (MTA) began the planning for the Valencia Streetscape Project, which expanded and beautified sidewalks, resurfaced and restriped the street with bike lanes, and provided other infrastructure improvements (City of San Francisco, n.d.). The street looks nicer than nearby streets and, today, the commercial establishments along Valencia Street are mostly new places that serve a higher-income clientele (further analysis of commercial change is in the next section). By contrast, along Mission Street, another main commercial corridor in the district, more of the older, legacy resident-serving establishments are still around, and visible gentrification is less advanced. This may be, at least in part, connected to the completion of the Valencia street beautification process. Additional improvements (some completed, some planned) include several streetscape improvement projects, road diets, and new plazas throughout the district. These are detailed in an appendix.

Together, these projects signal an interest in the Mission on the part of city agencies. The investment they bring is a parallel and reinforcing factor to the other changes discussed here. One stakeholder interviewed said that a lot of residents see streetscape improvements like these as a sign of gentrification. All of these projects included public processes, and several affirm the Latino cultural identity of the neighborhood. They also ostensibly improve the neighborhood for existing residents. On the other hand, the improvements could contribute to residents' dissonance, especially if they feel the neighborhood is being upgraded for others or being made more attractive for outsiders to move in. The improvements may make the area even more desirable to higher-income people and, therefore, encourage gentrification and displacement.

None of the improvements include provisions to ensure permanent housing affordability for existing residents to stay in the neighborhood and enjoy the new streets, plazas, and parks. In this way, the investments may not benefit existing residents in the long run, representing a missed opportunity to stabilize the neighborhood.

Commercial Displacement

In order to understand how gentrification may put pressure on retail businesses, we evaluated data on commercial establishments from the National Employment Time-Series Database (NETS), a proprietary database (Walls & Associates, 2013). Using census tracts, we analyzed the data by dividing the Mission District into three distinct commercial neighborhoods shown in Figure 4.18 based on our own assessment of commercial uses.

In 1990, there were more retail businesses in the 24th Street corridor neighborhood than in the 16th St. BART neighborhood (Figure 4.19). Since then, the number of retail businesses has steadily declined in the 24th Street corridor and steadily increased in the 16th Street neighborhood. Today there are about twice as many businesses in the 16th Street BART neighborhood as in the 24th Street corridor.



Figure 4.18: The Mission District, Commercial Neighborhoods

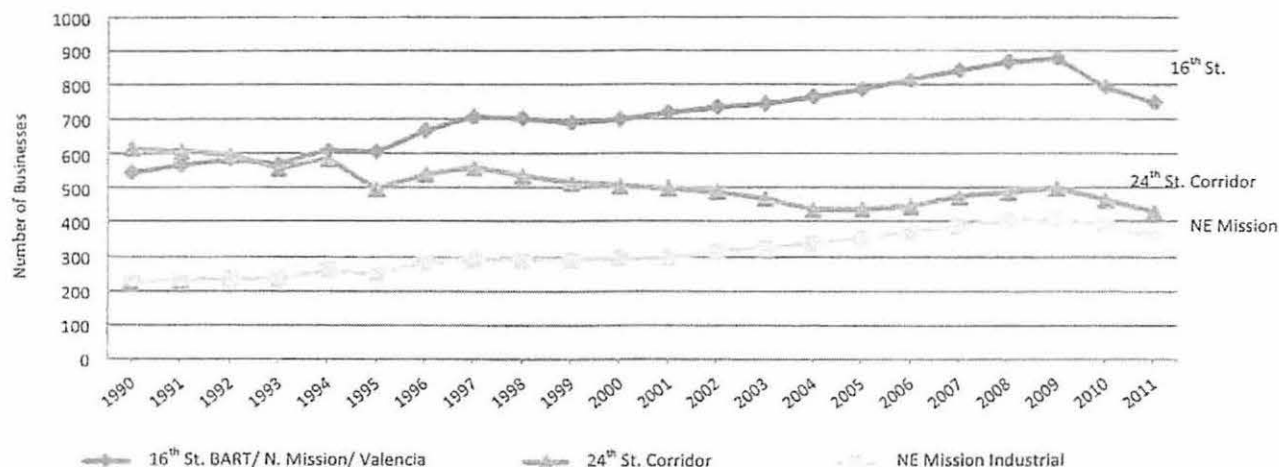


Figure 4.19: Number of Retail Businesses in the Mission, 1990-2011

Source: National Employment Time-Series (NETS) Database

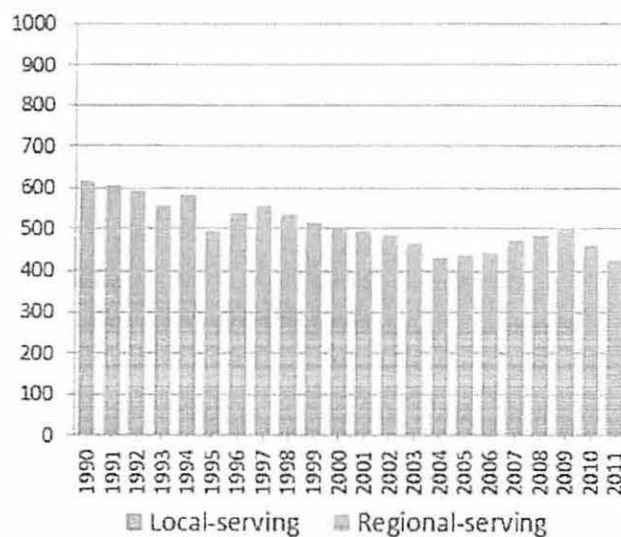
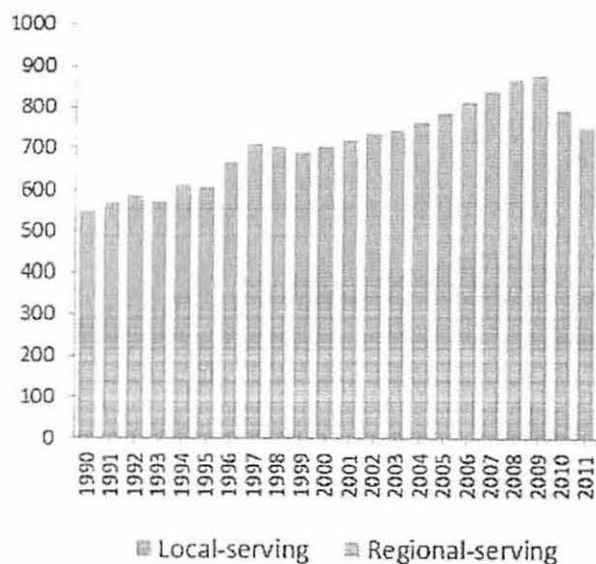


Figure 4.20: Total Number of Businesses, 16th St. BART (left) and 24th Street Corridor (right)

Source: National Employment Time-Series (NETS) database

Here, we compare trends in the 16th Street BART and 24th Street Corridor areas¹³. The businesses in the 16th Street BART neighborhood may face problems due to neighborhood gentrification, customer dislocation, and increased wage costs for their workers. Businesses along 24th street may feel less pressures, in part due to the activism that has led to protecting businesses and tenants in the area (Dicum, 2005).

¹³ The number of retail businesses in the Northeast Mission Industrial neighborhood increased slightly, but is lower than the other two neighborhoods; we exclude it from the remainder of our analysis.

To ascertain the change in local- versus regional-serving businesses, we categorize them based on their North American Industrial Classification System (NAICS) code into businesses that are more likely to serve local residents (such as markets, drug stores, and hardware stores) and businesses more likely to serve regional markets (such as department stores and furniture stores). In the 16th Street BART neighborhood, growth has occurred in both local and regional serving businesses, while on 24th Street, local-serving businesses have decreased in number (Figure 4.20).

This suggests that changes in the 16th Street area may be spurred both by changes in the local resident population and in the neighborhood's capacity to draw customers from the region. For example, this corridor is a night-life destination where people from outside come to visit restaurants and bars. Changes in the 24th Street corridor, by contrast, appear to be more related to changes in the local residential population, resulting in a decline in local-serving businesses, without comparable increases in regional-serving businesses.

When asked about how different parts of the Mission have experienced change differently, a non-profit stakeholder identified the 24th and Mission neighborhood as one that has maintained its character more than others, keeping a high percentage of Hispanic-owned retail businesses. However, an analysis of businesses owned by Hispanic people on the 24th Street corridor reveals a different story. Of the businesses that closed in recent years (2007-2010), nearly 50% of them were owned by Hispanics, compared to 38% of businesses that opened over the same time frame.¹⁴ Additionally, the overall proportion of businesses owned by Hispanic people decreased from 40% to 36% between 2000 and 2011. Though this is a small change, it still shows a change in the character of local retail and minority owned businesses.

Nonprofit funding has changed since the first wave of displacement as well. During the first dotcom era, funding and staff were available to Mission Housing when it spearheaded MAC. Today, the organization has fewer resources. One stakeholder believes the "velocity of change" is faster today than the previous dotcom boom; another commented that, due to fewer resources, more-formidable opponents (large technology firms as opposed to smaller start-ups during the previous era), and the "Mayor's pro-tech agenda," the community's capacity to respond has diminished.

Conclusion

The Mission District is a potent example of the demographic and commercial changes that can occur in a high-demand location with walkability, accessibility, and access to amenities in the center of an expensive region. The data presented here show clear signs of change in the Mission.

¹⁴ The corridor is defined as 24th Street between Mission and Potrero; note that this definition is different than that used in the other figures in this section. Source: NETS data and 2000 US Census. Methodology explained in appendix.

Over the last thirty years, the area has seen a decrease in the proportion of family households and a decrease in the Latino population, while the percentage of the population with a bachelor degree or higher and median income have both increased dramatically—all consistent with gentrification patterns.

Despite an increase in income, housing burden has increased in the Mission, demonstrating the neighborhood's high desirability and, therefore, high cost of living. Rent control, public and subsidized housing, and inclusionary zoning all seek to limit displacement and increase affordability for low income households, but all have shortcomings, and, overall, are only partially mitigating the intense displacement resulting from new investment.

Evictions and buyouts are two of the processes contributing to displacement. While the number of Ellis Act and no-fault evictions has gone down in the last decade, the Mission continues to see the highest rate of evictions in the city. Meanwhile, buyouts in the Mission are at a rapid incline, perhaps indicating a switch in landlords' tactics from evictions to buyouts.

A perennial question in anti-displacement policy is which of two approaches to pursue: preserving existing housing as affordable, or increasing production of new housing, either market-rate or affordable. Preservation, in the face of strong market forces, is difficult. As during the dotcom boom, today streams of high income workers are flooding the housing market, placing upward pressure on housing prices and encouraging landlords to use various tactics to raise rents. Furthermore, there is a dwindling supply of naturally affordable housing units left to preserve; most renters are already cost-burdened, and with vacancy decontrol, even rent control units can jump to market simply from someone moving. Strengthening eviction policies could limit these effects.

Increased production of market-rate units is considered an affordable housing strategy by some, but not all: the increased overall supply, some would argue, will bring down rents across the board. However, community opposition to this approach is fierce, as evidenced by the 16th and Mission project. While in the long run new housing may relieve pressure on rents, in the short term it is certain to contribute to upward pressure as the neighborhood gentrifies. In addition, the scarcity of land in the Mission means that new development will be limited. Can enough new housing be built that these supply effects will bring down rents?

That is unlikely, especially since new housing is likely to be oriented toward the highest end of the market, given the larger trends in the economy.

Therefore, to ensure a long-term supply of affordable housing in the Mission, affordable housing production, in addition to preservation of the existing stock, is key. Inclusionary housing has produced only 136 units in the Mission in over twenty years; this policy's future impact will be limited due to recent legal changes. The area is host to nearly 2,000 units of affordable housing. But more will be needed to keep low-income families living in this area.

The Mission has already undergone significant gentrification and continues to experience displacement. This neighborhood has been here before: the dotcom boom at the turn of the century foreshadowed (and set the stage for) many of the changes facing it today. The capacity building activists engaged in at that time provide a foundation for residents and advocates to incorporate successful tactics—and new approaches—to the present situation. While Valencia Street on a Saturday night may be unrecognizable to residents from twenty years ago, the neighborhood still hosts a sizable Latino population, and, in the words of a community-based organization stakeholder, “contestation for place and the right to stay is still going on.”

Housing Production, Filtering and Displacement: Untangling the Relationships

Miriam Zuk
Karen Chapple



EXECUTIVE SUMMARY:

Research Implies the Importance of Increasing Production of Subsidized and Market-Rate Housing

Debate over the relative importance of subsidized and market-rate housing production in alleviating the current housing crisis continues to preoccupy policymakers, developers, and advocates. This research brief adds to the discussion by providing a nuanced analysis of the relationship between housing production, affordability, and displacement in the San Francisco Bay Area, finding that:

- At the regional level, both market-rate and subsidized housing reduce displacement pressures, but subsidized housing has over double the impact of market-rate units.
- Market-rate production is associated with higher housing cost burden for low-income households, but lower median rents in subsequent decades.
- At the local, block group level in San Francisco, neither market-rate nor subsidized housing production has the protective power they do at the regional scale, likely due to the extreme mismatch between demand and supply.

Although more detailed analysis is needed to clarify the complex relationship between development, affordability,

and displacement at the local scale, this research implies the importance of not only increasing production of subsidized and market-rate housing in California's coastal communities, but also investing in the preservation of housing affordability and stabilizing vulnerable communities.

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Housing Production, Filtering, and Displacement: Untangling the Relationships

Introduction

The ongoing crisis of housing affordability in California has deepened the divide between those who believe it can be resolved by expanding the supply of market-rate housing and those who believe that market-rate construction on its own will not meet the needs of low-income households, for whom more subsidized housing needs to be built or stabilized. These arguments over the role of market-rate versus subsidized housing have plagued strong-market cities, which are engaging in political debates at the ballot box (e.g., the “Mission Moratorium,” a ballot measure that would ban luxury units in San Francisco’s Mission neighborhood) and in city hall (e.g., housing density bonus programs like New York City’s inclusionary housing plan) over the role and impact of housing development.

In the February 2016 report “Perspectives on Helping Low-Income Californians Afford Housing” (hereafter “the LAO Report”), the California Legislative Analyst’s Office (LAO) used data we posted on our Urban Displacement Project website (www.urbandisplacement.org) to argue that market-rate development would be the most effective investment to prevent low-income households from being displaced from their neighborhoods.¹

In this research brief we present a more nuanced view to contribute to this debate. We correct for the omission of subsidized housing production from the LAO Report and find that both market-rate and subsidized housing reduce displacement at the regional level, yet subsidized housing has over double the impact of market-rate units. After evaluating the impact of market-rate and subsidized housing built in the 1990s on displacement occurring in the 2000s, to ensure that we are examining before and after relationships, we find that market-rate development has an insignificant effect on displacement. Finally, when looking at the local, neighborhood scale in San Francisco, neither market-rate nor subsidized housing production has the protective power they do at the regional scale, likely due to the extreme mismatch between demand and supply. These findings provide further support for continuing the push to ease housing pressures by producing more housing at all levels of affordability throughout strong-market regions. These findings also provide support for increasing spending on subsidized housing to ensure

both neighborhood stability and income diversity into the future.

We begin this research brief by describing why the filtering process, the phenomenon in which older market-rate housing becomes more affordable as new units are added to the market, may fall short of producing affordable housing. We next revisit the question of the impact of market-rate development, looking also at the role of subsidized housing development, in mitigating displacement. After an examination of the impact of housing production on displacement over the short- and long-term, we look at why adding to housing supply in a region might not reduce housing market pressures in all neighborhoods. We conclude by suggesting next steps for research.

Filtering Is Not Enough

Using our data, the LAO report concluded that the most important solution to the housing crisis in California’s coastal communities is to build more market-rate housing. The report found that new market-rate construction reduced displacement of low-income households across the region. After outlining the challenges and limited funding for subsidized units, the report argued that filtering, or the phenomenon in which older market-rate housing becomes more affordable as new units are added to the market, was the most effective way to exit the affordable-housing crisis. The report neglects the many challenges of using market-rate housing development as the main mechanism for providing housing for low-income households, in particular the timing and quality of the “filtered” housing stock.² The

filtering process can take generations, meaning that units may not filter at a rate that meets needs at the market’s peak, and the property may deteriorate too much to be habitable. Further, in many strong-market cities, changes in housing preferences have increased the desirability of older, architecturally significant property, essentially disrupting the filtering process.

Although our data is not tailored to answer questions about the speed of filtering, other researchers³ have found that on average across the United States, rental units become occupied by lower-

income households at a rate of approximately 2.2% per year. Yet in strong housing markets such as California and New England the rate is much lower and researchers find that filtering rates have an inverse relationship with housing price inflation; in other words, places that have rapidly rising housing prices have slower filtering rates.⁴ Using the estimates of Rosenthal (2014) and an annual appreciation rate

... we found that both market-rate and subsidized housing development can reduce displacement pressures, but subsidized housing is twice as effective as market-rate development at the regional level.

of 3.3% over the last 20 years, the pace at which units filter down to lower-income households for the Bay Area's rental market is estimated at roughly 1.5% per year. Yet, Rosenthal finds that rents decline by only 0.3% per year, indicating that units become occupied by lower-income households at a faster rate than rents are falling, which could result in heightened housing cost burden. Furthermore, if we were to assume that developers are building housing for people at the median income, then it would take approximately 15 years before those units filtered down to people at 80% of the median income and closer to 50 years for households earning 50% of the median income.⁵ Again, however, this does not mean that such units are actually affordable to the low-income households occupying them.

We examined the relationship between market-rate housing construction, rents, and housing cost burden (Table 1). Initial results indicate a filtering effect for units produced in the 1990s on median rents in 2013. Yet market-rate development in the 2000s is associated with higher rents, which could be expected as areas with higher rents are more lucrative places for developers to build housing. Furthermore, development in both the 1990s and 2000s is positively associated with housing cost burden for low-income households. Thus, while filtering may eventually help lower rents decades later, these units may still not be affordable to low-income households.

Developing Subsidized Units Is Even More Protective

While numerous critiques of the LAO report have circulated,⁶ we believe that the omission of subsidized housing production data from the analysis has the greatest potential to skew results.⁷ We have reanalyzed the data on housing production, including that of subsidized housing, and show that the path to reducing displacement is more complex than to simply rely on market-rate development and filtering. Following, we present our analysis that replicates the LAO analysis with the addition of subsidized housing data.

To examine the relationship between market-rate housing construction, subsidized housing construction, and displacement of low-income households, we developed an econometric model that estimates the probability of a low-income Bay Area neighborhood experiencing displacement. We employ the same methodology as the LAO Report, using probit regression analysis to evaluate how various factors affect the likelihood of a census tract experiencing displacement between 2000 and 2013 (see the technical appendix for definitions).

Consistent with the LAO Report, we find that new market-rate units built from 2000 to 2013 significantly predict a reduction in the displacement indicator from 2000 to 2013 (Table 2, Model 1).⁸ Higher shares of nonwhite population and higher housing density also produced significant reduc-

tions in displacement. Higher shares of housing built before 1950, college-educated population in 2000, and low-income population in 2000 increased the likelihood of the census tract experiencing displacement. These results are generally consistent with previous research: existing residents in neighborhoods with historic housing stock and college-educated populations are at higher risk of displacement.⁹ We also find, however, that the production of subsidized units has a protective effect, which appears to be greater than the effect of the market-rate units (Model 2). This includes units built with low-income housing tax credits and other federal and state subsidies.¹⁰ We find the effect of subsidized units in reducing the probability of displacement to be more than double the effect of market-rate units. In other words, for every one subsidized unit, we would need to produce two or more market-rate units to have the same reduction in displacement pressure.¹¹

What we find largely supports the argument that building more housing, both market-rate and subsidized, will reduce displacement. However, we find that subsidized housing will have a much greater impact on reducing displacement than market-rate housing. We agree that market-rate development is important for many reasons, including reducing housing pressures at the regional scale and housing large segments of the population. However, our analysis strongly suggests that subsidized housing production is even more important when it comes to reducing displacement of low-income households.

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Table 1. The Impact of Development on Median Rent and Housing Cost Burden for Low-Income Households for the SF Bay Area Census Tracts (llinear model)

	Median Rent (2009-2013)	Percent of Low Income Households that are Housing Cost Burdened (2009-2013)
% of housing units built pre-1950 in 2000	-202.52***	-0.04***
% of population nonwhite in 2000	47.28	0.08***
% of adult population with college degree in 2000	445.65***	0.03*
Housing density (pop/square mile) in 2000	2.6E-04	-1.6E-07
% of households with income below 80% of county median in 2000	-1185.37***	-0.05**
Number of new market-rate units built between 1990-2000	-0.05**	2.7E-05***
Number of new market-rate units built between 2000-2013	0.07***	2.6E-05***
Proximity to rail transit station (<1/2 mile) in 2000	60.30***	0.01
Intercept	1827.80***	0.56***
n	1569	1568
R ²	0.51	0.06
***<.01 **<.05 *<.10 significance level		

Table 2. The Impact of Market-Rate and Subsidized Developments on Displacement Bay Area Tracts 2000-2013

	Model 1	Model 2
% of housing units built pre-1950 in 2000	0.612***	0.481***
% of population nonwhite in 2000	-0.956***	-0.943***
% of adult population with college degree in 2000	1.775***	1.824***
Housing density (pop/square mile) in 2000	-1.04E-05***	-1.01E-05***
% of households with income below 80% of county median in 2000	2.447***	3.054***
Number of new market-rate units built between 2000-2013	-0.002***	-0.002***
Number of subsidized units built between 2000-2013	--	-0.005***
Intercept	-1.576***	-1.709***
n	1569	1569
Pseudo R ²	0.1456	0.1693
***<.01 **<.05 *<.10 significance level		

Table 3. The Impact of Market-Rate and Subsidized Developments on Displacement Bay Area Tracts 1990-2000 and 2000-2013

	Model 3	Model 4	Model 5
% of housing units built pre-1950 in 2000	0.614***	0.565***	0.446**
% of population nonwhite in 2000	-1.071***	-1.090***	-0.9555***
% of adult population with college degree in 2000	1.689***	1.700***	1.820***
Housing density (pop/square mile) in 2000	-5.95E-06*	-5.09E-06	-9.73E-06**
% of households with income below 80% of county median in 2000	2.251***	2.474***	3.105***
Number of new market-rate units built between 1990-2000	-3.25E-04**	-2.91E-04**	-6.85E-05
Number of subsidized units built between 1990-2000	--	-0.004***	-0.002*
Number of new market-rate units built between 2000-2013	--	--	-0.002***
Number of subsidized units built between 2000-2013	--	--	-0.005***
Intercept	-1.613***	-1.660***	-1.699***
n	1571	1571	1569
Pseudo R ²	0.108	0.118	0.171
***<.01 **<.05 *<.10 significance level			

The Effectiveness of Market-Rate Production in Mitigating Displacement Diminishes over Time

The LAO Report used data that we posted to our website for housing production numbers that were built over the same time period as our data on the change in low-income households. Yet, since both housing production and household change are occurring in a 13-year period from 2000 to 2013, it is unclear which came first: conceivably, the change in households occurred before the development, rather than vice versa, however it is also feasible that developers prefer to build in neighborhoods experiencing a decline in low-income households. This creates the potential for errors in the model. To account for this, we correct the potential error in the LAO Report by adding housing production data that precede changes in low-income households, which we use as the proxy for displacement. In other words, instead of looking at the incidence of displacement in the same decade as housing production, we evaluate the impact of market-rate and subsidized housing built in one decade (e.g., 1990s) on what happens to residents in a subsequent decade (e.g., 2000s).

We find that market-rate housing built in the 1990s significantly reduces the incidence of displacement from 2000 to 2013 (Table 3, Model 3), confirming the findings of the

LAO Report. Yet, once again, subsidized housing built in the previous decade has more than double the effect of market-rate development in that decade (Model 4). When looking at housing production in both the 1990s and 2000s (Model 5), subsidized housing continues to play a greater role in mitigating displacement in 2010s, while market development in the 1990s becomes insignificant. This suggests that there are factors dictating development in the 1990s that are related to development in the 2000s as well as displacement that are not included in the model, such as housing sales prices or school quality. An alternative interpretation of the disappearance of an effect for market-rate housing built in the 1990s is that market-rate housing in and of itself, or the filtering process, has no effect on displacement. Future research will need to further analyze these relationships as well as other factors that may improve the predictive power of the models.

Regardless of when construction happens relative to displacement—before or concurrently—our analysis shows that subsidized housing has double the impact of market-rate development. Further, the effectiveness of market-rate housing in mitigating displacement seems to diminish as more market-rate housing is built in a subsequent decade. More research would be necessary to understand this phenomenon, but this result suggests that over time, the con-

struction of market-rate housing may have a catalytic effect on a neighborhood, increasing its attractiveness to upper-income residents, rather than a protective effect of filtering.

Housing Production May Not Reduce Displacement Pressure in a Neighborhood

As Rick Jacobus explains,¹² because market mechanisms work differently at different geographic scales, market-rate construction can simultaneously alleviate housing pressures across the region while also exacerbating them at the neighborhood level. At the regional scale, the interaction of supply and demand determines prices; producing more market-rate housing will result in decreased housing prices and reduce displacement pressures. At the local, neighborhood scale, however, new luxury buildings could change the perception of a neighborhood and send signals to the market that such neighborhoods are desirable and safer for wealthier residents, resulting in new demand. Given the unmet demand for real estate in certain neighborhoods, new construction could simply induce more in-moving.¹³ By ex-

tension, then, one would expect market-rate development to reduce displacement at the regional scale but increase it or have no or a negative impact at the local neighborhood scale.

Here we test this hypothesis. We do this by analyzing our regional data set at the tract level¹⁴ and comparing the results to the block group level for San Francisco,¹⁵ where we have our most accurate data on housing production. What we find largely confirms this regional versus local argument; there is some, albeit limited evidence that at the regional level market-rate housing production is associated with reductions in the probability of displacement (Model 5), but at the block group level in San Francisco it has an insignificant effect (Table 4, Models 6). Comparing the effect of market-rate and subsidized housing at this smaller geography, we find that neither the development of market-rate nor subsidized housing has a significant impact on displacement. This suggests that indeed in San Francisco, and by extension similar strong markets, the unmet need for housing is so severe that production alone cannot solve the displacement problem.

To illustrate this point, in Figure 1 we plot on the X-axis construction of new market-rate units in the 1990s and 2000s and on the Y-axis the change in the number of low-income households from 2000 to 2013 for both tracts in the entire region and block groups in San Francisco. Although at the regional level the relationship between market-rate development and change in low-income households appears linear, the same is not true for the block group level, where no clear pattern emerges.

Housing Production and Neighborhood Change in SOMA, SF

To better grasp the complicated relationship between housing development and displacement at the local block group level we selected two case study areas in San Francisco's South of Market Area (SOMA) that experienced high rates of development of both market-rate and subsidized units since the 1990s, but had divergent results when it came to changes in the income profile of their residents. We examined the dynamics of block groups 2 and 3 in Census Tract 176.01. Both witnessed among the highest levels of housing construction in San Francisco for both market-rate and subsidized units, yet from 2000 to 2013 our data show that Block Group 2 gained low-income households and Block Group 3 lost low-income households.

Block Group 2

At the heart of downtown San Francisco, this seven-block area is home to nearly 2,500 residents today, nearly doubling its population since 2000. In the 1990s, 127 market-rate units were added to the area, mostly in mid-sized

Table 4. The Impact of Market-Rate and Subsidized Developments on Displacement, San Francisco Block Groups, 1990-2000 and 2000-2013

	Model 6
% of housing units built pre-1950 in 2000	1.017***
% of population nonwhite in 2000	-2.306***
% of adult population with college degree in 2000	-0.427
Housing density (pop/square mile) in 2000	-1.0E-05***
% of households with income below 80% of county median in 2000	3.038***
Number of new market-rate units built between 1990-1999	-0.002
Number of subsidized units built between 1990-1999	-0.004
Number of new market-rate units built between 2000-2013	4.2E-04
Number of subsidized units built between 2000-2013	-0.001
Intercept	-0.638
n	578
Pseudo R ²	0.113
***<.01 **<.05 *<.10 significance level	

Figure 1. Housing Production (1990-2013 and Change in Low-Income Households (2000-2013)

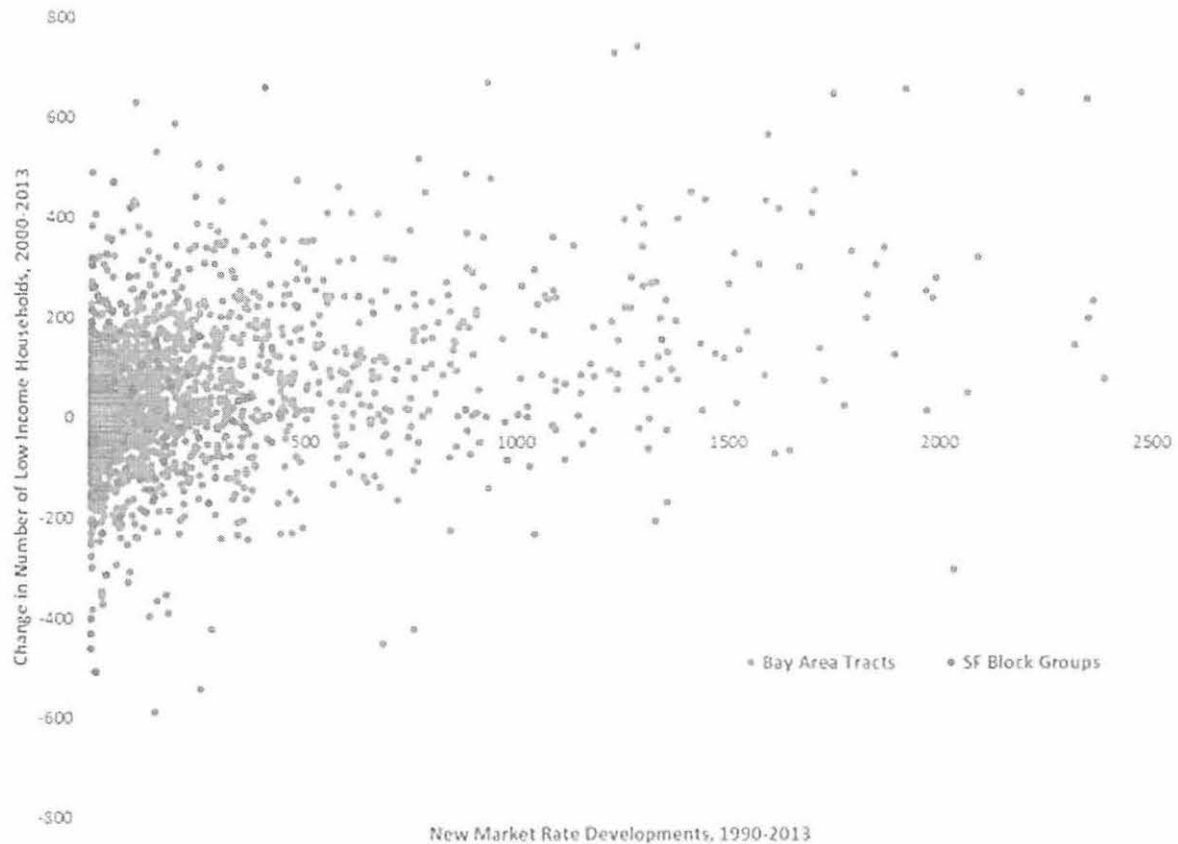
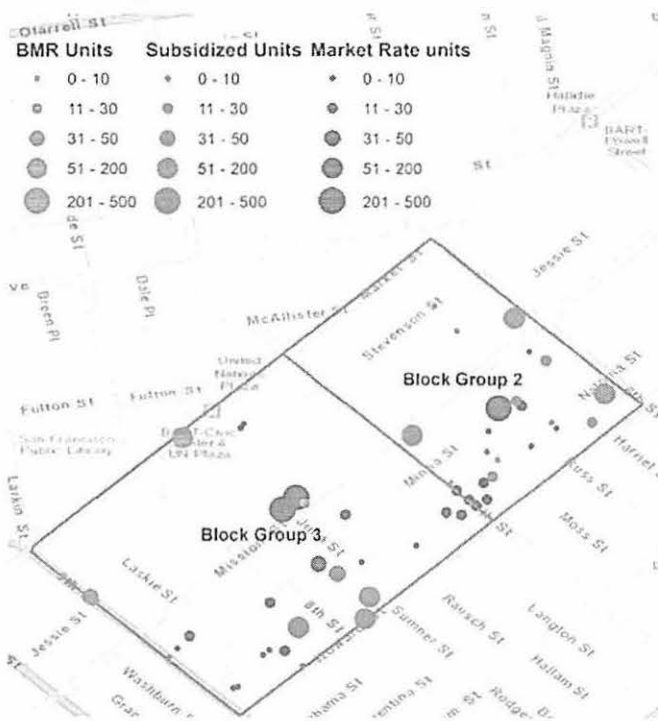


Figure 2. Housing Developments from 1990-2013 in Two Block Groups of the SOMA Neighborhood, SF

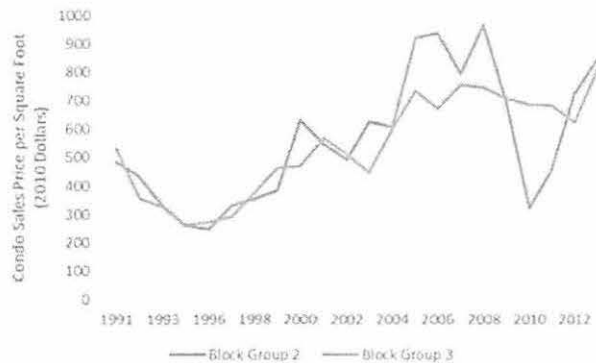


buildings of about 30 units. During that same period, 108 subsidized units were added, including 72 units in a single room occupancy (SRO) hotel. Sales prices for condos dipped in the mid-1990s, but climbed back to nearly \$400 per square foot by 1999 (in 2010 dollars, see Figure 3).

Development of market-rate units continued into the early 2000s, when the 258-unit SOMA Residences apartments were built at 1045 Mission Street in 2001. Three below-market-rate units were developed as part of the city's inclusionary housing program, but no other subsidized units were added. Sales prices increased in the area in the early 2000s, suffered from the housing crisis in the mid-2000s, but reached back up to prerecession values by 2013.

Yet the area did not witness a significant loss of low-income households during the 13-year period of 2000 to 2013, which may be in part related to the fact that nearly a thousand units in the area are in buildings regulated by rent control (nearly 60% of all rental units), which has remained relatively constant since 2000. Finally, this area is bordered by 6th Street to the east, San Francisco's "skid row," with high rates of crime and concentrated poverty which may be dampening the attractiveness of the neighborhood. When we incorporate crime rates into our model, they significant-

Figure 3. Median Condo Sales Price per Square Foot, 1991-2013 (Source: Dataquick 2014)



ly predict a reduction in displacement probability, even at the block group level, which housing production does not.

Block Group 3

Block Group 3 is an eight-block area centered to the north around the Civic Center BART station and home to over 2,100 people (Figure 2). The area gained 101 market-rate units and 104 subsidized units in the 1990s. This block group was the site of a 104-SRO-unit building for disabled homeless adults in 1994. The 101 market-rate units built in the 1990s were in smaller scale developments of 30 units or less. Development accelerated the following decade with 601 market-rate units and 315 subsidized and below-market units. In 2002, 48 units were developed at 675 Minna followed by 162 affordable units at 1188 Howard. In 2008, 244 luxury condos opened in the SOMA Grand at 1160 Mission and in 2010, following years of negotiation, the Trinity Management group opened 440 high-end furnished apartments at 1188 Mission as part of the Trinity Plaza development. The development was at the center of housing debates as it involved the demolition of 377 rent-controlled units. Ultimately the developer agreed to put 360 of its new 1,900 units under rent control.¹⁶ In 2015, however, the management group was accused of renting out some of those rent-controlled units to tourists.¹⁷ Overall the area lost approximately 40% of its rent-controlled housing stock since 2000 and today a little over half of the rental units are under rent control.

Despite the ongoing investments in subsidized housing in the neighborhood, the new high-end developments have contributed to the ongoing transformation of the neighborhood as characterized by the 2013 Yelp review by a SOMA Grand resident:

I bought a place here in 2009 and absolutely love it. While the neighborhood might have a bit of grit to it there are so many great restaurants nearby, in-

Figure 4. Canon Kip Community House Built in 1994 Houses Disabled Homeless Adults in 104 SRO Units

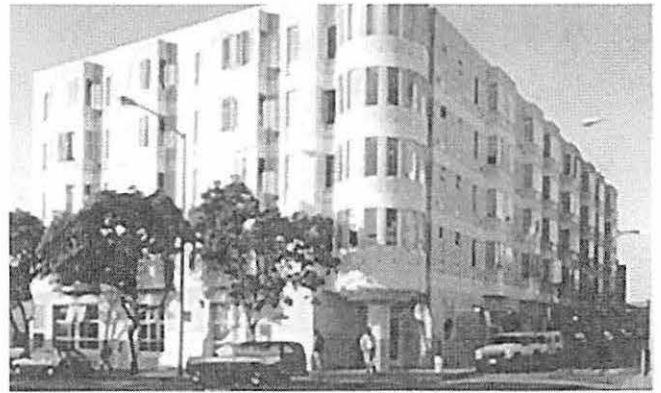


Figure 5. 440 Units Were Developed at Trinity Place, at 1188 Mission Street, in 2010



cluding the one right in the building. . . This neighborhood is transforming fast too!¹⁸

This, along with the loss of rent-controlled units, has resulted in a net loss over 150 low-income households (with median incomes between 50% and 80% of San Francisco median income) between 2000 and 2013. It is unclear, however, how much of that loss is due to the direct displacement from the Trinity development or from indirect displacement due to rising rents associated with local development or other factors affecting housing demand.

These two block groups illustrate the complex relationships between housing development and demographic change. While both neighborhoods have witnessed dramatic development in one of the fastest growing parts of San Francisco, and have similarly seen significant growth in housing prices, one may be classified as experiencing displacement of low-income households, while the other does not. The ambiguous effects of development at the local level carry over to affordability as well. In Table 5 we show the linear modeling results of housing development on median rent and housing cost burden for low-income households, finding that subsidized units built in the 2000s are associ-

Table 5. The Impact of Development on Median Rent and Housing Cost Burden for Low-Income Households for SF Block Groups (Linear Model)

	Median Rent (2009-2013)	Percent of Low Income Households that are Housing Cost Burdened (2009-2013)
% of housing units built pre-1950 in 2000	94.615	0.030
% of population nonwhite in 2000	-230.837	0.126
% of adult population with college degree in 2000	692.844**	0.113
Housing density (pop/square mile) in 2000	-5.2E-04	9.5E-08
% of households with income below 80% of county median in 2000	-616.005***	-0.109*
Number of new market-rate units built between 1990-2000	6.0E-01	-3.5E-05
Number of subsidized units built between 1990-2000	1.0E+00	2.6E-05
Number of new market-rate units built between 2000-2013	3.4E-02	1.5E-04*
Number of subsidized units built between 2000-2013	-9.1E-01**	-3.6E-04*
Intercept	1526.485***	0.590***
n	578	563
R ²	0.250	0.020
***<.01 **<.05 *<.10 significance level		

ated with a decline in median rent and housing cost burden, whereas market-rate developments are associated with greater housing cost burden. Development of subsidized and market-rate units in the 1990s appears to have no significant impact on affordability in the subsequent decade at the block group level. As discussed above, housing affordability and displacement may be related to other neighborhood and regional factors, such as employment dynamics and neighborhood amenities that were not included in the models. Additional research will be needed with higher-resolution housing data along with other information about neighborhood amenities to better understand the dynamics and impact of housing production at the local scale.

Conclusions

There is no denying the desperate need for housing in California's coastal communities and similar housing markets around the U.S. Yet, while places like the Bay Area are suffering from ballooning housing prices that are affecting people at all income levels, the development of market-rate housing may not be the most effective tool to prevent the displacement of low-income residents from their neighbor-

hoods, nor to increase affordability at the neighborhood scale.

Through our analysis, we found that both market-rate and subsidized housing development can reduce displacement pressures, but subsidized housing is twice as effective as market-rate development at the regional level. It is unclear, however, if subsidized housing production can have a protective effect on the neighborhood even for those not fortunate enough to live in the subsidized units themselves.

By looking at data from the region and drilling down to local case studies, we also see that the housing market dynamics and their impact on displacement operate differently at these different scales. Further research and more detailed data would be needed to better understand the mechanisms via which housing production affects neighborhood affordability and displacement pressures. We know that other neighborhood amenities such as parks, schools, and transit have a significant impact on housing demand and neighborhood change¹⁹ and it will take additional research to better untangle the various processes at the local level.

In overheated markets like San Francisco, addressing the displacement crisis will require aggressive preservation strategies in addition to the development of subsidized and

market-rate housing, as building alone won't protect specific vulnerable neighborhoods and households. This does not mean that we should not continue and even accelerate building. However, to help stabilize existing communities we need to look beyond housing development alone to strategies that protect tenants and help them stay in their homes.

Technical Appendix

Data

We use the same dataset released on our website urbandisplacement.org as used in the LAO report. We add data on the production of subsidized units using data from the California Housing Partnership Corporation that compiled information from federal LIHTC and HUD subsidies, as well as California state subsidies.²⁰ We supplement this data with information for San Francisco on parcel level housing data and information on units produced under their Below Market-Rate (inclusionary housing) program.

Defining Displacement

For the purposes of comparison, we use the same definition of displacement as the LAO report. They defined a census tract as having experienced displacement if (1) its overall population increased and its population of low-income households decreased, or (2) its overall population decreased and the rate of low-income households declined at a faster rate than the overall population decline. The time period for change in low-income households is 2000 to 2013. We apply the same methodology for San Francisco block groups.

It's important to note the limitations of this data in proxying for displacement, as it is feasible that the change in low-income households is a result not only of people moving out and in, but also income mobility of households moving down and becoming low income or up and becoming higher income. From our analysis of data from the Panel Study on Income Dynamics we estimate that there would have been a net increase in low-income households in most places from 2000 to 2013 likely due to the Great Recession; therefore, our estimates of displacement are likely an underestimate. Ideally we would be able to more accurately proxy for displacement by using a measure of out-migration of low-income households from a tract. Future research is needed accessing mobility datasets to better capture the displacement phenomenon for the Bay Area.

Sensitivity Analysis

In their response to the LAO Report, Alex Karner and Chris Benner argued that the LAO results may be due to lumping together the major cities and low-density suburbs into the same analysis.²¹ Although the inclusion of density should account for such differences, there may be additional

impacts from centrality of location. When we control for location in the three major cities (San Francisco, Oakland, and San Jose), the effect of market-rate housing remains, but so too does the magnitude of the effect of subsidized housing²² (Table 6, City Controls Model). In other words, all locations being equal, subsidized housing still has a greater impact.

It has also been suggested that the results may be driven by neighborhood distress during the foreclosure crisis where greater evictions occurred or fewer market rate units were developed. To test this hypothesis, we controlled for foreclosure rates between 2006 and 2013, finding the results to be robust (Table 6, Distressed Tracts Model).

Finally, the categorical indicator developed by the LAO could feasibly be labeling neighborhoods as experiencing displacement that are in fact a result of other issues of decline such as high rates of foreclosures. We originally attempted to control for this by excluding tracts that had experienced overall population decline, however it is feasible that gentrifying neighborhoods that witness a shift from family to smaller households could also experience population decline. For this reason, we deemed the LAO definition of displacement acceptable for the purposes of this analysis. Nevertheless, we also ran a set of tests using a modified indicator that only counted tracts that grew from 2000-2013 as potentially experiencing displacement and also ran linear regression models on the change of low income households. When we did this, the direction and implications of the results remained the same.

Notes

1. Brian Uhler, "Perspectives on Helping Low-Income Californians Afford Housing," LAO Brief (Legislative Analyst's Office, February 9, 2016). Data available at urbandisplacement.org.
2. Michael Smith-Heimer, "The Potential for Filtering as Public Policy," *Berkeley Planning Journal* 5, no. 1 (1990): 94-104.
3. Stuart S. Rosenthal, "Are Private Markets and Filtering a Viable Source of Low-Income Housing? Estimates from a 'Repeat Income' Model," *American Economic Review* 104, no. 2 (February 2014): 687-706, doi:10.1257/aer.104.2.687.
4. For rentals, Rosenthal estimates that filtering rate = $-0.0237 + 0.2522 \times \text{housing price appreciation}$.
5. Allowing for annual compounding effects assuming a constant annual filtering rate of 1.5%, the amount a unit would filter down in X years is calculated as $(1 - 0.015)^X$.
6. See Emily Badger, "How to Make Expensive Cities Affordable for Everyone Again," *Washington Post* (February 19, 2016). Accessed at <https://www.washingtonpost.com/news/wonk/wp/2016/02/19/how-to-make-expensive-cities-affordable-for-everyone-again/>.
7. This is perhaps unsurprising, since we did not publish this data online.
8. Note the coefficients of Model 1 do not match identically those of Figure A1 in the LAO report. The year of the independent variables used for the LAO model were not indicated. We tried

Table 6. Sensitivity Analysis of Regional Displacement Model

	City Controls Model	Distressed Tracts Model
% of housing units built pre-1950 in 2000	0.517**	0.517**
% of population nonwhite in 2000	-0.887***	-0.880***
% of adult population with college degree in 2000	1.840***	1.817***
Housing density (pop/square mile) in 2000	-8.82E-06**	-8.87E-06**
% of households with income below 80% of county median in 2000	3.005***	2.992***
Number of new market-rate units built between 2000-2013	-0.002***	-0.002***
Number of subsidized units built between 2000-2013	-0.005***	-0.005***
San Francisco control	-0.102	-0.104
San Jose control	-0.121	-0.124
Oakland control	-0.067	-0.067
Foreclosure rate, 2006-2013		-0.262
Intercept	-1.715***	-1.697***
n	1569	1569
Pseudo R ²	0.172	0.172
***<.01 **<.05 *<.10 significance level		

both variables for 2000 and 2013, but were unable to replicate the coefficients identically. Nevertheless, the coefficient for market rate housing production is very similar to that produced in the LAO model and the other variables have similar results in scale, directionality, and significance.

9. Lance Freeman, "Displacement or Succession? Residential Mobility in Gentrifying Neighborhoods," *Urban Affairs Review* 40, no. 4 (March 2005): 463-91.

10. We do not analyze units developed with local funding only (e.g., Redevelopment money or through inclusionary zoning) due to lack of availability for the entire region.

11. These relationships were robust for several other measures of displacement we tested including the absolute change in low-income households.

12. Rick Jacobus, "Why We Must Build," *Shelterforce*, March 9, 2016, <http://www.shelterforce.org/article/4408/why_we_must_build/>.

13. Karen Chapple and Mitchell Crispell, "Mission Accomplished? Revisiting the Solutions," November 9, 2015, <<http://www.urbandisplacement.org/blog/mission-accomplished-revisiting-solutions>>.

14. On average in the Bay Area tracts have 1,656 households (min=15, max=6474) and 4,593 people (min 39, max 13,855).

15. On average in SF block groups have 603 households (min=41, max=4,082) and 1,434 people (min=45, max=8,621).

16. Randy Shaw, "Historic Trinity Plaza Deal Finalized," *Beyond Chron*, June 9, 2005.

17. Laura Dudnick, "Trinity Place Developer Accused of Illegally Leasing Apartments," *San Francisco Examiner*, August 6, 2015.

18. "SOMA Grand Residential Condos - SoMa - San Francisco, CA," Yelp, accessed May 2, 2016, <<http://www.yelp.com/biz/soma-grand-residential-condos-san-francisco>>.

19. Miriam Zuk et al., "Gentrification, Displacement, and the Role of Public Investment: A Literature Review," Working Paper (Federal Reserve Bank of San Francisco, August 24, 2015), <<http://www.frbsf.org/community-development/publications/working-papers/2015/august/gentrification-displacement-role-of-public-investment/>>.

20. <<http://chpc.net/advocacy-research/preservation/preservation-database/>>.

21. Cities that produce a lot of market-rate housing and experience high displacement pressures with places in the suburbs and urban fringe where there has been a lot of construction but little displacement pressure.

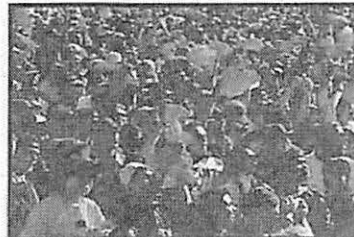
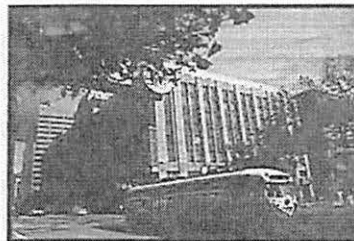
22. The same is true if we restrict our analysis only to census tracts with above average density. The effect is also consistent when we control for tracts that gentrified in either decade (149 tracts).



San Francisco Neighborhoods

Socio-Economic Profiles

American Community Survey 2005-2009



SAN FRANCISCO
PLANNING DEPARTMENT
May 2011

SAN FRANCISCO NEIGHBORHOODS

Socio-Economic Profiles

2005-2009 American Community Survey

San Francisco Planning Department

May 2011





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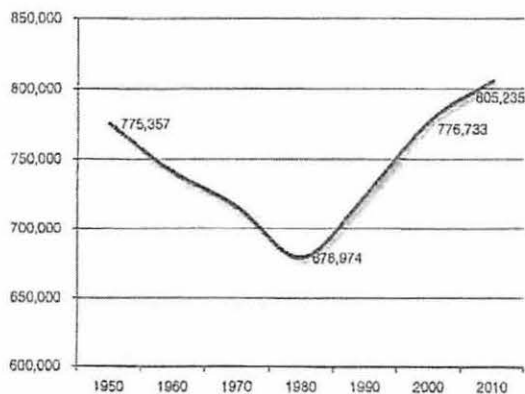
Foreword

San Francisco's 2010 population – at 805,330 – has well surpassed its all-time high in the 1950s. Despite some long term shifts in proportional shares, San Francisco's racial and ethnic composition remains diverse. The City's Asian population is growing steadily but the number of Black residents continues to drop. San Franciscans of Latin or Hispanic origin are also increasing, although not at rates seen at state or national levels.

San Franciscans are also getting older, with a median age of 38.2 years. There are more children under 5 years old but San Francisco continues to be in the top three of major cities with the fewest children. The numbers of older San Franciscans are growing as well. Family households are increasing but there are also more single-person households.

Our citizens are also better educated: a third of San Franciscans over 25 years old have earned a B.A. diploma and about one in five hold a graduate or professional degree. Median incomes rose, although once adjusted for inflation, are almost unchanged from 2000.

San Francisco Population, 1950 - 2010

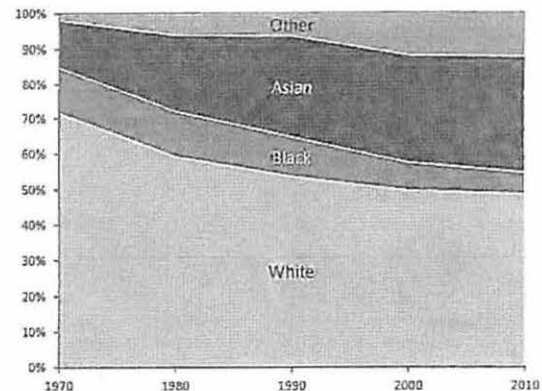


Source: Bay Area Census ; US Bureau of the Census

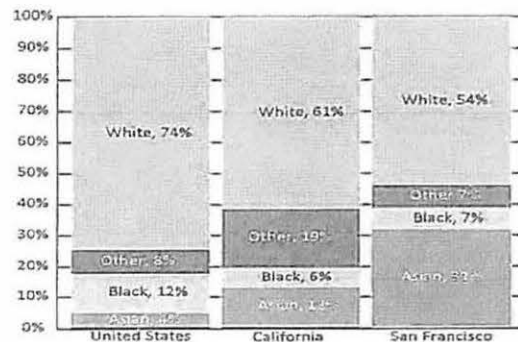
More employed San Franciscans are taking transit to work. Commuting by car has dropped and other travel to work modes such as biking and walking are becoming more popular. Working at home is also increasing. A growing number of San Francisco households are car-free.

San Francisco is a city of neighborhoods, diverse in composition and character. This report compiles recently released 2005-2009 American Community Survey census data for each neighborhood. It provides select demographic and housing characteristics as well as information on employment and the commute to work.

San Francisco Change
in Racial Composition 1970-2010



Racial Distribution,
San Francisco - California - United States, 2010



Data Sources

Statistics in each neighborhood profiles come from two datasets produced by the U.S. Census Bureau: the 2005-2009 American Community Survey and the 2010 Census. For this report, figures for total population, race and Latino/Hispanic origins come from the 2010 Census PL-94-171 redistricting data. The bulk of the statistics presented, however, are based on the 2005-2009 American Community Survey (ACS).

The annual ACS, which is conducted year-round, has replaced the 10-year, April 1 Census "long form" and includes detailed socio-economic statistics such as income, poverty, educational attainment, occupation, language spoken and commute to work. Yearly ACS data is pooled in sets of five years to generate sampling similar to the decennial Census. The 2005-2009 ACS is the first five-year estimate released and provides the most current demographic profile of the country at the census tract level.

Because the ACS figures are estimates based on samples, there will be few references in absolute numbers. The statistics are, instead, presented as percentage shares. When absolute numbers are provided, these are rounded to the nearest 10. The Census Bureau also publishes margins of error (MOE) for all tables which we have included in an Appendix.

The Census Bureau also provides approximation formulas for calculating MOEs for derived or aggregated measures. Moreover, the Bureau also advises that derived MOEs are increasingly imprecise once more than four individual values are summed. For example, adding high school graduates for five census tracts to get to the neighborhood level constitutes five such values. Also, adding smaller age intervals to report data by larger ones would introduce the same problem. As most of these neighborhood profiles comprise

more than four individual tracts and often aggregate published categories (age, commute mode, race), the margins of error themselves become approximations.

Above all, when using data from the American Community Survey, one must keep in mind that sample data is inherently subject to error, and estimates should be interpreted with some caution. In the Appendix (page 80), the steps are included for identifying applicable margins of error.

The Planning Department will analyze additional Census 2010 data once these are released. The Department will also provide yearly updates based on the American Community Survey's five-year estimates.

Data Geography

Data from the 2005-2009 American Community Survey sample use the 2000 census tract geographies and are consistent over the decade, allowing for comparison. For this report, the Planning Department aggregated census tracts into popularly-defined neighborhoods. Because the census tracts don't perfectly match neighborhood boundaries¹—with some tracts overlapping districts—the Planning Department assigned such tracts in its entirety to a specific neighborhood. The map on the following page shows neighborhoods and the census tracts assigned.

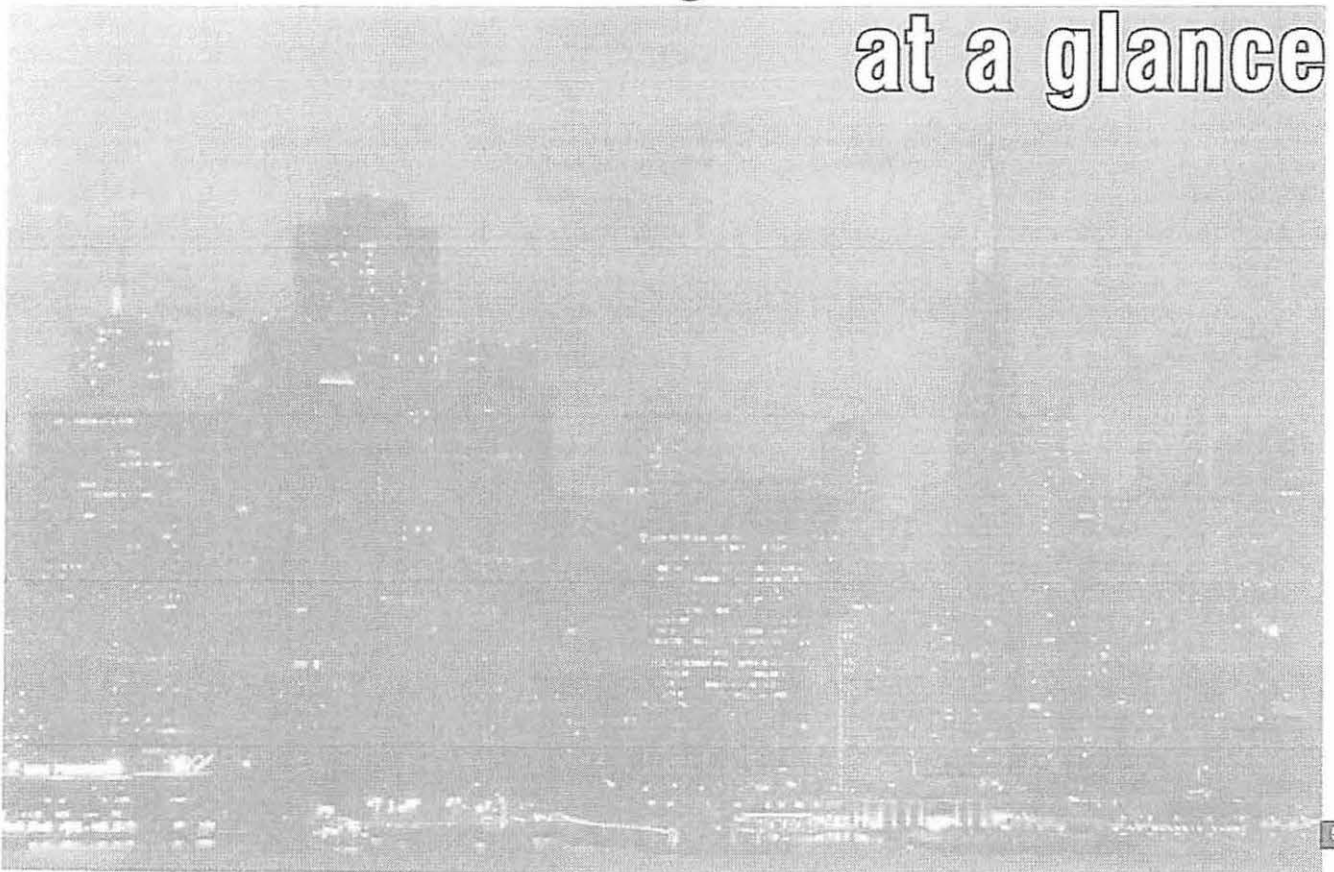
¹ While Census Block Group geographies allow for better fit within neighborhoods, ACS data is not always available at this level of geography.

Neighborhood Boundaries and Census Tracts





San Francisco Neighborhood Profiles at a glance



San Francisco at a Glance

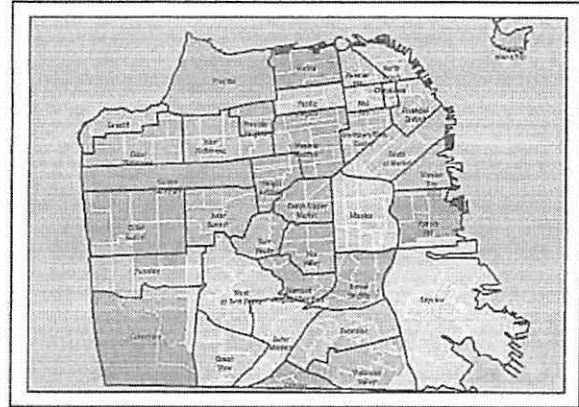
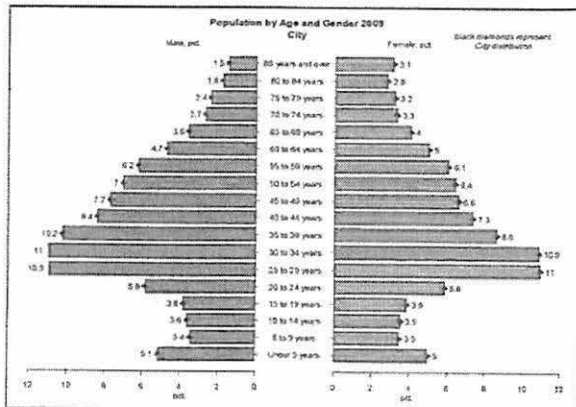
DEMOGRAPHICS

Total Population*	805,240
Group Quarter Population	17117
Percent Female	49%

Households	324,180
Family Households	44%
Households with Children, Pct of Total	18%
Non-Family Households	56%
Single Person Households, Pct of Total	41%
Avg Household Size	2.4
Avg Family Household Size	3.5

Race/Ethnicity*	
Black/African American	6%
Asian	33%
White	48%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	11%
% Latino (of Any Race)	14%

Age	
0 - 4 years	5%
5 - 17 years	9%
18 - 34 years	29%
35 - 59 years	37%
60 and older	19%



Educational Attainment

(Residents 25 years and older)	
High School or Less	29%
Some College/Associate Degree	20%
College Degree	32%
Graduate/Professional Degree	19%

Nativity and Language

Foreign Born	34%
--------------	-----

Language Spoken at home

(Residents 5 years and older)	
English Only	56%
Spanish Only	12%
Asian/Pacific Islander	26%
Other European Language	6%
Other Languages	1%

Linguistic Isolation

% of All Households	13%
% of Spanish-Speaking Households	23%
% of Asian Language Speaking Households	40%
% of Other European-Speaking Households	22%
% of Households Speaking Other Languages	17%

San Francisco at a Glance

HOUSING CHARACTERISTICS

Total Number of Units	358,380
Units Built 2000 to 2009+	22,220
Median Year Structure Built†	1939

Occupied Units	324,180
Owner occupied	38%
Renter occupied	62%

Vacant Units	10%
For rent	36%
For sale only	6%
Rented or sold, not occupied	11%
For seasonal, recreational, or occasional use	16%
Other vacant	32%

Median Year Moved In to Unit (Own)	1995
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	34%
2 - 4 Units	21%
5 - 9 Units	10%
10 - 19 Units	10%
20 Units or more	24%
Other	0%

Housing Prices

Median Rent	\$1,220
Median Home Value	\$781,490
Median Rent as Percentage of HH Income	26%

Vehicles Available

Homeowners	349,240
Renters	56%
Vehicles Per Capita	44%
Households with no vehicle	0.45
Percent of Homeowning households	95,280
Percent of Renting Households	9%
	42%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$70,117
Median Family Income	\$86,665
Per Capita Income	\$44,373
Percent in Poverty	11%

Employment

Unemployment Rate	7%
Employed Residents	443,140
Managerial and Prof. Occupations	51%
Service Occupations	16%
Sales and Office Occupations	23%
Farming related Occupations	0.1%
Construction and Maintenance Occup.	5%
Production and Transportation Occup.	6%

Journey to Work

Workers 16 years and over	431,900
Car	47%
Drove Alone	39%
Carpooled	8%
Transit	32%
Bike	3%
Walk	10%
Other	2%
Worked at Home	7%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Bayview: Neighborhood at a Glance

DEMOGRAPHICS

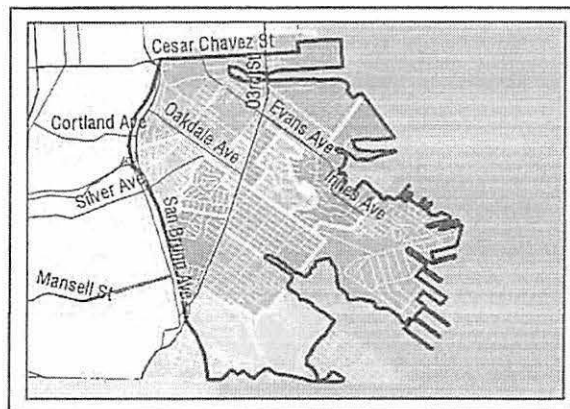
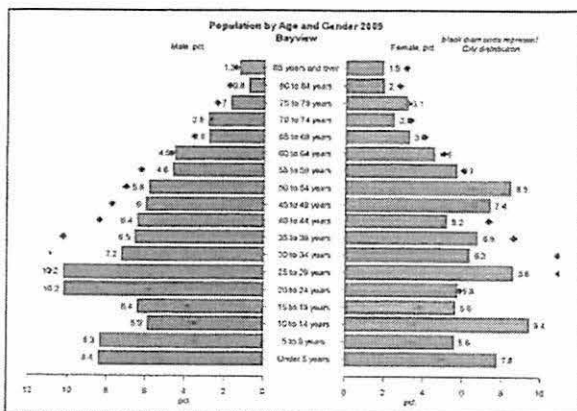
Total Population*	35,890
Group Quarter Population	0
Percent Female	50%
Households	9,480
Family Households	70%
Households with Children, Pct of Total	40%
Non-Family Households	30%
Single Person Households, Pct of Total	26%
Avg Household Size	3.6
Avg Family Household Size	4.5

Race/Ethnicity*

Black/African American	32%
Asian	33%
White	12%
Native American Indian	1%
Native Hawaiian/Pacific Islander	3%
Other/Two or More Races	20%
% Latino (of Any Race)	25%

Age

0 - 4 years	8%
5 - 17 years	19%
18 - 34 years	26%
35 - 59 years	32%
60 and older	16%



Educational Attainment

(Residents 25 years and older)	
High School or Less	56%
Some College/Associate Degree	26%
College Degree	13%
Graduate/Professional Degree	4%

Nativity and Language

Foreign Born	33%
--------------	-----

Language Spoken at home

(Residents 5 years and older)	
English Only	51%
Spanish Only	21%
Asian/Pacific Islander	27%
Other European Language	1%
Other Languages	1%

Linguistic Isolation

% of All Households	12%
% of Spanish-Speaking Households	27%
% of Asian Language Speaking Households	34%
% of Other European-Speaking Households	3%
% of Households Speaking Other Languages	23%

Bayview**HOUSING CHARACTERISTICS**

Total Number of Units	10,540
Units Built 2000 to 2009+	760
Median Year Structure Built†	1952

Occupied Units	9,480
Owner occupied	51%
Renter occupied	49%

Vacant Units	10%
For rent	11%
For sale only	11%
Rented or sold, not occupied	2%
For seasonal, recreational, or occasional use	2%
Other vacant	75%

Median Year Moved In to Unit (Own)	1992
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	68%
2 - 4 Units	12%
5 - 9 Units	7%
10 - 19 Units	5%
20 Units or more	7%
Other	1%

Housing Prices

Median Rent	\$768
Median Home Value	\$586,201
Median Rent as Percentage of HH Income	29%

Vehicles Available

Homeowners	66%
Renters	34%
Vehicles Per Capita	0.38
Households with no vehicle	2,030
Percent of Homeowning households	8%
Percent of Renting Households	35%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$43,155
Median Family Income	\$50,029
Per Capita Income	\$19,484
Percent in Poverty	18%

Employment

Unemployment Rate	14%
Employed Residents	13,740
Managerial and Prof. Occupations	23%
Service Occupations	26%
Sales and Office Occupations	25%
Farming related Occupations	0.4%
Construction and Maintenance Occup.	12%
Production and Transportation Occup.	13%

Journey to Work

Workers 16 years and over	13,010
Car	62%
Drove Alone	50%
Carpooled	12%
Transit	29%
Bike	0%
Walk	4%
Other	1%
Worked at Home	3%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 230.01, 230.02, 230.03, 231.01, 231.02, 231.03, 232, 233, 234, 606, 609, 610

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Bernal Heights: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	23,390
Group Quarter Population	311
Percent Female	50%

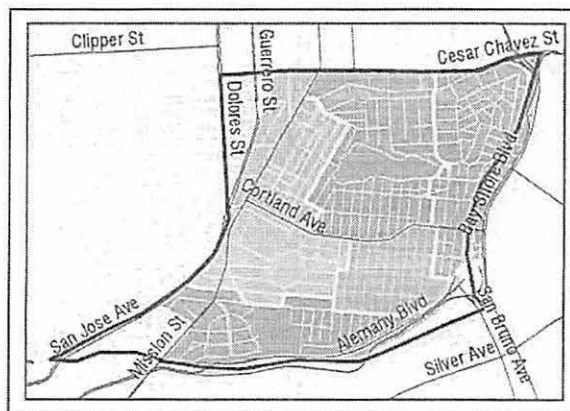
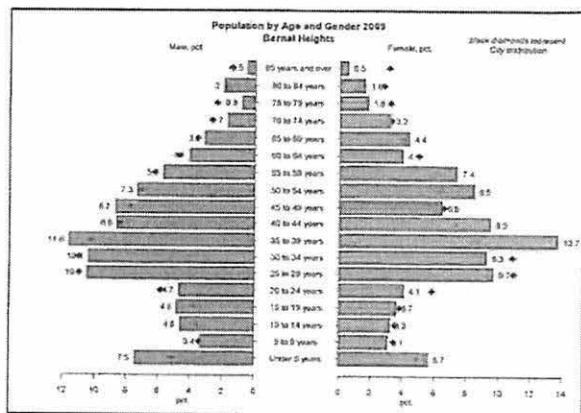
Households	9,170
Family Households	51%
Households with Children, Pct of Total	26%
Non-Family Households	49%
Single Person Households, Pct of Total	28%
Avg Household Size	2.8
Avg Family Household Size	3.8

Race/Ethnicity*

Black/African American	5%
Asian	16%
White	59%
Native American Indian	1%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	19%
% Latino (of Any Race)	29%

Age

0 - 4 years	7%
5 - 17 years	10%
18 - 34 years	26%
35 - 59 years	44%
60 and older	14%



Educational Attainment

(Residents 25 years and older)	
High School or Less	28%
Some College/Associate Degree	21%
College Degree	30%
Graduate/Professional Degree	21%

Nativity and Language

Foreign Born	28%
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Language Spoken at home

(Residents 5 years and older)	
English Only	58%
Spanish Only	27%
Asian/Pacific Islander	11%
Other European Language	4%
Other Languages	0%

Linguistic Isolation

% of All Households	7%
% of Spanish-Speaking Households	21%
% of Asian Language Speaking Households	18%
% of Other European-Speaking Households	4%
% of Households Speaking Other Languages	0%

Bernal Heights

HOUSING CHARACTERISTICS

Total Number of Units	9,710
Units Built 2000 to 2009+	460
Median Year Structure Built†	1939

Occupied Units	9,170
Owner occupied	58%
Renter occupied	42%

Vacant Units	6%
For rent	18%
For sale only	0%
Rented or sold, not occupied	2%
For seasonal, recreational, or occasional use	18%
Other vacant	61%

Median Year Moved In to Unit (Own)	1995
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	65%
2 - 4 Units	27%
5 - 9 Units	4%
10 - 19 Units	2%
20 Units or more	2%
Other	0%

Housing Prices

Median Rent	\$1,373
Median Home Value	\$747,500
Median Rent as Percentage of HH Income	26%

Vehicles Available

	12,520
Homeowners	66%
Renters	34%
Vehicles Per Capita	0.48
Households with no vehicle	1,430
Percent of Homeowning households	8%
Percent of Renting Households	26%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$85,607
Median Family Income	\$88,507
Per Capita Income	\$41,317
Percent in Poverty	9%

Employment	
Unemployment Rate	6%
Employed Residents	15,860
Managerial and Prof. Occupations	51%
Service Occupations	19%
Sales and Office Occupations	20%
Farming related Occupations	0.1%
Construction and Maintenance Occup.	5%
Production and Transportation Occup.	5%

Journey to Work

Workers 16 years and over	15,510
Car	52%
Drove Alone	44%
Carpooled	8%
Transit	32%
Bike	5%
Walk	3%
Other	2%
Worked at Home	5%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 251, 252, 253, 254.01, 254.02, 254.03

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Castro/Upper Market: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	19,790
Group Quarter Population	0
Percent Female	36%

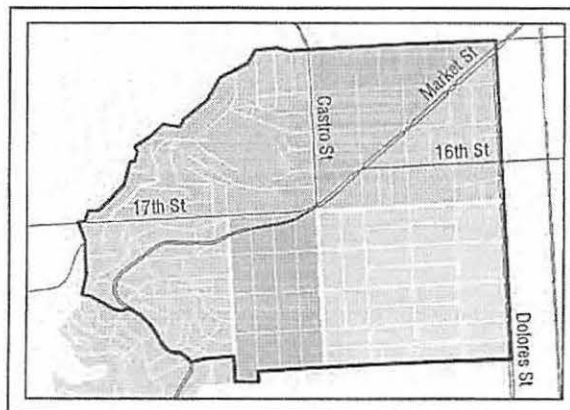
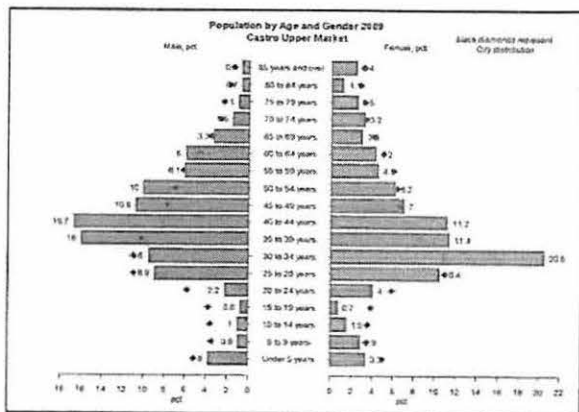
Households	13,810
Family Households	23%
Households with Children, Pct of Total	8%
Non-Family Households	77%
Single Person Households, Pct of Total	47%
Avg Household Size	1.9
Avg Family Household Size	2.8

Race/Ethnicity*

Black/African American	2%
Asian	10%
White	80%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	8%
% Latino (of Any Race)	8%

Age

0 - 4 years	4%
5 - 17 years	3%
18 - 34 years	26%
35 - 59 years	53%
60 and older	14%



Educational Attainment

(Residents 25 years and older)

High School or Less	10%
Some College/Associate Degree	19%
College Degree	43%
Graduate/Professional Degree	28%

Nativity and Language

Foreign Born	16%
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Language Spoken at home

(Residents 5 years and older)

English Only	79%
Spanish Only	7%
Asian/Pacific Islander	5%
Other European Language	8%
Other Languages	1%

Linguistic Isolation

% of All Households	3%
% of Spanish-Speaking Households	9%
% of Asian Language Speaking Households	19%
% of Other European-Speaking Households	10%
% of Households Speaking Other Languages	0%

Castro/Upper Market

HOUSING CHARACTERISTICS

Total Number of Units	14,810
Units Built 2000 to 2009+	140
Median Year Structure Built†	1939

Occupied Units	13,810
Owner occupied	34%
Renter occupied	66%

Vacant Units	7%
For rent	38%
For sale only	3%
Rented or sold, not occupied	11%
For seasonal, recreational, or occasional use	19%
Other vacant	29%

Median Year Moved In to Unit (Own)	1998
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	24%
2 - 4 Units	37%
5 - 9 Units	15%
10 - 19 Units	15%
20 Units or more	9%
Other	0%

Housing Prices

Median Rent	\$1,485
Median Home Value	\$946,246
Median Rent as Percentage of HH Income	25%

Vehicles Available

Homeowners	45%
Renters	55%
Vehicles Per Capita	0.58

Households with no vehicle	2,950
Percent of Homeowning households	8%
Percent of Renting Households	28%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income

Median Household Income	\$92,237
Median Family Income	\$127,165
Per Capita Income	\$67,206
Percent in Poverty	8%

Employment

Unemployment Rate	5%
Employed Residents	18,110
Managerial and Prof. Occupations	66%
Service Occupations	9%
Sales and Office Occupations	21%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	2%
Production and Transportation Occup.	2%

Journey to Work

Workers 16 years and over	17,800
Car	46%
<i>Drove Alone</i>	41%
<i>Carpooled</i>	5%
Transit	35%
Bike	2%
Walk	6%
Other	2%
Worked at Home	7%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 169, 170, 203, 204, 205, 206

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Chinatown: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	14,540
Group Quarter Population	0
Percent Female	50%

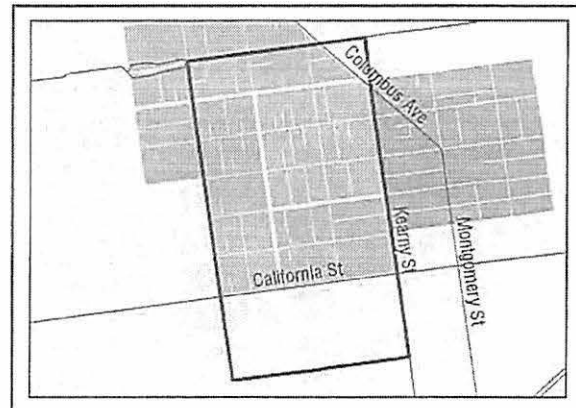
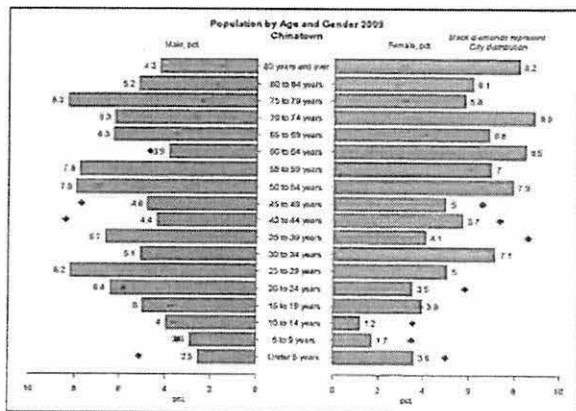
Households	6,720
Family Households	48%
Households with Children, Pct of Total	13%
Non-Family Households	52%
Single Person Households, Pct of Total	49%
Avg Household Size	2.1
Avg Family Household Size	3.2

Race/Ethnicity*

Black/African American	2%
Asian	84%
White	12%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	2%
% Latino (of Any Race)	2%

Age

0 - 4 years	3%
5 - 17 years	8%
18 - 34 years	19%
35 - 59 years	31%
60 and older	39%



Educational Attainment

(Residents 25 years and older)	
High School or Less	70%
Some College/Associate Degree	13%
College Degree	12%
Graduate/Professional Degree	4%

Nativity and Language

Foreign Born	75%
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Language Spoken at home

(Residents 5 years and older)	
English Only	14%
Spanish Only	1%
Asian/Pacific Islander	84%
Other European Language	1%
Other Languages	0%

Linguistic Isolation

% of All Households	66%
% of Spanish-Speaking Households	24%
% of Asian Language Speaking Households	84%
% of Other European-Speaking Households	21%
% of Households Speaking Other Languages	#Num!

Chinatown

HOUSING CHARACTERISTICS

Total Number of Units	7,490
Units Built 2000 to 2009+	80
Median Year Structure Built†	1939

Occupied Units	6,720
Owner occupied	6%
Renter occupied	94%

Vacant Units	10%
For rent	57%
For sale only	0%
Rented or sold, not occupied	13%
For seasonal, recreational, or occasional use	11%
Other vacant	19%

Median Year Moved In to Unit (Own)	1995
Median Year Moved In to Unit (Rent)	1999

Structure Type

Single Family Housing	3%
2 - 4 Units	10%
5 - 9 Units	11%
10 - 19 Units	14%
20 Units or more	61%
Other	1%

Housing Prices

Median Rent	\$478
Median Home Value	\$781,746
Median Rent as Percentage of HH Income	27%

Vehicles Available

Homeowners	13%
Renters	87%
Vehicles Per Capita	0.11
Households with no vehicle	5,410
Percent of Homeowning households	48%
Percent of Renting Households	83%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income

Median Household Income	\$17,630
Median Family Income	\$22,691
Per Capita Income	\$18,574
Percent in Poverty	31%

Employment

Unemployment Rate	15%
Employed Residents	5,350
Managerial and Prof. Occupations	22%
Service Occupations	41%
Sales and Office Occupations	23%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	4%
Production and Transportation Occup.	10%

Journey to Work

Workers 16 years and over	5,230
Car	20%
<i>Drove Alone</i>	15%
<i>Carpooled</i>	5%
Transit	31%
Bike	0%
Walk	41%
Other	2%
Worked at Home	6%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 107, 113, 114, 115, 118

May 2011

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Crocker Amazon: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	14,420
Group Quarter Population	0
Percent Female	49%

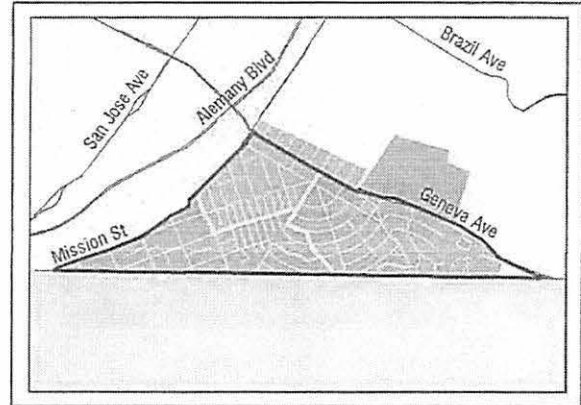
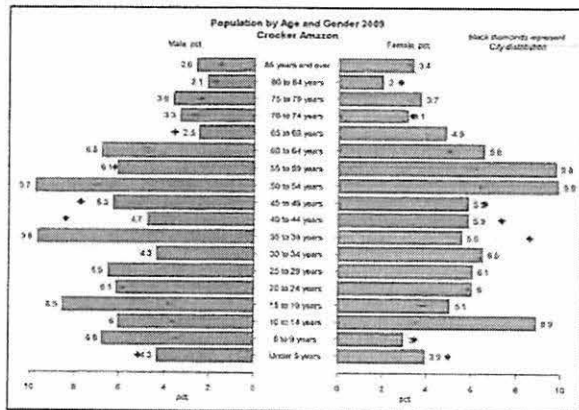
Households	3,390
Family Households	77%
Households with Children, Pct of Total	34%
Non-Family Households	23%
Single Person Households, Pct of Total	17%
Avg Household Size	3.9
Avg Family Household Size	4.6

Race/Ethnicity*

Black/African American	2%
Asian	58%
White	22%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	18%
% Latino (of Any Race)	26%

Age

0 - 4 years	4%
5 - 17 years	16%
18 - 34 years	21%
35 - 59 years	37%
60 and older	22%



Educational Attainment

(Residents 25 years and older)	
High School or Less	52%
Some College/Associate Degree	25%
College Degree	18%
Graduate/Professional Degree	5%

Nativity and Language

Foreign Born	52%
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Language Spoken at home

(Residents 5 years and older)	
English Only	31%
Spanish Only	19%
Asian/Pacific Islander	47%
Other European Language	3%
Other Languages	0%

Linguistic Isolation

% of All Households	17%
% of Spanish-Speaking Households	22%
% of Asian Language Speaking Households	27%
% of Other European-Speaking Households	42%
% of Households Speaking Other Languages	39%

Crocker Amazon

HOUSING CHARACTERISTICS

Total Number of Units	3,620
Units Built 2000 to 2009+	220
Median Year Structure Built†	1943

Occupied Units	3,390
Owner occupied	68%
Renter occupied	32%

Vacant Units	6%
For rent	41%
For sale only	18%
Rented or sold, not occupied	0%
For seasonal, recreational, or occasional use	15%
Other vacant	26%

Median Year Moved In to Unit (Own)	1991
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	80%
2 - 4 Units	9%
5 - 9 Units	4%
10 - 19 Units	4%
20 Units or more	4%
Other	0%

Housing Prices

Median Rent	\$1,287
Median Home Value	\$623,471
Median Rent as Percentage of HH Income	28%

Vehicles Available

Homeowners	5,900
Renters	74%
Vehicles Per Capita	26%
Households with no vehicle	0.44
Percent of Homeowning households	280
Percent of Renting Households	5%
	15%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$68,705
Median Family Income	\$73,056
Per Capita Income	\$23,644
Percent in Poverty	7%

Employment

Unemployment Rate	9%
Employed Residents	6,370
Managerial and Prof. Occupations	26%
Service Occupations	29%
Sales and Office Occupations	24%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	8%
Production and Transportation Occup.	13%

Journey to Work

Workers 16 years and over	6,310
Car	57%
Drove Alone	47%
Carpooled	10%
Transit	36%
Bike	1%
Walk	1%
Other	1%
Worked at Home	4%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 263.01, 263.02, 263.03

May 2011

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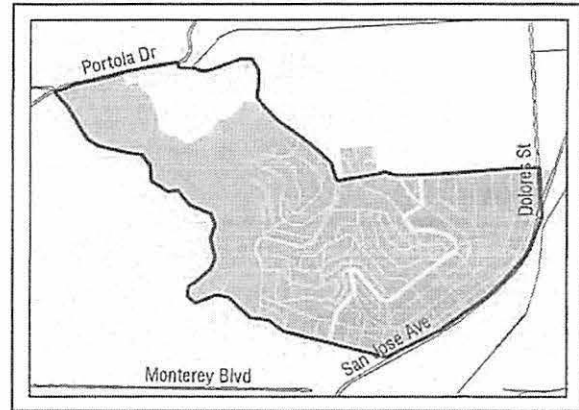
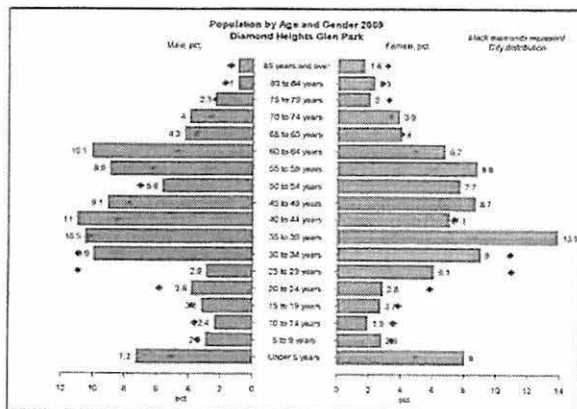
Diamond Heights/Glen Park: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	7,790
Group Quarter Population	0
Percent Female	51%
Households	3,810
Family Households	47%
Households with Children, Pct of Total	22%
Non-Family Households	53%
Single Person Households, Pct of Total	37%
Avg Household Size	2.2
Avg Family Household Size	3.0

Race/Ethnicity*	
Black/African American	6%
Asian	14%
White	70%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	9%
% Latino (of Any Race)	13%

Age	
0 - 4 years	8%
5 - 17 years	7%
18 - 34 years	18%
35 - 59 years	46%
60 and older	22%



Educational Attainment

(Residents 25 years and older)	
High School or Less	17%
Some College/Associate Degree	15%
College Degree	33%
Graduate/Professional Degree	34%

Nativity and Language

Foreign Born	18%
--------------	-----

Language Spoken at home

(Residents 5 years and older)	
English Only	78%
Spanish Only	8%
Asian/Pacific Islander	8%
Other European Language	5%
Other Languages	1%

Linguistic Isolation

% of All Households	6%
% of Spanish-Speaking Households	34%
% of Asian Language Speaking Households	26%
% of Other European-Speaking Households	5%
% of Households Speaking Other Languages	0%

Diamond Heights/Glen Park

HOUSING CHARACTERISTICS

Total Number of Units	4,020
Units Built 2000 to 2009+	40
Median Year Structure Built†	1955

Occupied Units	3,810
Owner occupied	68%
Renter occupied	32%

Vacant Units	5%
For rent	0%
For sale only	43%
Rented or sold, not occupied	0%
For seasonal, recreational, or occasional use	0%
Other vacant	57%

Median Year Moved In to Unit (Own)	1994
Median Year Moved In to Unit (Rent)	1999

Structure Type

Single Family Housing	67%
2 - 4 Units	21%
5 - 9 Units	3%
10 - 19 Units	1%
20 Units or more	8%
Other	0%

Housing Prices

Median Rent	\$1,381
Median Home Value	\$918,255
Median Rent as Percentage of HH Income	21%

Vehicles Available	5,280
Homeowners	75%
Renters	25%
Vehicles Per Capita	0.62
Households with no vehicle	48%
Percent of Homeowning households	8%
Percent of Renting Households	21%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$90,510
Median Family Income	\$128,000
Per Capita Income	\$59,158
Percent in Poverty	9%

Employment

Unemployment Rate	6%
Employed Residents	5,060
Managerial and Prof. Occupations	65%
Service Occupations	6%
Sales and Office Occupations	19%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	4%
Production and Transportation Occup.	5%

Journey to Work

Workers 16 years and over	4,840
Car	56%
Drove Alone	48%
Carpooled	7%
Transit	32%
Bike	1%
Walk	2%
Other	0%
Worked at Home	9%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 217, 218

May 2011

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Downtown/Civic Center: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	44,240
Group Quarter Population	712
Percent Female	39%

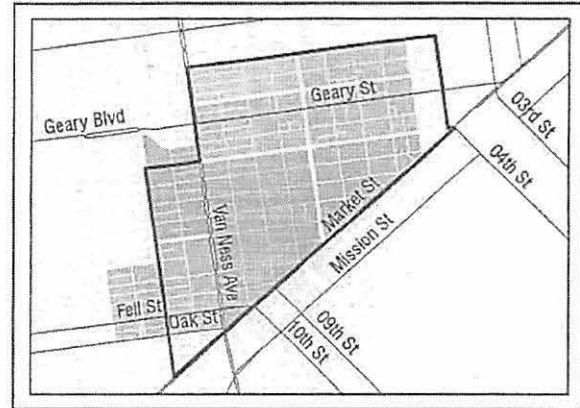
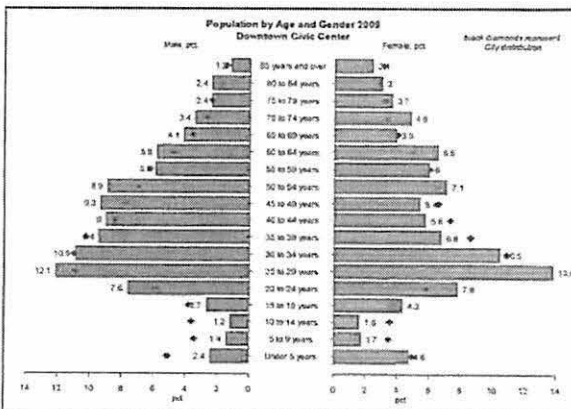
Households	21,570
Family Households	19%
Households with Children, Pct of Total	6%
Non-Family Households	81%
Single Person Households, Pct of Total	71%
Avg Household Size	1.6
Avg Family Household Size	3.2

Race/Ethnicity*

Black/African American	10%
Asian	28%
White	46%
Native American Indian	1%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	15%
% Latino (of Any Race)	18%

Age

0 - 4 years	3%
5 - 17 years	4%
18 - 34 years	33%
35 - 59 years	38%
60 and older	21%



Educational Attainment

(Residents 25 years and older)

High School or Less	41%
Some College/Associate Degree	25%
College Degree	23%
Graduate/Professional Degree	11%

Nativity and Language

Foreign Born	41%
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Language Spoken at home

(Residents 5 years and older)

English Only	53%
Spanish Only	15%
Asian/Pacific Islander	24%
Other European Language	6%
Other Languages	2%

Linguistic Isolation

% of All Households	19%
% of Spanish-Speaking Households	36%
% of Asian Language Speaking Households	56%
% of Other European-Speaking Households	38%
% of Households Speaking Other Languages	52%

Downtown/Civic Center

HOUSING CHARACTERISTICS

Total Number of Units	25,840
Units Built 2000 to 2009+	1,560
Median Year Structure Built†	1939

Occupied Units	21,570
Owner occupied	4%
Renter occupied	96%

Vacant Units	17%
For rent	57%
For sale only	0%
Rented or sold, not occupied	13%
For seasonal, recreational, or occasional use	19%
Other vacant	11%

Median Year Moved In to Unit (Own)	2000
Median Year Moved In to Unit (Rent)	2004

Structure Type

Single Family Housing	2%
2 - 4 Units	2%
5 - 9 Units	2%
10 - 19 Units	9%
20 Units or more	85%
Other	0%

Housing Prices

Median Rent	\$806
Median Home Value	\$497,297
Median Rent as Percentage of HH Income	30%

Vehicles Available	3,850
Homeowners	14%
Renters	86%
Vehicles Per Capita	0.11
Households with no vehicle	17,620
Percent of Homeowning households	45%
Percent of Renting Households	83%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$24,491
Median Family Income	\$33,409
Per Capita Income	\$26,003
Percent in Poverty	25%

Employment	
Unemployment Rate	9%
Employed Residents	18,060
Managerial and Prof. Occupations	36%
Service Occupations	33%
Sales and Office Occupations	22%
Farming related Occupations	0.1%
Construction and Maintenance Occup.	4%
Production and Transportation Occup.	6%

Journey to Work

Workers 16 years and over	17,590
Car	12%
<i>Drove Alone</i>	11%
<i>Carpooled</i>	2%
Transit	47%
Bike	3%
Walk	29%
Other	1%
Worked at Home	7%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 120, 121, 122, 123, 124, 125, 160, 162

May 2011

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Excelsior: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	37,960
Group Quarter Population	1463
Percent Female	50%

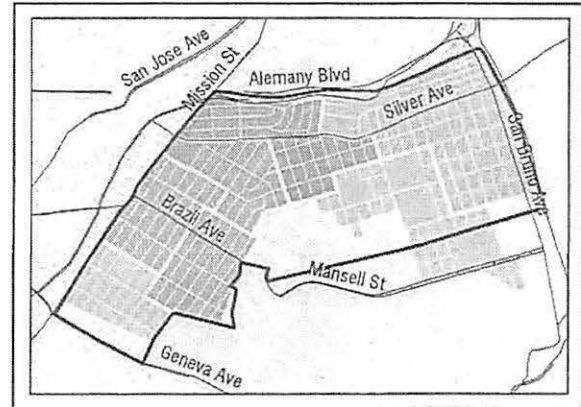
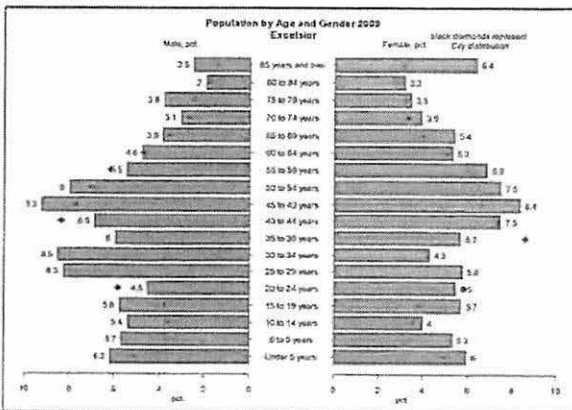
Households	9,510
Family Households	75%
Households with Children, Pct of Total	35%
Non-Family Households	25%
Single Person Households, Pct of Total	18%
Avg Household Size	3.7
Avg Family Household Size	4.4

Race/Ethnicity*

Black/African American	3%
Asian	49%
White	26%
Native American Indian	1%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	21%
% Latino (of Any Race)	30%

Age

0 - 4 years	6%
5 - 17 years	14%
18 - 34 years	21%
35 - 59 years	36%
60 and older	24%



Educational Attainment

(Residents 25 years and older)	
High School or Less	55%
Some College/Associate Degree	22%
College Degree	17%
Graduate/Professional Degree	6%

Nativity and Language

Foreign Born	50%
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Language Spoken at home

(Residents 5 years and older)	
English Only	29%
Spanish Only	27%
Asian/Pacific Islander	39%
Other European Language	4%
Other Languages	1%

Linguistic Isolation

% of All Households	19%
% of Spanish-Speaking Households	26%
% of Asian Language Speaking Households	31%
% of Other European-Speaking Households	17%
% of Households Speaking Other Languages	22%

Excelsior

HOUSING CHARACTERISTICS

Total Number of Units	10,080
Units Built 2000 to 2009+	90
Median Year Structure Built†	1943

Occupied Units	9,510
Owner occupied	73%
Renter occupied	27%

Vacant Units	6%
For rent	19%
For sale only	12%
Rented or sold, not occupied	9%
For seasonal, recreational, or occasional use	9%
Other vacant	50%

Median Year Moved In to Unit (Own)	1991
Median Year Moved In to Unit (Rent)	2002

Structure Type

Single Family Housing	88%
2 - 4 Units	9%
5 - 9 Units	2%
10 - 19 Units	1%
20 Units or more	1%
Other	0%

Housing Prices

Median Rent	\$1,239
Median Home Value	\$624,593
Median Rent as Percentage of HH Income	31%

Vehicles Available	15,870
Homeowners	78%
Renters	22%
Vehicles Per Capita	0.45
Households with no vehicle	1,190
Percent of Homeowning households	9%
Percent of Renting Households	22%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$67,398
Median Family Income	\$72,326
Per Capita Income	\$23,562
Percent in Poverty	11%

Employment	
Unemployment Rate	9%
Employed Residents	17,060
Managerial and Prof. Occupations	28%
Service Occupations	25%
Sales and Office Occupations	26%
Farming related Occupations	0.2%
Construction and Maintenance Occup.	10%
Production and Transportation Occup.	11%

Journey to Work

Workers 16 years and over	16,440
Car	64%
<i>Drove Alone</i>	53%
<i>Carpooled</i>	11%
Transit	29%
Bike	1%
Walk	1%
Other	1%
Worked at Home	3%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 256, 257, 259, 260.01, 260.02, 260.03, 260.04

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Financial District: Neighborhood at a Glance

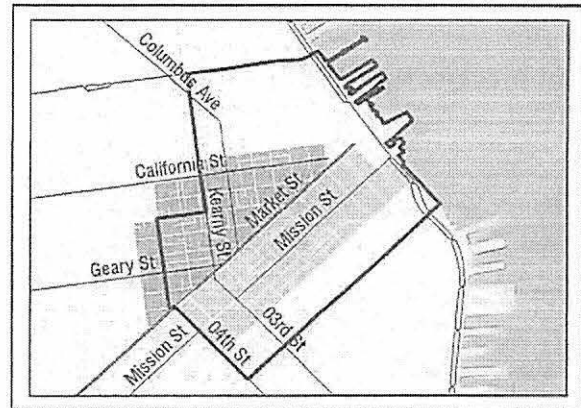
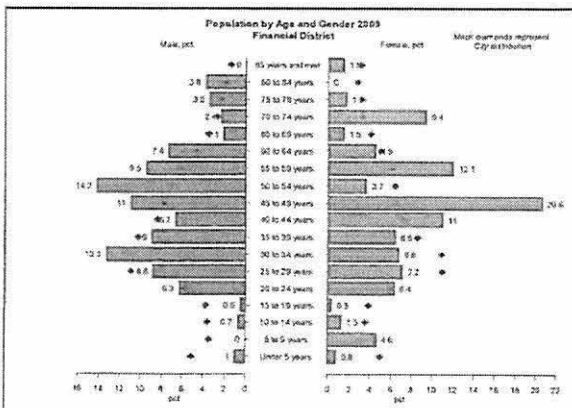
DEMOGRAPHICS

Total Population*	1,780
Group Quarter Population	82
Percent Female	44%

Households	1,620
Family Households	21%
Households with Children, Pct of Total	4%
Non-Family Households	79%
Single Person Households, Pct of Total	70%
Avg Household Size	1.5
Avg Family Household Size	3.0

Race/Ethnicity*	
Black/African American	6%
Asian	47%
White	39%
Native American Indian	1%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	7%
% Latino (of Any Race)	7%

Age	
0 - 4 years	1%
5 - 17 years	3%
18 - 34 years	25%
35 - 59 years	52%
60 and older	19%



Educational Attainment

(Residents 25 years and older)	
High School or Less	24%
Some College/Associate Degree	20%
College Degree	33%
Graduate/Professional Degree	22%

Nativity and Language

Foreign Born	44%
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Language Spoken at home

(Residents 5 years and older)	
English Only	53%
Spanish Only	4%
Asian/Pacific Islander	34%
Other European Language	8%
Other Languages	1%

Linguistic Isolation

% of All Households	14%
% of Spanish-Speaking Households	16%
% of Asian Language Speaking Households	54%
% of Other European-Speaking Households	6%
% of Households Speaking Other Languages	0%

Financial District

HOUSING CHARACTERISTICS

Total Number of Units	2,330
Units Built 2000 to 2009+	1,630
Median Year Structure Built†	1980

Occupied Units	1,620
Owner occupied	14%
Renter occupied	86%

Vacant Units	30%
For rent	45%
For sale only	2%
Rented or sold, not occupied	14%
For seasonal, recreational, or occasional use	34%
Other vacant	4%

Median Year Moved In to Unit (Own)	2010
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	3%
2 - 4 Units	1%
5 - 9 Units	0%
10 - 19 Units	4%
20 Units or more	91%
Other	0%

Housing Prices

Median Rent	\$1,002
Median Home Value	\$942,568
Median Rent as Percentage of HH Income	31%

Vehicles Available

Homeowners	770
Renters	31%
	69%
Vehicles Per Capita	0.31
Households with no vehicle	980
Percent of Homeowning households	12%
Percent of Renting Households	68%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$45,221
Median Family Income	\$104,167
Per Capita Income	\$70,997
Percent in Poverty	18%

Employment

Unemployment Rate	6%
Employed Residents	1,600
Managerial and Prof. Occupations	56%
Service Occupations	16%
Sales and Office Occupations	22%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	1%
Production and Transportation Occup.	7%

Journey to Work

Workers 16 years and over	1,580
Car	15%
Drove Alone	14%
Carpooled	1%
Transit	21%
Bike	0%
Walk	50%
Other	3%
Worked at Home	11%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 117, 176.02

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

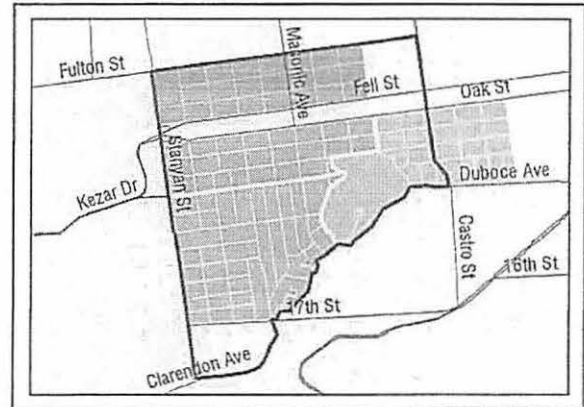
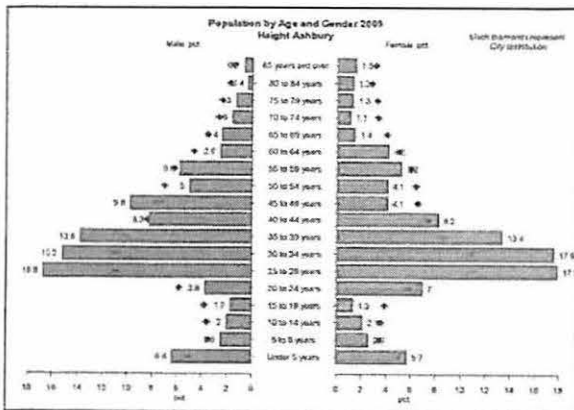
Haight Ashbury: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	21,800
Group Quarter Population	464
Percent Female	46%
Households	10,370
Family Households	33%
Households with Children, Pct of Total	13%
Non-Family Households	67%
Single Person Households, Pct of Total	43%
Avg Household Size	2.1
Avg Family Household Size	2.9

Race/Ethnicity*	
Black/African American	5%
Asian	10%
White	77%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	8%
% Latino (of Any Race)	9%

Age	
0 - 4 years	6%
5 - 17 years	6%
18 - 34 years	39%
35 - 59 years	39%
60 and older	10%



Educational Attainment

(Residents 25 years and older)	
High School or Less	10%
Some College/Associate Degree	18%
College Degree	43%
Graduate/Professional Degree	29%

Nativity and Language

Foreign Born	15%
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Language Spoken at home

(Residents 5 years and older)	
English Only	83%
Spanish Only	6%
Asian/Pacific Islander	4%
Other European Language	7%
Other Languages	0%

Linguistic Isolation

% of All Households	3%
% of Spanish-Speaking Households	2%
% of Asian Language Speaking Households	29%
% of Other European-Speaking Households	14%
% of Households Speaking Other Languages	0%

Haight Ashbury

HOUSING CHARACTERISTICS

Total Number of Units	11,470
Units Built 2000 to 2009+	120
Median Year Structure Built†	1939

Occupied Units	10,370
Owner occupied	30%
Renter occupied	70%

Vacant Units	10%
For rent	23%
For sale only	13%
Rented or sold, not occupied	7%
For seasonal, recreational, or occasional use	6%
Other vacant	51%

Median Year Moved In to Unit (Own)	2000
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	17%
2 - 4 Units	39%
5 - 9 Units	24%
10 - 19 Units	12%
20 Units or more	8%
Other	0%

Housing Prices

Median Rent	\$1,409
Median Home Value	\$943,062
Median Rent as Percentage of HH Income	26%

Vehicles Available

Homeowners	45%
Renters	55%
Vehicles Per Capita	0.47
Households with no vehicle	3,080
Percent of Homeowning households	9%
Percent of Renting Households	39%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$85,539
Median Family Income	\$125,394
Per Capita Income	\$57,953
Percent in Poverty	11%

Employment

Unemployment Rate	4%
Employed Residents	14,890
Managerial and Prof. Occupations	68%
Service Occupations	11%
Sales and Office Occupations	17%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	2%
Production and Transportation Occup.	1%

Journey to Work

Workers 16 years and over	14,700
Car	36%
<i>Drove Alone</i>	31%
<i>Carpooled</i>	5%
Transit	40%
Bike	7%
Walk	6%
Other	3%
Worked at Home	8%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 165, 166, 167, 171

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Inner Richmond: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	39,690
Group Quarter Population	2459
Percent Female	55%

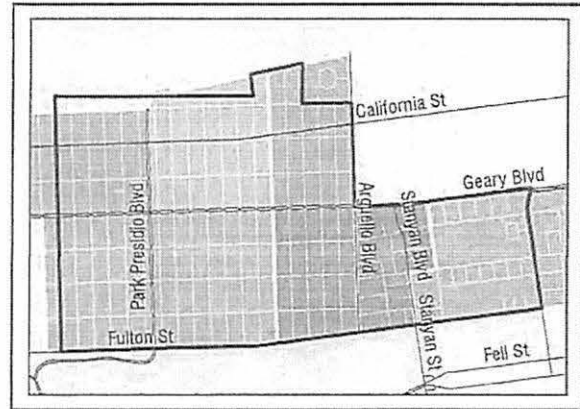
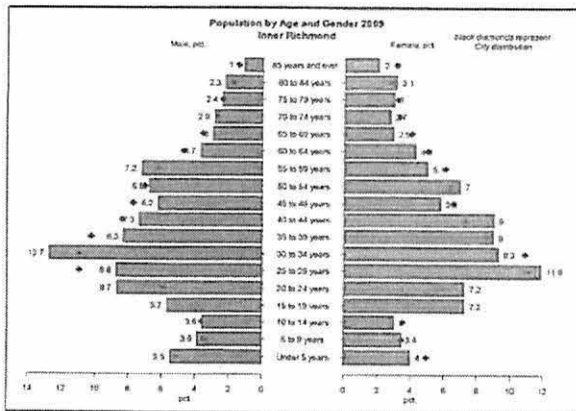
Households	17,350
Family Households	49%
Households with Children, Pct of Total	21%
Non-Family Households	51%
Single Person Households, Pct of Total	34%
Avg Household Size	2.4
Avg Family Household Size	3.2

Race/Ethnicity*

Black/African American	2%
Asian	38%
White	51%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	8%
% Latino (of Any Race)	6%

Age

0 - 4 years	5%
5 - 17 years	9%
18 - 34 years	34%
35 - 59 years	36%
60 and older	17%



Educational Attainment

(Residents 25 years and older)	
High School or Less	22%
Some College/Associate Degree	21%
College Degree	35%
Graduate/Professional Degree	22%

Nativity and Language

Foreign Born	32%
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Language Spoken at home

(Residents 5 years and older)	
English Only	57%
Spanish Only	4%
Asian/Pacific Islander	29%
Other European Language	9%
Other Languages	0%

Linguistic Isolation

% of All Households	15%
% of Spanish-Speaking Households	2%
% of Asian Language Speaking Households	42%
% of Other European-Speaking Households	33%
% of Households Speaking Other Languages	0%

Inner Richmond

HOUSING CHARACTERISTICS

Total Number of Units	19,080
Units Built 2000 to 2009+	490
Median Year Structure Built†	1939

Occupied Units	17,350
Owner occupied	32%
Renter occupied	68%

Vacant Units	9%
For rent	22%
For sale only	3%
Rented or sold, not occupied	2%
For seasonal, recreational, or occasional use	11%
Other vacant	62%

Median Year Moved In to Unit (Own)	1993
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	22%
2 - 4 Units	48%
5 - 9 Units	16%
10 - 19 Units	10%
20 Units or more	4%
Other	0%

Housing Prices

Median Rent	\$1,337
Median Home Value	\$941,194
Median Rent as Percentage of HH Income	26%

Vehicles Available

Homeowners	42%
Renters	58%
Vehicles Per Capita	0.47
Households with no vehicle	4,120
Percent of Homeowning households	12%
Percent of Renting Households	29%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$69,861
Median Family Income	\$88,804
Per Capita Income	\$41,369
Percent in Poverty	12%

Employment

Unemployment Rate	6%
Employed Residents	24,660
Managerial and Prof. Occupations	52%
Service Occupations	14%
Sales and Office Occupations	26%
Farming related Occupations	0.1%
Construction and Maintenance Occup.	3%
Production and Transportation Occup.	5%

Journey to Work

Workers 16 years and over	23,690
Car	45%
<i>Drove Alone</i>	35%
<i>Carpooled</i>	9%
Transit	35%
Bike	3%
Walk	9%
Other	2%
Worked at Home	6%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 156, 157, 401, 402, 426, 451, 452, 476

May 2011

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Inner Sunset: Neighborhood at a Glance

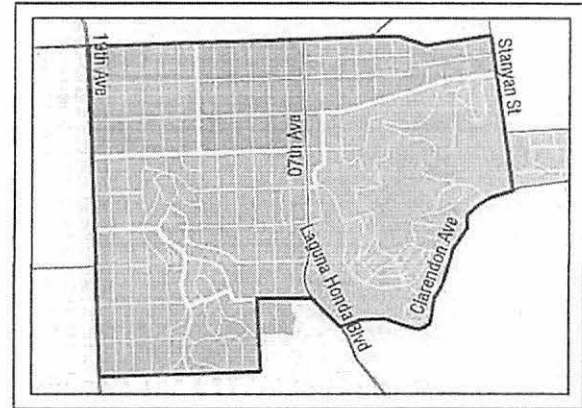
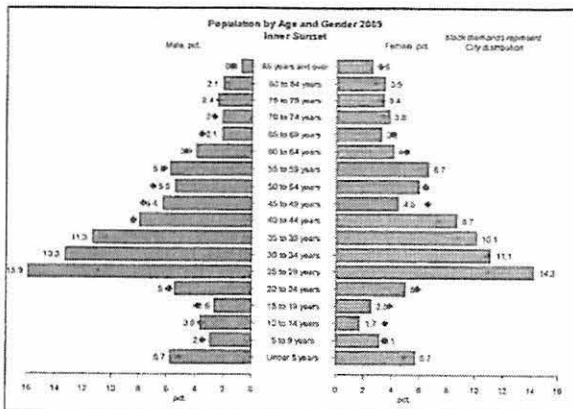
DEMOGRAPHICS

Total Population*	26,520
Group Quarter Population	184
Percent Female	50%

Households	11,590
Family Households	45%
Households with Children, Pct of Total	16%
Non-Family Households	55%
Single Person Households, Pct of Total	36%
Avg Household Size	2.4
Avg Family Household Size	3.2

Race/Ethnicity*	
Black/African American	2%
Asian	33%
White	58%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	7%
% Latino (of Any Race)	6%

Age	
0 - 4 years	6%
5 - 17 years	8%
18 - 34 years	33%
35 - 59 years	36%
60 and older	17%



Educational Attainment

(Residents 25 years and older)

High School or Less	14%
Some College/Associate Degree	16%
College Degree	37%
Graduate/Professional Degree	33%

Nativity and Language

Foreign Born	26%
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Language Spoken at home

(Residents 5 years and older)

English Only	67%
Spanish Only	3%
Asian/Pacific Islander	22%
Other European Language	7%
Other Languages	1%

Linguistic Isolation

% of All Households	9%
% of Spanish-Speaking Households	7%
% of Asian Language Speaking Households	31%
% of Other European-Speaking Households	18%
% of Households Speaking Other Languages	18%

Inner Sunset

HOUSING CHARACTERISTICS

Total Number of Units	12,490
Units Built 2000 to 2009+	100
Median Year Structure Built‡	1945

Occupied Units	11,590
Owner occupied	40%
Renter occupied	60%

Vacant Units	7%
For rent	22%
For sale only	11%
Rented or sold, not occupied	8%
For seasonal, recreational, or occasional use	16%
Other vacant	43%
Median Year Moved In to Unit (Own)	1992
Median Year Moved In to Unit (Rent)	2004

Structure Type	
Single Family Housing	40%
2 - 4 Units	33%
5 - 9 Units	11%
10 - 19 Units	8%
20 Units or more	7%
Other	0%

Housing Prices	
Median Rent	\$1,469
Median Home Value	\$883,481
Median Rent as Percentage of HH Income	24%

Vehicles Available	15,480
Homeowners	47%
Renters	53%
Vehicles Per Capita	0.56
Households with no vehicle	1,680
Percent of Homeowning households	8%
Percent of Renting Households	19%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$85,696
Median Family Income	\$102,639
Per Capita Income	\$51,086
Percent in Poverty	8%

Employment	
Unemployment Rate	4%
Employed Residents	16,730
Managerial and Prof. Occupations	66%
Service Occupations	9%
Sales and Office Occupations	19%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	3%
Production and Transportation Occup.	3%

Journey to Work	
Workers 16 years and over	16,470
Car	52%
Drove Alone	41%
Carpooled	10%
Transit	30%
Bike	2%
Walk	7%
Other	2%
Worked at Home	7%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 301.01, 301.02, 302.01, 302.02, 303.01, 303.02

May 2011

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Lakeshore: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	16,630
Group Quarter Population	997
Percent Female	55%

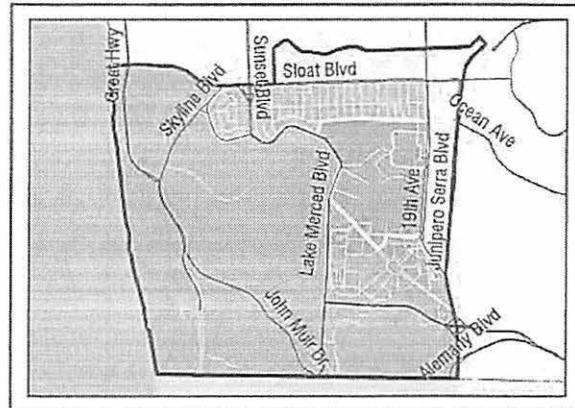
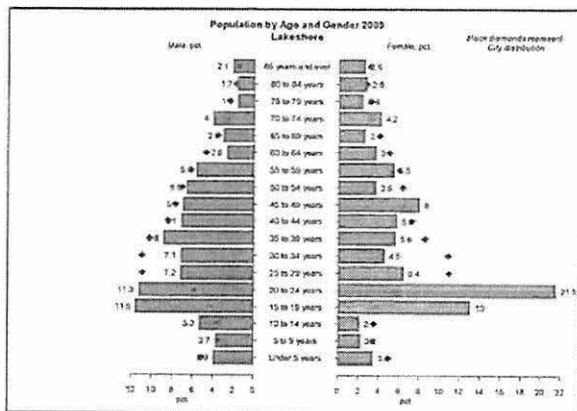
Households	6,030
Family Households	48%
Households with Children, Pct of Total	17%
Non-Family Households	52%
Single Person Households, Pct of Total	36%
Avg Household Size	2.5
Avg Family Household Size	3.1

Race/Ethnicity*

Black/African American	5%
Asian	34%
White	49%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	11%
% Latino (of Any Race)	9%

Age

0 - 4 years	4%
5 - 17 years	8%
18 - 34 years	40%
35 - 59 years	31%
60 and older	17%



Educational Attainment

(Residents 25 years and older)

High School or Less	21%
Some College/Associate Degree	24%
College Degree	35%
Graduate/Professional Degree	20%

Nativity and Language

Foreign Born	38%
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Language Spoken at home

(Residents 5 years and older)

English Only	54%
Spanish Only	5%
Asian/Pacific Islander	26%
Other European Language	13%
Other Languages	2%

Linguistic Isolation

% of All Households	15%
% of Spanish-Speaking Households	9%
% of Asian Language Speaking Households	30%
% of Other European-Speaking Households	40%
% of Households Speaking Other Languages	14%

Lakeshore

HOUSING CHARACTERISTICS

Total Number of Units	6,710
Units Built 2000 to 2009+	120
Median Year Structure Built‡	1955

Occupied Units	6,030
Owner occupied	23%
Renter occupied	77%

Vacant Units	10%
For rent	54%
For sale only	3%
Rented or sold, not occupied	13%
For seasonal, recreational, or occasional use	3%
Other vacant	28%

Median Year Moved In to Unit (Own)	1992
Median Year Moved In to Unit (Rent)	2004

Structure Type

Single Family Housing	28%
2 - 4 Units	4%
5 - 9 Units	5%
10 - 19 Units	8%
20 Units or more	56%
Other	0%

Housing Prices

Median Rent	\$1,495
Median Home Value	\$901,153
Median Rent as Percentage of HH Income	29%

Vehicles Available

Homeowners	58%
Renters	42%
Vehicles Per Capita	0.29
Households with no vehicle	920
Percent of Homeowning households	7%
Percent of Renting Households	18%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$62,904
Median Family Income	\$85,654
Per Capita Income	\$32,513
Percent in Poverty	17%

Employment

Unemployment Rate	8%
Employed Residents	8,570
Managerial and Prof. Occupations	47%
Service Occupations	14%
Sales and Office Occupations	32%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	3%
Production and Transportation Occup.	4%

Journey to Work

Workers 16 years and over	8,360
Car	59%
Drove Alone	50%
Carpooled	9%
Transit	27%
Bike	1%
Walk	7%
Other	0%
Worked at Home	5%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 331, 332.01, 332.02, 604

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Marina: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	22,810
Group Quarter Population	0
Percent Female	55%

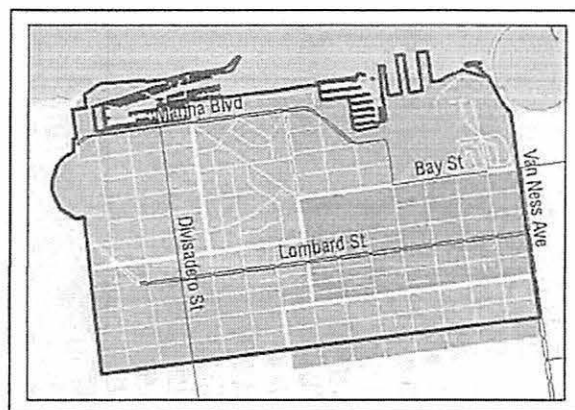
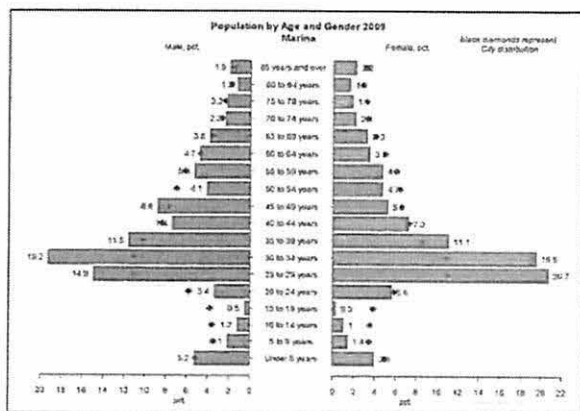
Households	13,010
Family Households	27%
Households with Children, Pct of Total	7%
Non-Family Households	73%
Single Person Households, Pct of Total	58%
Avg Household Size	1.7
Avg Family Household Size	2.6

Race/Ethnicity*

Black/African American	1%
Asian	11%
White	84%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	4%
% Latino (of Any Race)	6%

Age

0 - 4 years	5%
5 - 17 years	3%
18 - 34 years	42%
35 - 59 years	35%
60 and older	15%



Educational Attainment

(Residents 25 years and older)

High School or Less	7%
Some College/Associate Degree	13%
College Degree	50%
Graduate/Professional Degree	29%

Nativity and Language

Foreign Born	15%
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Language Spoken at home

(Residents 5 years and older)

English Only	84%
Spanish Only	4%
Asian/Pacific Islander	5%
Other European Language	7%
Other Languages	1%

Linguistic Isolation

% of All Households	2%
% of Spanish-Speaking Households	6%
% of Asian Language Speaking Households	8%
% of Other European-Speaking Households	17%
% of Households Speaking Other Languages	0%

Marina

HOUSING CHARACTERISTICS

Total Number of Units	14,850
Units Built 2000 to 2009+	240
Median Year Structure Built†	1939

Occupied Units	13,010
Owner occupied	25%
Renter occupied	75%

Vacant Units	12%
For rent	35%
For sale only	7%
Rented or sold, not occupied	6%
For seasonal, recreational, or occasional use	14%
Other vacant	38%
Median Year Moved In to Unit (Own)	1999
Median Year Moved In to Unit (Rent)	2004

Structure Type	
Single Family Housing	12%
2 - 4 Units	30%
5 - 9 Units	13%
10 - 19 Units	31%
20 Units or more	14%
Other	0%

Housing Prices	
Median Rent	\$1,684
Median Home Value	\$1,836,082
Median Rent as Percentage of HH Income	22%

Vehicles Available	14,500
Homeowners	32%
Renters	68%
Vehicles Per Capita	0.66
Households with no vehicle	2,390
Percent of Homeowning households	9%
Percent of Renting Households	21%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$102,442
Median Family Income	\$152,941
Per Capita Income	\$87,353
Percent in Poverty	6%

Employment	
Unemployment Rate	5%
Employed Residents	15,890
Managerial and Prof. Occupations	68%
Service Occupations	3%
Sales and Office Occupations	26%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	2%
Production and Transportation Occup.	1%

Journey to Work	
Workers 16 years and over	15,740
Car	54%
Drove Alone	45%
Carpooled	9%
Transit	30%
Bike	0%
Walk	5%
Other	2%
Worked at Home	9%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† *1939* represents 1939 or earlier

2000 Census Tracts for area: 126, 127, 128, 129, 130

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Mission: Neighborhood at a Glance

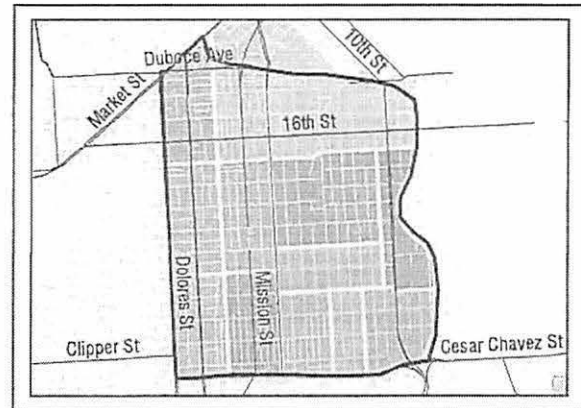
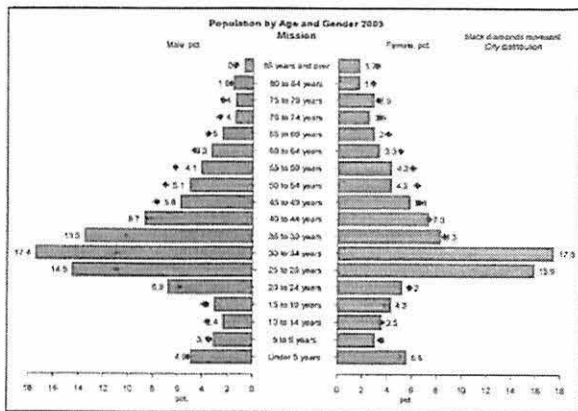
DEMOGRAPHICS

Total Population*	57,300
Group Quarter Population	867
Percent Female	47%

Households	22,190
Family Households	38%
Households with Children, Pct of Total	17%
Non-Family Households	62%
Single Person Households, Pct of Total	38%
Avg Household Size	2.6
Avg Family Household Size	3.8

Race/Ethnicity*	
Black/African American	4%
Asian	13%
White	57%
Native American Indian	1%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	25%
% Latino (of Any Race)	41%

Age	
0 - 4 years	5%
5 - 17 years	8%
18 - 34 years	40%
35 - 59 years	34%
60 and older	13%



Educational Attainment

(Residents 25 years and older)	
High School or Less	35%
Some College/Associate Degree	17%
College Degree	31%
Graduate/Professional Degree	18%

Nativity and Language

Foreign Born	39%
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Language Spoken at home

(Residents 5 years and older)	
English Only	48%
Spanish Only	37%
Asian/Pacific Islander	10%
Other European Language	5%
Other Languages	1%

Linguistic Isolation

% of All Households	16%
% of Spanish-Speaking Households	41%
% of Asian Language Speaking Households	29%
% of Other European-Speaking Households	21%
% of Households Speaking Other Languages	6%

Mission

HOUSING CHARACTERISTICS

Total Number of Units	23,840
Units Built 2000 to 2009+	1,610
Median Year Structure Built†	1939

Occupied Units	22,190
Owner occupied	26%
Renter occupied	74%

Vacant Units	7%
For rent	43%
For sale only	6%
Rented or sold, not occupied	6%
For seasonal, recreational, or occasional use	5%
Other vacant	39%

Median Year Moved In to Unit (Own)	2001
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	26%
2 - 4 Units	28%
5 - 9 Units	16%
10 - 19 Units	13%
20 Units or more	17%
Other	0%

Housing Prices

Median Rent	\$1,083
Median Home Value	\$738,529
Median Rent as Percentage of HH Income	26%

Vehicles Available

Homeowners	39%
Renters	61%
Vehicles Per Capita	0.33
Households with no vehicle	8,640
Percent of Homeowning households	12%
Percent of Renting Households	48%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income

Median Household Income	\$63,627
Median Family Income	\$57,897
Per Capita Income	\$37,667
Percent in Poverty	13%

Employment

Unemployment Rate	5%
Employed Residents	37,410
Managerial and Prof. Occupations	45%
Service Occupations	21%
Sales and Office Occupations	20%
Farming related Occupations	0.1%
Construction and Maintenance Occup.	7%
Production and Transportation Occup.	7%

Journey to Work

Workers 16 years and over	36,950
Car	30%
Drove Alone	24%
Carpooled	7%
Transit	43%
Bike	8%
Walk	11%
Other	2%
Worked at Home	5%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 177, 201, 202, 207, 208, 209, 210, 228.01, 228.02, 228.03, 229.01, 229.02, 229.03

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Mission Bay: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	9,080
Group Quarter Population	0
Percent Female	41%

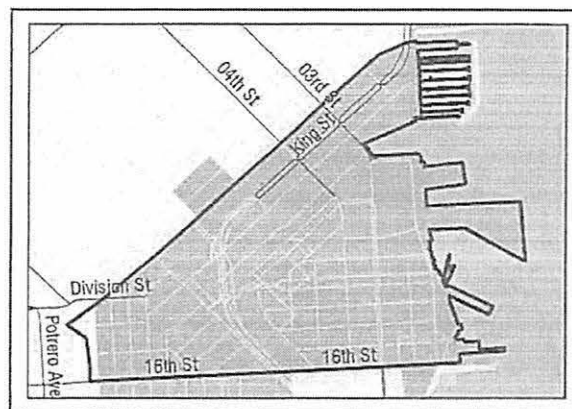
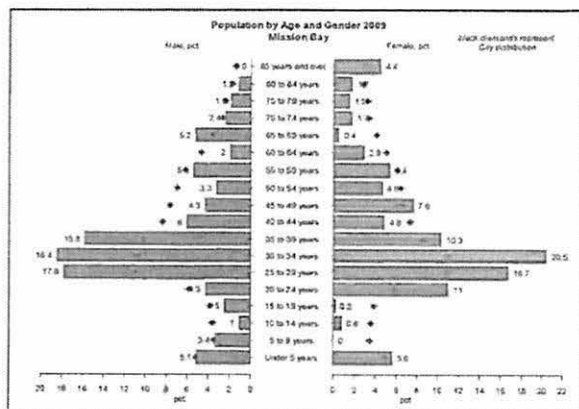
Households	2,190
Family Households	42%
Households with Children, Pct of Total	12%
Non-Family Households	58%
Single Person Households, Pct of Total	43%
Avg Household Size	2.0
Avg Family Household Size	2.9

Race/Ethnicity*

Black/African American	4%
Asian	39%
White	49%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	8%
% Latino (of Any Race)	9%

Age

0 - 4 years	5%
5 - 17 years	3%
18 - 34 years	45%
35 - 59 years	34%
60 and older	13%



Educational Attainment

(Residents 25 years and older)	
High School or Less	19%
Some College/Associate Degree	14%
College Degree	37%
Graduate/Professional Degree	31%

Nativity and Language

Foreign Born	41%
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Language Spoken at home

(Residents 5 years and older)	
English Only	57%
Spanish Only	2%
Asian/Pacific Islander	25%
Other European Language	15%
Other Languages	0%

Linguistic Isolation

% of All Households	10%
% of Spanish-Speaking Households	37%
% of Asian Language Speaking Households	27%
% of Other European-Speaking Households	19%
% of Households Speaking Other Languages	0%

Mission Bay

HOUSING CHARACTERISTICS

Total Number of Units	2,440
Units Built 2000 to 2009+	3,550
Median Year Structure Built†	2003

Occupied Units	2,190
Owner occupied	29%
Renter occupied	71%

Vacant Units	10%
For rent	13%
For sale only	32%
Rented or sold, not occupied	10%
For seasonal, recreational, or occasional use	11%
Other vacant	33%

Median Year Moved In to Unit (Own)	2010
Median Year Moved In to Unit (Rent)	2010

Structure Type

Single Family Housing	3%
2 - 4 Units	0%
5 - 9 Units	0%
10 - 19 Units	2%
20 Units or more	95%
Other	0%

Housing Prices

Median Rent	\$2,315
Median Home Value	\$832,176
Median Rent as Percentage of HH Income	26%

Vehicles Available	2,200
Homeowners	35%
Renters	65%
Vehicles Per Capita	0.49
Households with no vehicle	430
Percent of Homeowning households	4%
Percent of Renting Households	26%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$103,942
Median Family Income	\$112,500
Per Capita Income	\$69,135
Percent in Poverty	9%

Employment	
Unemployment Rate	8%
Employed Residents	2,820
Managerial and Prof. Occupations	59%
Service Occupations	7%
Sales and Office Occupations	26%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	4%
Production and Transportation Occup.	4%

Journey to Work

Workers 16 years and over	2,760
Car	40%
Drove Alone	35%
Carpooled	4%
Transit	31%
Bike	1%
Walk	17%
Other	6%
Worked at Home	5%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 607

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Nob Hill: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	22,860
Group Quarter Population	248
Percent Female	52%

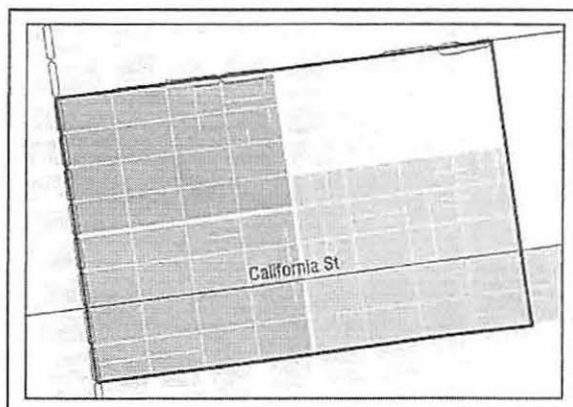
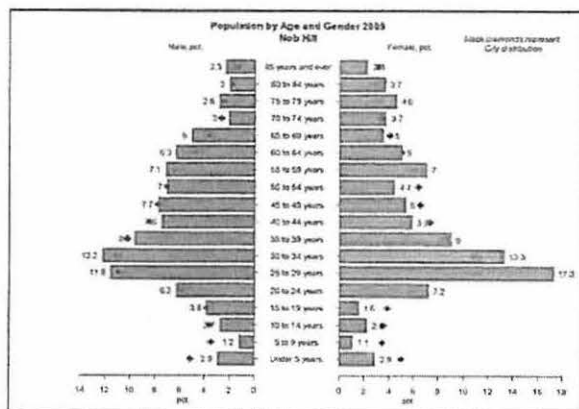
Households	9,800
Family Households	30%
Households with Children, Pct of Total	9%
Non-Family Households	70%
Single Person Households, Pct of Total	56%
Avg Household Size	1.9
Avg Family Household Size	3.0

Race/Ethnicity*

Black/African American	2%
Asian	39%
White	53%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	6%
% Latino (of Any Race)	8%

Age

0 - 4 years	3%
5 - 17 years	5%
18 - 34 years	35%
35 - 59 years	35%
60 and older	22%



Educational Attainment

(Residents 25 years and older)	
High School or Less	28%
Some College/Associate Degree	21%
College Degree	37%
Graduate/Professional Degree	14%

Nativity and Language

Foreign Born	37%
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Language Spoken at home

(Residents 5 years and older)	
English Only	57%
Spanish Only	5%
Asian/Pacific Islander	32%
Other European Language	6%
Other Languages	0%

Linguistic Isolation

% of All Households	14%
% of Spanish-Speaking Households	13%
% of Asian Language Speaking Households	44%
% of Other European-Speaking Households	26%
% of Households Speaking Other Languages	0%

Nob Hill**HOUSING CHARACTERISTICS**

Total Number of Units	11,650
Units Built 2000 to 2009+	240
Median Year Structure Built†	1939

Occupied Units	9,800
Owner occupied	14%
Renter occupied	86%

Vacant Units	16%
For rent	53%
For sale only	0%
Rented or sold, not occupied	9%
For seasonal, recreational, or occasional use	35%
Other vacant	4%

Median Year Moved In to Unit (Own)	1998
Median Year Moved In to Unit (Rent)	2002

Structure Type

Single Family Housing	2%
2 - 4 Units	10%
5 - 9 Units	14%
10 - 19 Units	22%
20 Units or more	51%
Other	0%

Housing Prices

Median Rent	\$1,081
Median Home Value	\$702,632
Median Rent as Percentage of HH Income	26%

Vehicles Available

Homeowners	24%
Renters	76%
Vehicles Per Capita	0.27
Households with no vehicle	5,850
Percent of Homeowning households	25%
Percent of Renting Households	65%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$53,283
Median Family Income	\$53,138
Per Capita Income	\$46,484
Percent in Poverty	13%

Employment

Unemployment Rate	4%
Employed Residents	11,740
Managerial and Prof. Occupations	49%
Service Occupations	17%
Sales and Office Occupations	26%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	3%
Production and Transportation Occup.	4%

Journey to Work

Workers 16 years and over	11,490
Car	24%
Drove Alone	21%
Carpooled	3%
Transit	30%
Bike	1%
Walk	36%
Other	1%
Worked at Home	7%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 110, 111, 112, 119

May 2011

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Noe Valley: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	21,300
Group Quarter Population	0
Percent Female	49%

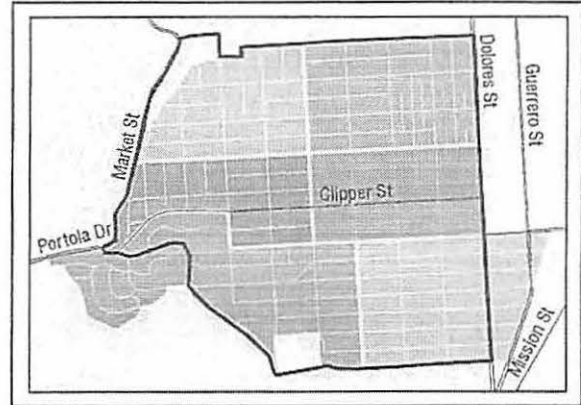
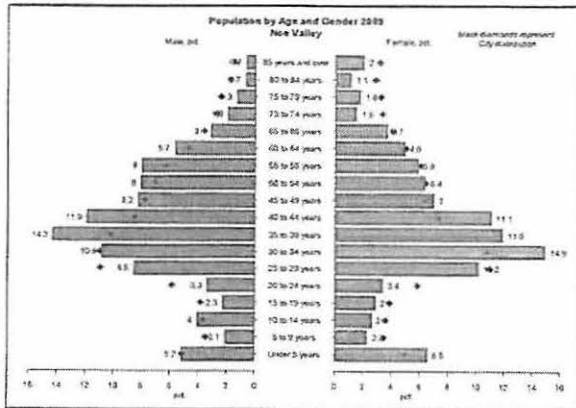
Households	11,370
Family Households	40%
Households with Children, Pct of Total	18%
Non-Family Households	60%
Single Person Households, Pct of Total	42%
Avg Household Size	2.1
Avg Family Household Size	2.9

Race/Ethnicity*

Black/African American	2%
Asian	12%
White	77%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	9%
% Latino (of Any Race)	11%

Age

0 - 4 years	6%
5 - 17 years	7%
18 - 34 years	26%
35 - 59 years	46%
60 and older	14%



Educational Attainment

(Residents 25 years and older)	
High School or Less	10%
Some College/Associate Degree	17%
College Degree	36%
Graduate/Professional Degree	37%

Nativity and Language

Foreign Born	16%
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Language Spoken at home

(Residents 5 years and older)	
English Only	79%
Spanish Only	9%
Asian/Pacific Islander	6%
Other European Language	5%
Other Languages	1%

Linguistic Isolation

% of All Households	2%
% of Spanish-Speaking Households	7%
% of Asian Language Speaking Households	6%
% of Other European-Speaking Households	11%
% of Households Speaking Other Languages	0%

Noe Valley**HOUSING CHARACTERISTICS**

Total Number of Units	12,110
Units Built 2000 to 2009+	190
Median Year Structure Built†	1939

Occupied Units	11,370
Owner occupied	50%
Renter occupied	50%

Vacant Units	6%
For rent	23%
For sale only	0%
Rented or sold, not occupied	24%
For seasonal, recreational, or occasional use	19%
Other vacant	34%

Median Year Moved In to Unit (Own)	1997
Median Year Moved In to Unit (Rent)	2003

Structure Type	
Single Family Housing	41%
2 - 4 Units	36%
5 - 9 Units	11%
10 - 19 Units	5%
20 Units or more	8%
Other	0%

Housing Prices	
Median Rent	\$1,491
Median Home Value	\$998,187
Median Rent as Percentage of HH Income	24%

Vehicles Available	14,580
Homeowners	59%
Renters	41%
Vehicles Per Capita	0.62
Households with no vehicle	1,750
Percent of Homeowning households	8%
Percent of Renting Households	23%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$105,807
Median Family Income	\$140,939
Per Capita Income	\$72,986
Percent in Poverty	5%

Employment	
Unemployment Rate	6%
Employed Residents	15,760
Managerial and Prof. Occupations	68%
Service Occupations	8%
Sales and Office Occupations	19%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	3%
Production and Transportation Occup.	2%

Journey to Work	
Workers 16 years and over	15,380
Car	50%
Drove Alone	45%
Carpooled	5%
Transit	32%
Bike	2%
Walk	6%
Other	3%
Worked at Home	7%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 211, 212, 213, 214, 215, 216

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

North Beach: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	14,860
Group Quarter Population	0
Percent Female	46%

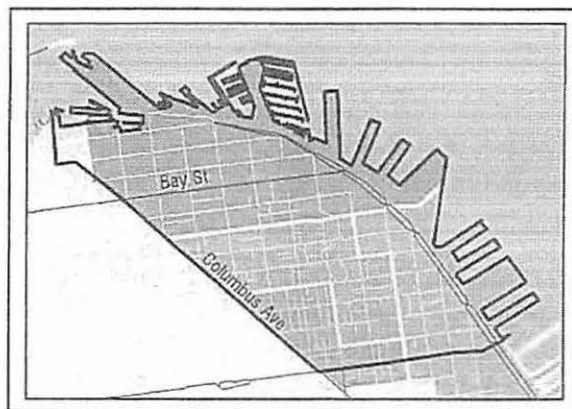
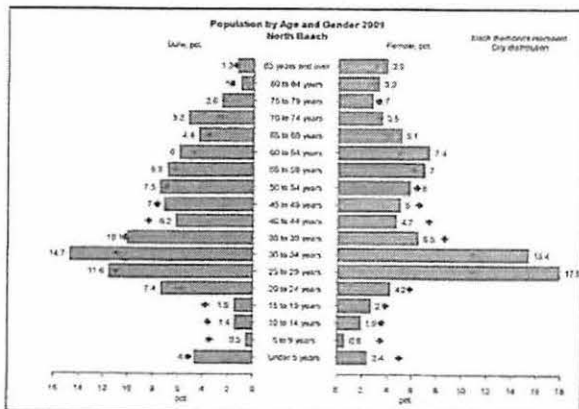
Households	7,680
Family Households	34%
Households with Children, Pct of Total	8%
Non-Family Households	66%
Single Person Households, Pct of Total	52%
Avg Household Size	1.9
Avg Family Household Size	2.9

Race/Ethnicity*

Black/African American	3%
Asian	37%
White	54%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	5%
% Latino (of Any Race)	7%

Age

0 - 4 years	4%
5 - 17 years	4%
18 - 34 years	36%
35 - 59 years	34%
60 and older	23%



Educational Attainment

(Residents 25 years and older)	
High School or Less	26%
Some College/Associate Degree	14%
College Degree	37%
Graduate/Professional Degree	23%

Nativity and Language

Foreign Born	33%
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Language Spoken at home

(Residents 5 years and older)	
English Only	61%
Spanish Only	4%
Asian/Pacific Islander	27%
Other European Language	6%
Other Languages	2%

Linguistic Isolation

% of All Households	15%
% of Spanish-Speaking Households	12%
% of Asian Language Speaking Households	57%
% of Other European-Speaking Households	18%
% of Households Speaking Other Languages	0%

North Beach

HOUSING CHARACTERISTICS

Total Number of Units	8,950
Units Built 2000 to 2009+	700
Median Year Structure Built†	1956

Occupied Units	7,680
Owner occupied	21%
Renter occupied	79%

Vacant Units	14%
For rent	42%
For sale only	6%
Rented or sold, not occupied	11%
For seasonal, recreational, or occasional use	38%
Other vacant	3%

Median Year Moved In to Unit (Own)	1997
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	6%
2 - 4 Units	27%
5 - 9 Units	13%
10 - 19 Units	10%
20 Units or more	44%
Other	0%

Housing Prices

Median Rent	\$1,392
Median Home Value	\$844,444
Median Rent as Percentage of HH Income	26%

Vehicles Available	5,620
Homeowners	30%
Renters	70%
Vehicles Per Capita	0.38
Households with no vehicle	3,130
Percent of Homeowning households	16%
Percent of Renting Households	48%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$70,067
Median Family Income	\$86,658
Per Capita Income	\$57,906
Percent in Poverty	12%

Employment	
Unemployment Rate	5%
Employed Residents	9,120
Managerial and Prof. Occupations	59%
Service Occupations	13%
Sales and Office Occupations	23%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	1%
Production and Transportation Occup.	4%

Journey to Work

Workers 16 years and over	8,960
Car	28%
Drove Alone	25%
Carpooled	3%
Transit	27%
Bike	1%
Walk	34%
Other	1%
Worked at Home	9%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 101, 104, 105, 106

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Ocean View: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	31,880
Group Quarter Population	180
Percent Female	49%

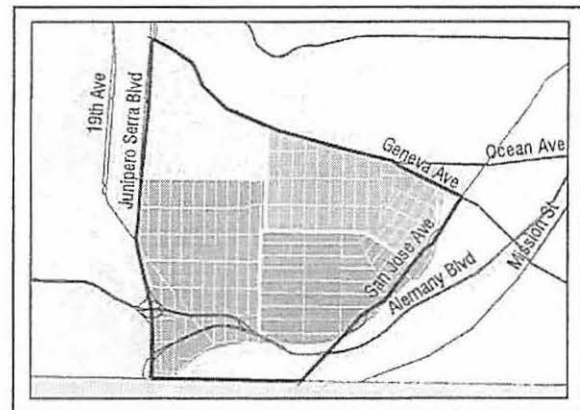
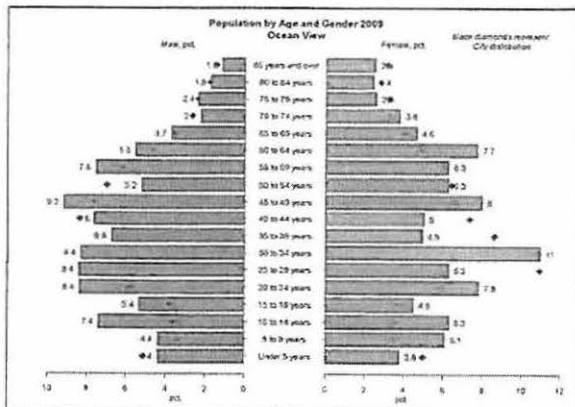
Households	6,590
Family Households	70%
Households with Children, Pct of Total	32%
Non-Family Households	30%
Single Person Households, Pct of Total	24%
Avg Household Size	3.7
Avg Family Household Size	4.7

Race/Ethnicity*

Black/African American	12%
Asian	49%
White	27%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	11%
% Latino (of Any Race)	19%

Age

0 - 4 years	4%
5 - 17 years	15%
18 - 34 years	27%
35 - 59 years	34%
60 and older	20%



Educational Attainment

(Residents 25 years and older)

High School or Less	44%
Some College/Associate Degree	23%
College Degree	25%
Graduate/Professional Degree	7%

Nativity and Language

Foreign Born	45%
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Language Spoken at home

(Residents 5 years and older)

English Only	40%
Spanish Only	16%
Asian/Pacific Islander	42%
Other European Language	3%
Other Languages	0%

Linguistic Isolation

% of All Households	13%
% of Spanish-Speaking Households	31%
% of Asian Language Speaking Households	25%
% of Other European-Speaking Households	6%
% of Households Speaking Other Languages	#Num!

Ocean View

HOUSING CHARACTERISTICS

Total Number of Units	7,050
Units Built 2000 to 2009+	440
Median Year Structure Built†	1943

Occupied Units	6,590
Owner occupied	71%
Renter occupied	29%

Vacant Units	7%
For rent	10%
For sale only	10%
Rented or sold, not occupied	22%
For seasonal, recreational, or occasional use	0%
Other vacant	58%

Median Year Moved In to Unit (Own)	1993
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	82%
2 - 4 Units	9%
5 - 9 Units	2%
10 - 19 Units	1%
20 Units or more	6%
Other	0%

Housing Prices

Median Rent	\$1,032
Median Home Value	\$609,976
Median Rent as Percentage of HH Income	33%

Vehicles Available	11,180
Homeowners	78%
Renters	22%
Vehicles Per Capita	0.46
Households with no vehicle	530
Percent of Homeowning households	4%
Percent of Renting Households	17%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$67,475
Median Family Income	\$78,365
Per Capita Income	\$25,343
Percent in Poverty	11%

Employment

Unemployment Rate	10%
Employed Residents	11,830
Managerial and Prof. Occupations	32%
Service Occupations	24%
Sales and Office Occupations	24%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	9%
Production and Transportation Occup.	11%

Journey to Work

Workers 16 years and over	11,500
Car	59%
<i>Drove Alone</i>	47%
<i>Carpooled</i>	12%
Transit	32%
Bike	1%
Walk	4%
Other	1%
Worked at Home	3%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 312, 313, 314

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Outer Mission: Neighborhood at a Glance

DEMOGRAPHICS

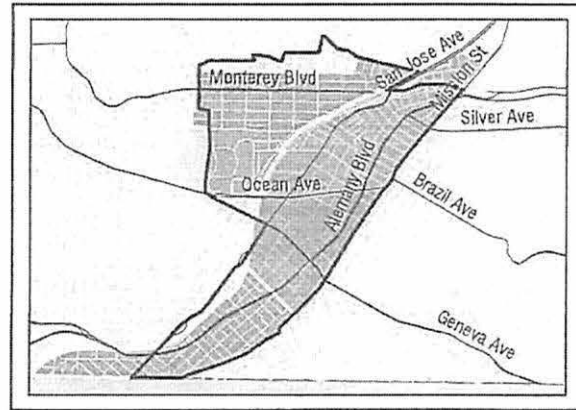
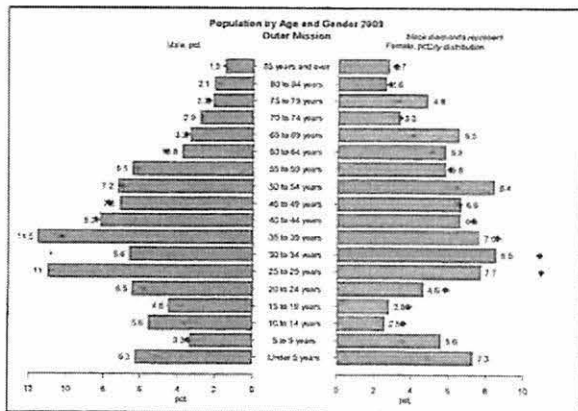
Total Population*	29,040
Group Quarter Population	0
Percent Female	51%
Households	7,920
Family Households	65%
Households with Children, Pct of Total	33%
Non-Family Households	35%
Single Person Households, Pct of Total	23%
Avg Household Size	3.6
Avg Family Household Size	4.5

Race/Ethnicity*

Black/African American	2%
Asian	49%
White	31%
Native American Indian	1%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	17%
% Latino (of Any Race)	26%

Age

0 - 4 years	7%
5 - 17 years	11%
18 - 34 years	24%
35 - 59 years	38%
60 and older	21%



Educational Attainment

(Residents 25 years and older)

High School or Less	42%
Some College/Associate Degree	24%
College Degree	26%
Graduate/Professional Degree	8%

Nativity and Language

Foreign Born	47%
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Language Spoken at home

(Residents 5 years and older)

English Only	37%
Spanish Only	21%
Asian/Pacific Islander	39%
Other European Language	3%
Other Languages	0%

Linguistic Isolation

% of All Households	15%
% of Spanish-Speaking Households	18%
% of Asian Language Speaking Households	28%
% of Other European-Speaking Households	30%
% of Households Speaking Other Languages	0%

Outer Mission

HOUSING CHARACTERISTICS

Total Number of Units	8,320
Units Built 2000 to 2009+	90
Median Year Structure Built†	1939

Occupied Units	7,920
Owner occupied	66%
Renter occupied	34%

Vacant Units	5%
For rent	7%
For sale only	11%
Rented or sold, not occupied	20%
For seasonal, recreational, or occasional use	0%
Other vacant	63%

Median Year Moved In to Unit (Own)	1993
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	78%
2 - 4 Units	13%
5 - 9 Units	4%
10 - 19 Units	3%
20 Units or more	2%
Other	0%

Housing Prices

Median Rent	\$1,292
Median Home Value	\$674,346
Median Rent as Percentage of HH Income	26%

Vehicles Available	12,790
Homeowners	74%
Renters	26%
Vehicles Per Capita	0.45
Households with no vehicle	1,020
Percent of Homeowning households	7%
Percent of Renting Households	24%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$79,477
Median Family Income	\$88,273
Per Capita Income	\$32,002
Percent in Poverty	7%

Employment	
Unemployment Rate	5%
Employed Residents	14,920
Managerial and Prof. Occupations	39%
Service Occupations	19%
Sales and Office Occupations	23%
Farming related Occupations	0.6%
Construction and Maintenance Occup.	9%
Production and Transportation Occup.	9%

Journey to Work

Workers 16 years and over	14,420
Car	57%
<i>Drove Alone</i>	47%
<i>Carpooled</i>	10%
Transit	35%
Bike	1%
Walk	3%
Other	1%
Worked at Home	3%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 255, 261, 262, 311

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Outer Richmond: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	28,370
Group Quarter Population	428
Percent Female	52%

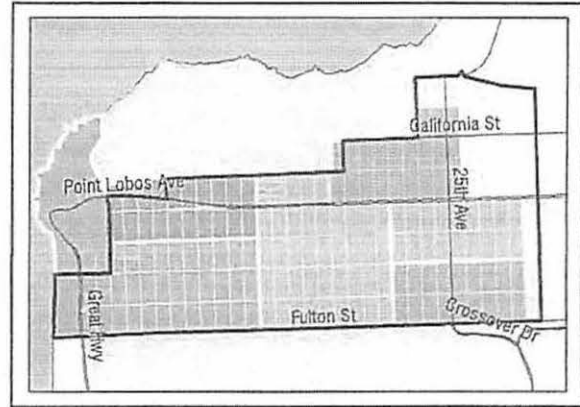
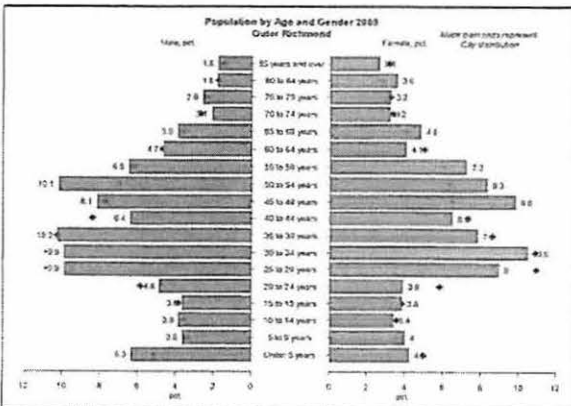
Households	12,600
Family Households	56%
Households with Children, Pct of Total	23%
Non-Family Households	44%
Single Person Households, Pct of Total	35%
Avg Household Size	2.6
Avg Family Household Size	3.5

Race/Ethnicity*

Black/African American	2%
Asian	48%
White	44%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	7%
% Latino (of Any Race)	6%

Age

0 - 4 years	5%
5 - 17 years	10%
18 - 34 years	25%
35 - 59 years	41%
60 and older	19%



Educational Attainment

(Residents 25 years and older)	
High School or Less	26%
Some College/Associate Degree	23%
College Degree	32%
Graduate/Professional Degree	19%

Nativity and Language

Foreign Born	40%
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Language Spoken at home

(Residents 5 years and older)	
English Only	48%
Spanish Only	3%
Asian/Pacific Islander	37%
Other European Language	11%
Other Languages	1%

Linguistic Isolation

% of All Households	18%
% of Spanish-Speaking Households	11%
% of Asian Language Speaking Households	36%
% of Other European-Speaking Households	36%
% of Households Speaking Other Languages	0%

Outer Richmond

HOUSING CHARACTERISTICS

Total Number of Units	13,560
Units Built 2000 to 2009+	180
Median Year Structure Built†	1940

Occupied Units	12,600
Owner occupied	43%
Renter occupied	57%

Vacant Units	7%
For rent	23%
For sale only	4%
Rented or sold, not occupied	23%
For seasonal, recreational, or occasional use	23%
Other vacant	27%

Median Year Moved In to Unit (Own)	1993
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	39%
2 - 4 Units	36%
5 - 9 Units	13%
10 - 19 Units	8%
20 Units or more	4%
Other	0%

Housing Prices

Median Rent	\$1,240
Median Home Value	\$835,293
Median Rent as Percentage of HH Income	26%

Vehicles Available

Homeowners	53%
Renters	47%
Vehicles Per Capita	0.49
Households with no vehicle	2,230
Percent of Homeowning households	11%
Percent of Renting Households	23%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$72,459
Median Family Income	\$89,541
Per Capita Income	\$38,038
Percent in Poverty	7%

Employment

Unemployment Rate	7%
Employed Residents	18,780
Managerial and Prof. Occupations	49%
Service Occupations	16%
Sales and Office Occupations	26%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	5%
Production and Transportation Occup.	5%

Journey to Work

Workers 16 years and over	18,310
Car	59%
<i>Drove Alone</i>	47%
<i>Carpooled</i>	12%
Transit	30%
Bike	1%
Walk	2%
Other	2%
Worked at Home	6%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 427, 477.01, 477.02, 478, 479.01, 479.02

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Outer Sunset: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	45,670
Group Quarter Population	484
Percent Female	50%

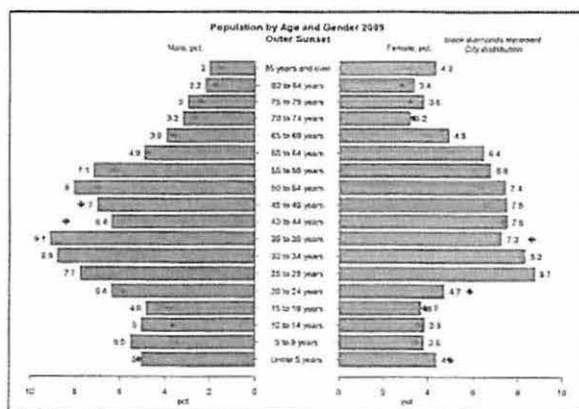
Households	16,830
Family Households	64%
Households with Children, Pct of Total	27%
Non-Family Households	36%
Single Person Households, Pct of Total	26%
Avg Household Size	3.1
Avg Family Household Size	3.8

Race/Ethnicity*

Black/African American	1%
Asian	57%
White	35%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	5%
% Latino (of Any Race)	4%

Age

0 - 4 years	5%
5 - 17 years	12%
18 - 34 years	24%
35 - 59 years	37%
60 and older	23%



Educational Attainment

(Residents 25 years and older)

High School or Less	31%
Some College/Associate Degree	23%
College Degree	32%
Graduate/Professional Degree	14%

Nativity and Language

Foreign Born	49%
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Language Spoken at home

(Residents 5 years and older)

English Only	40%
Spanish Only	3%
Asian/Pacific Islander	49%
Other European Language	8%
Other Languages	1%

Linguistic Isolation

% of All Households	18%
% of Spanish-Speaking Households	9%
% of Asian Language Speaking Households	35%
% of Other European-Speaking Households	24%
% of Households Speaking Other Languages	20%

Outer Sunset

HOUSING CHARACTERISTICS

Total Number of Units	17,800
Units Built 2000 to 2009+	300
Median Year Structure Built†	1942

Occupied Units	16,830
Owner occupied	57%
Renter occupied	43%

Vacant Units	5%
For rent	13%
For sale only	12%
Rented or sold, not occupied	4%
For seasonal, recreational, or occasional use	12%
Other vacant	59%

Median Year Moved In to Unit (Own)	1991
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	68%
2 - 4 Units	22%
5 - 9 Units	6%
10 - 19 Units	1%
20 Units or more	3%
Other	0%

Housing Prices

Median Rent	\$1,353
Median Home Value	\$726,851
Median Rent as Percentage of HH Income	26%

Vehicles Available

Homeowners	64%
Renters	36%
Vehicles Per Capita	0.50
Households with no vehicle	2,410
Percent of Homeowning households	11%
Percent of Renting Households	18%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$73,728
Median Family Income	\$89,241
Per Capita Income	\$33,633
Percent in Poverty	7%

Employment

Unemployment Rate	6%
Employed Residents	26,580
Managerial and Prof. Occupations	46%
Service Occupations	17%
Sales and Office Occupations	23%
Farming related Occupations	0.2%
Construction and Maintenance Occup.	5%
Production and Transportation Occup.	8%

Journey to Work

Workers 16 years and over	25,640
Car	63%
Drove Alone	49%
Carpooled	14%
Transit	27%
Bike	2%
Walk	2%
Other	1%
Worked at Home	4%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 326, 327, 328, 329, 351, 352.01, 352.02

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Pacific Heights: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	16,750
Group Quarter Population	135
Percent Female	56%

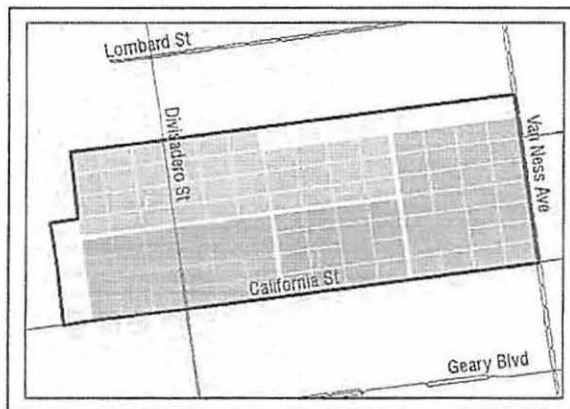
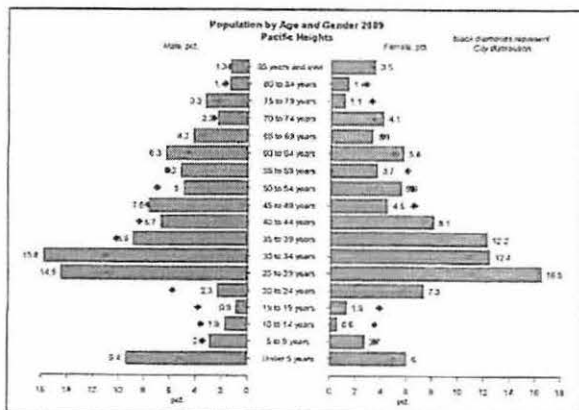
Households	10,170
Family Households	31%
Households with Children, Pct of Total	13%
Non-Family Households	69%
Single Person Households, Pct of Total	56%
Avg Household Size	1.8
Avg Family Household Size	2.8

Race/Ethnicity*

Black/African American	2%
Asian	13%
White	81%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	5%
% Latino (of Any Race)	4%

Age

0 - 4 years	8%
5 - 17 years	5%
18 - 34 years	35%
35 - 59 years	34%
60 and older	19%



Educational Attainment

(Residents 25 years and older)	
High School or Less	6%
Some College/Associate Degree	12%
College Degree	43%
Graduate/Professional Degree	39%

Nativity and Language

Foreign Born	15%
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Language Spoken at home

(Residents 5 years and older)	
English Only	87%
Spanish Only	2%
Asian/Pacific Islander	3%
Other European Language	6%
Other Languages	0%

Linguistic Isolation

% of All Households	3%
% of Spanish-Speaking Households	7%
% of Asian Language Speaking Households	45%
% of Other European-Speaking Households	10%
% of Households Speaking Other Languages	30%

Pacific Heights

HOUSING CHARACTERISTICS

Total Number of Units	11,230
Units Built 2000 to 2009+	-10
Median Year Structure Built†	1939

Occupied Units	10,170
Owner occupied	28%
Renter occupied	72%

Vacant Units	9%
For rent	29%
For sale only	0%
Rented or sold, not occupied	27%
For seasonal, recreational, or occasional use	23%
Other vacant	21%

Median Year Moved In to Unit (Own)	2000
Median Year Moved In to Unit (Rent)	2004

Structure Type	
Single Family Housing	15%
2 - 4 Units	12%
5 - 9 Units	15%
10 - 19 Units	23%
20 Units or more	35%
Other	0%

Housing Prices	
Median Rent	\$1,635
Median Home Value	\$2,300,281
Median Rent as Percentage of HH Income	23%

Vehicles Available	10,940
Homeowners	39%
Renters	61%
Vehicles Per Capita	0.59
Households with no vehicle	2,390
Percent of Homeowning households	8%
Percent of Renting Households	30%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$109,307
Median Family Income	\$199,160
Per Capita Income	\$101,257
Percent in Poverty	7%

Employment	
Unemployment Rate	4%
Employed Residents	11,810
Managerial and Prof. Occupations	70%
Service Occupations	5%
Sales and Office Occupations	23%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	1%
Production and Transportation Occup.	1%

Journey to Work	
Workers 16 years and over	11,440
Car	47%
Drove Alone	40%
Carpooled	7%
Transit	25%
Bike	1%
Walk	11%
Other	3%
Worked at Home	13%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 131, 132, 134, 135

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Parkside: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	25,920
Group Quarter Population	71
Percent Female	52%

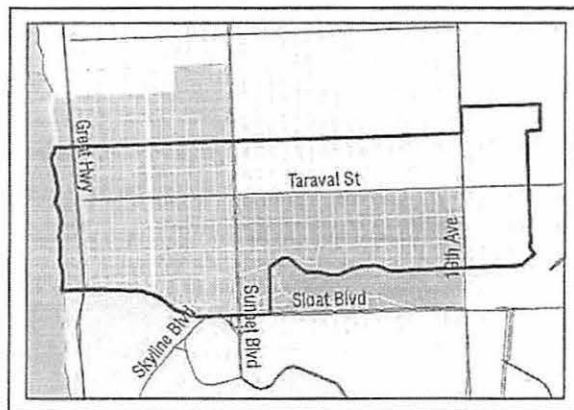
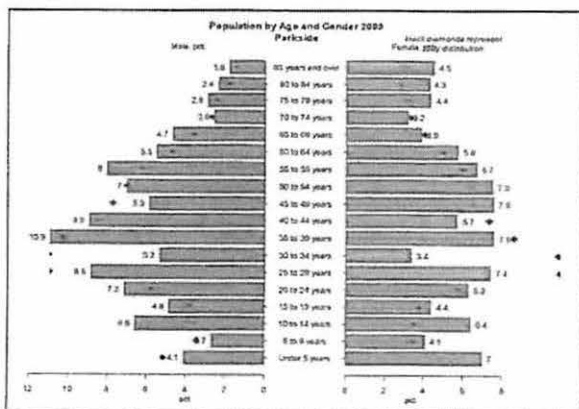
Households	6,860
Family Households	72%
Households with Children, Pct of Total	29%
Non-Family Households	28%
Single Person Households, Pct of Total	19%
Avg Household Size	3.2
Avg Family Household Size	3.8

Race/Ethnicity*

Black/African American	1%
Asian	58%
White	35%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	6%
% Latino (of Any Race)	6%

Age

0 - 4 years	6%
5 - 17 years	13%
18 - 34 years	21%
35 - 59 years	38%
60 and older	23%



Educational Attainment

(Residents 25 years and older)	
High School or Less	34%
Some College/Associate Degree	21%
College Degree	31%
Graduate/Professional Degree	14%

Nativity and Language

Foreign Born	43%
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Language Spoken at home

(Residents 5 years and older)	
English Only	42%
Spanish Only	4%
Asian/Pacific Islander	46%
Other European Language	6%
Other Languages	1%

Linguistic Isolation

% of All Households	16%
% of Spanish-Speaking Households	7%
% of Asian Language Speaking Households	32%
% of Other European-Speaking Households	25%
% of Households Speaking Other Languages	0%

Parkside

HOUSING CHARACTERISTICS

Total Number of Units	7,280
Units Built 2000 to 2009+	40
Median Year Structure Built†	1945

Occupied Units	6,860
Owner occupied	67%
Renter occupied	33%

Vacant Units	6%
For rent	3%
For sale only	19%
Rented or sold, not occupied	0%
For seasonal, recreational, or occasional use	23%
Other vacant	55%

Median Year Moved In to Unit (Own)	1992
Median Year Moved In to Unit (Rent)	2002

Structure Type

Single Family Housing	84%
2 - 4 Units	10%
5 - 9 Units	5%
10 - 19 Units	2%
20 Units or more	0%
Other	0%

Housing Prices

Median Rent	\$1,148
Median Home Value	\$720,247
Median Rent as Percentage of HH Income	26%

Vehicles Available	11,160
Homeowners	71%
Renters	29%
Vehicles Per Capita	0.51
Households with no vehicle	740
Percent of Homeowning households	6%
Percent of Renting Households	21%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$83,131
Median Family Income	\$95,284
Per Capita Income	\$32,094
Percent in Poverty	8%

Employment

Unemployment Rate	8%
Employed Residents	10,670
Managerial and Prof. Occupations	48%
Service Occupations	14%
Sales and Office Occupations	21%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	8%
Production and Transportation Occup.	9%

Journey to Work

Workers 16 years and over	10,280
Car	62%
Drove Alone	52%
Carpooled	10%
Transit	26%
Bike	0%
Walk	4%
Other	1%
Worked at Home	7%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 330, 353, 354

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Potrero Hill: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	12,110
Group Quarter Population	0
Percent Female	48%

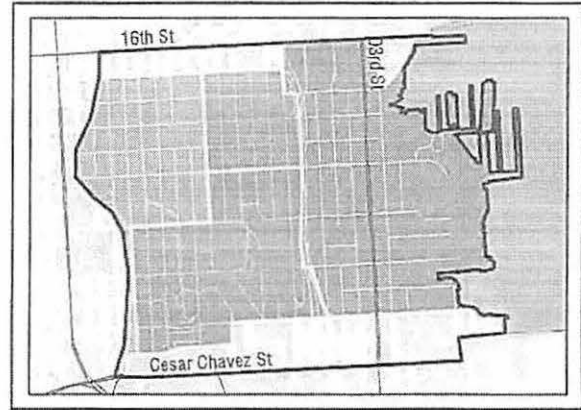
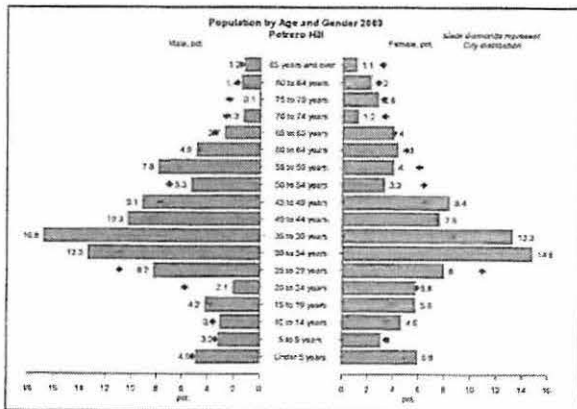
Households	5,810
Family Households	43%
Households with Children, Pct of Total	19%
Non-Family Households	57%
Single Person Households, Pct of Total	38%
Avg Household Size	2.3
Avg Family Household Size	3.2

Race/Ethnicity*

Black/African American	9%
Asian	13%
White	66%
Native American Indian	0%
Native Hawaiian/Pacific Islander	1%
Other/Two or More Races	10%
% Latino (of Any Race)	13%

Age

0 - 4 years	5%
5 - 17 years	11%
18 - 34 years	27%
35 - 59 years	43%
60 and older	14%



Educational Attainment

(Residents 25 years and older)	
High School or Less	18%
Some College/Associate Degree	17%
College Degree	36%
Graduate/Professional Degree	28%

Nativity and Language

Foreign Born	17%
--------------	-----

Language Spoken at home

(Residents 5 years and older)	
English Only	74%
Spanish Only	11%
Asian/Pacific Islander	5%
Other European Language	10%
Other Languages	0%

Linguistic Isolation

% of All Households	4%
% of Spanish-Speaking Households	23%
% of Asian Language Speaking Households	13%
% of Other European-Speaking Households	6%
% of Households Speaking Other Languages	0%

Potrero Hill**HOUSING CHARACTERISTICS**

Total Number of Units	6,140
Units Built 2000 to 2009+	710
Median Year Structure Built†	1946

Occupied Units	5,810
Owner occupied	45%
Renter occupied	55%

Vacant Units	5%
For rent	5%
For sale only	17%
Rented or sold, not occupied	2%
For seasonal, recreational, or occasional use	14%
Other vacant	62%

Median Year Moved In to Unit (Own)	2000
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	33%
2 - 4 Units	34%
5 - 9 Units	9%
10 - 19 Units	11%
20 Units or more	13%
Other	0%

Housing Prices

Median Rent	\$1,524
Median Home Value	\$836,252
Median Rent as Percentage of HH Income	24%

Vehicles Available	7,870
Homeowners	54%
Renters	46%
Vehicles Per Capita	0.59
Households with no vehicle	780
Percent of Homeowning households	2%
Percent of Renting Households	23%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$98,182
Median Family Income	\$110,657
Per Capita Income	\$58,650
Percent in Poverty	16%

Employment	
Unemployment Rate	9%
Employed Residents	7,880
Managerial and Prof. Occupations	65%
Service Occupations	8%
Sales and Office Occupations	19%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	4%
Production and Transportation Occup.	4%

Journey to Work

Workers 16 years and over	7,780
Car	53%
Drove Alone	48%
Carpooled	5%
Transit	21%
Bike	4%
Walk	6%
Other	4%
Worked at Home	12%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 226, 227.01, 227.02, 227.03

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Presidio: Neighborhood at a Glance

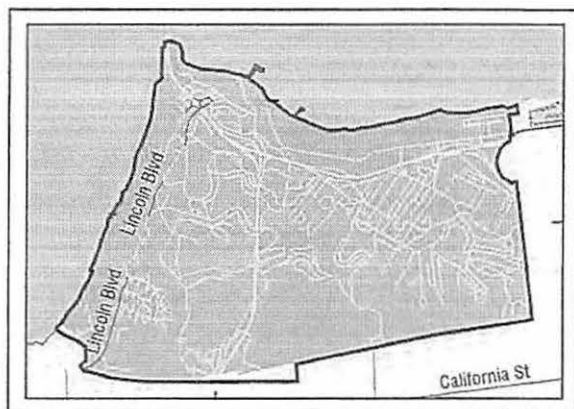
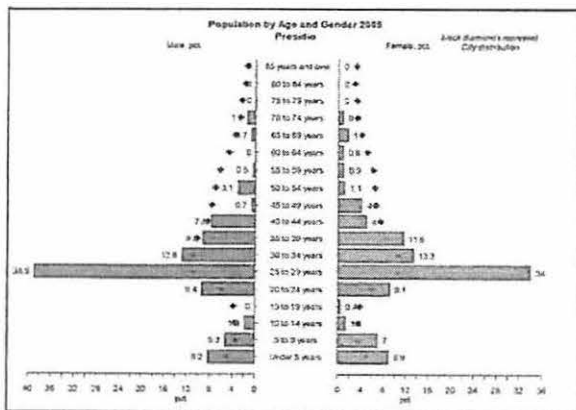
DEMOGRAPHICS

Total Population*	3,240
Group Quarter Population	0
Percent Female	43%

Households	880
Family Households	36%
Households with Children, Pct of Total	21%
Non-Family Households	64%
Single Person Households, Pct of Total	24%
Avg Household Size	3.0
Avg Family Household Size	3.6

Race/Ethnicity*	
Black/African American	2%
Asian	8%
White	80%
Native American Indian	0%
Native Hawaiian/Pacific Islander	1%
Other/Two or More Races	9%
% Latino (of Any Race)	4%

Age	
0 - 4 years	9%
5 - 17 years	8%
18 - 34 years	59%
35 - 59 years	22%
60 and older	3%



Educational Attainment

(Residents 25 years and older)	
High School or Less	6%
Some College/Associate Degree	8%
College Degree	61%
Graduate/Professional Degree	24%

Nativity and Language

Foreign Born	12%
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Language Spoken at home

(Residents 5 years and older)	
English Only	85%
Spanish Only	5%
Asian/Pacific Islander	4%
Other European Language	5%
Other Languages	0%

Linguistic Isolation

% of All Households	1%
% of Spanish-Speaking Households	7%
% of Asian Language Speaking Households	0%
% of Other European-Speaking Households	0%
% of Households Speaking Other Languages	0%

Presidio

HOUSING CHARACTERISTICS

Total Number of Units	1,130
Units Built 2000 to 2009+	0
Median Year Structure Built†	1950

Occupied Units	880
Owner occupied	2%
Renter occupied	98%

Vacant Units	21%
For rent	44%
For sale only	4%
Rented or sold, not occupied	17%
For seasonal, recreational, or occasional use	0%
Other vacant	36%

Median Year Moved In to Unit (Own)	2002
Median Year Moved In to Unit (Rent)	2005

Structure Type	
Single Family Housing	33%
2 - 4 Units	49%
5 - 9 Units	15%
10 - 19 Units	0%
20 Units or more	0%
Other	2%

Housing Prices	
Median Rent	\$2,818
Median Home Value	\$883,333
Median Rent as Percentage of HH Income	26%

Vehicles Available

Homeowners	
Renters	
Vehicles Per Capita	
Households with no vehicle	20
Percent of Homeowning households	0%
Percent of Renting Households	2%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$116,807
Median Family Income	\$121,591
Per Capita Income	\$61,881
Percent in Poverty	9%

Employment	
Unemployment Rate	3%
Employed Residents	1,910
Managerial and Prof. Occupations	59%
Service Occupations	8%
Sales and Office Occupations	30%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	1%
Production and Transportation Occup.	2%

Journey to Work	
Workers 16 years and over	1,900
Car	49%
Drove Alone	44%
Carpooled	5%
Transit	27%
Bike	5%
Walk	1%
Other	3%
Worked at Home	16%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ *1939* represents 1939 or earlier

2000 Census Tracts for area: 601

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Presidio Heights: Neighborhood at a Glance

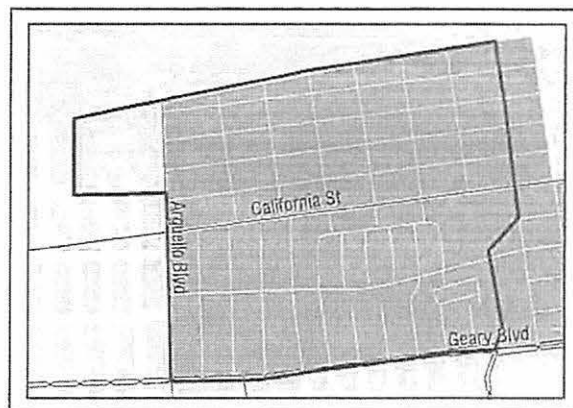
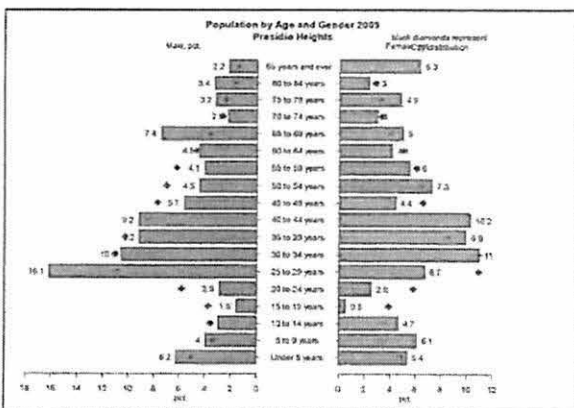
DEMOGRAPHICS

Total Population*	9,850
Group Quarter Population	242
Percent Female	54%

Households	4,580
Family Households	45%
Households with Children, Pct of Total	18%
Non-Family Households	55%
Single Person Households, Pct of Total	45%
Avg Household Size	2.1
Avg Family Household Size	2.9

Race/Ethnicity*	
Black/African American	2%
Asian	17%
White	75%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	5%
% Latino (of Any Race)	4%

Age	
0 - 4 years	6%
5 - 17 years	10%
18 - 34 years	25%
35 - 59 years	35%
60 and older	24%



Educational Attainment

(Residents 25 years and older)	
High School or Less	8%
Some College/Associate Degree	16%
College Degree	44%
Graduate/Professional Degree	32%

Nativity and Language

Foreign Born	19%
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Language Spoken at home

(Residents 5 years and older)	
English Only	78%
Spanish Only	3%
Asian/Pacific Islander	10%
Other European Language	8%
Other Languages	0%

Linguistic Isolation

% of All Households	7%
% of Spanish-Speaking Households	29%
% of Asian Language Speaking Households	29%
% of Other European-Speaking Households	20%
% of Households Speaking Other Languages	0%

Presidio Heights

HOUSING CHARACTERISTICS

Total Number of Units	5,040
Units Built 2000 to 2009+	50
Median Year Structure Built†	1939

Occupied Units	4,580
Owner occupied	42%
Renter occupied	58%

Vacant Units	9%
For rent	12%
For sale only	5%
Rented or sold, not occupied	8%
For seasonal, recreational, or occasional use	16%
Other vacant	59%

Median Year Moved In to Unit (Own)	1993
Median Year Moved In to Unit (Rent)	2003

Structure Type	
Single Family Housing	33%
2 - 4 Units	28%
5 - 9 Units	13%
10 - 19 Units	18%
20 Units or more	8%
Other	0%

Housing Prices	
Median Rent	\$1,369
Median Home Value	\$1,963,021
Median Rent as Percentage of HH Income	25%

Vehicles Available	6,080
Homeowners	56%
Renters	44%
Vehicles Per Capita	0.64
Households with no vehicle	750
Percent of Homeowning households	8%
Percent of Renting Households	23%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$96,542
Median Family Income	\$140,642
Per Capita Income	\$74,329
Percent in Poverty	3%

Employment	
Unemployment Rate	4%
Employed Residents	5,300
Managerial and Prof. Occupations	63%
Service Occupations	6%
Sales and Office Occupations	25%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	3%
Production and Transportation Occup.	3%

Journey to Work	
Workers 16 years and over	5,140
Car	58%
Drove Alone	56%
Carpooled	2%
Transit	21%
Bike	2%
Walk	5%
Other	0%
Worked at Home	14%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ *1939* represents 1939 or earlier

2000 Census Tracts for area: 133, 154

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Russian Hill: Neighborhood at a Glance

DEMOGRAPHICS

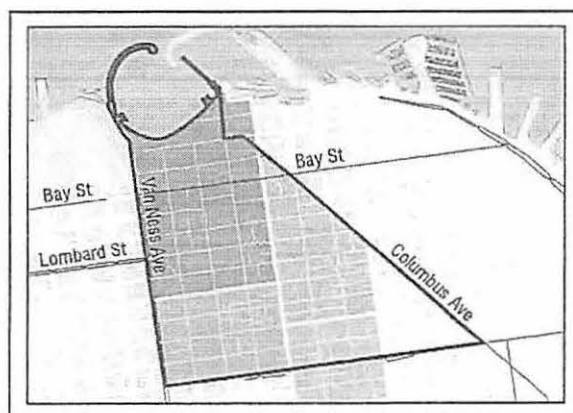
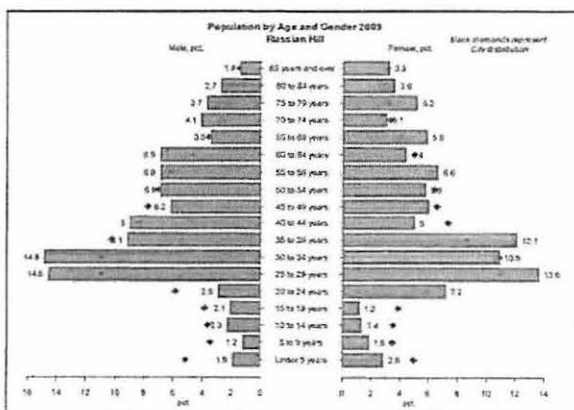
Total Population*	12,320
Group Quarter Population	0
Percent Female	51%
Households	9,620
Family Households	32%
Households with Children, Pct of Total	7%
Non-Family Households	68%
Single Person Households, Pct of Total	52%
Avg Household Size	1.8
Avg Family Household Size	2.7

Race/Ethnicity*

Black/African American	1%
Asian	21%
White	74%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	4%
% Latino (of Any Race)	6%

Age

0 - 4 years	2%
5 - 17 years	5%
18 - 34 years	32%
35 - 59 years	37%
60 and older	24%



Educational Attainment

(Residents 25 years and older)

High School or Less	21%
Some College/Associate Degree	14%
College Degree	39%
Graduate/Professional Degree	26%

Nativity and Language

Foreign Born	25%
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Language Spoken at home

(Residents 5 years and older)

English Only	70%
Spanish Only	4%
Asian/Pacific Islander	21%
Other European Language	5%
Other Languages	0%

Linguistic Isolation

% of All Households	11%
% of Spanish-Speaking Households	12%
% of Asian Language Speaking Households	62%
% of Other European-Speaking Households	7%
% of Households Speaking Other Languages	0%

Russian Hill

HOUSING CHARACTERISTICS

Total Number of Units	10,900
Units Built 2000 to 2009+	60
Median Year Structure Built†	1939

Occupied Units	9,620
Owner occupied	29%
Renter occupied	71%

Vacant Units	12%
For rent	40%
For sale only	8%
Rented or sold, not occupied	19%
For seasonal, recreational, or occasional use	16%
Other vacant	18%

Median Year Moved In to Unit (Own)	1996
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	9%
2 - 4 Units	28%
5 - 9 Units	20%
10 - 19 Units	17%
20 Units or more	27%
Other	0%

Housing Prices

Median Rent	\$1,363
Median Home Value	\$1,245,448
Median Rent as Percentage of HH Income	25%

Vehicles Available

Homeowners	41%
Renters	59%
Vehicles Per Capita	0.51
Households with no vehicle	3,380
Percent of Homeowning households	20%
Percent of Renting Households	42%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$84,537
Median Family Income	\$113,223
Per Capita Income	\$75,273
Percent in Poverty	9%

Employment

Unemployment Rate	8%
Employed Residents	10,460
Managerial and Prof. Occupations	60%
Service Occupations	11%
Sales and Office Occupations	24%
Farming related Occupations	0.2%
Construction and Maintenance Occup.	2%
Production and Transportation Occup.	3%

Journey to Work

Workers 16 years and over	10,260
Car	36%
Drove Alone	31%
Carpooled	5%
Transit	27%
Bike	1%
Walk	20%
Other	3%
Worked at Home	13%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 102, 103, 108, 109

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Seacliff: Neighborhood at a Glance

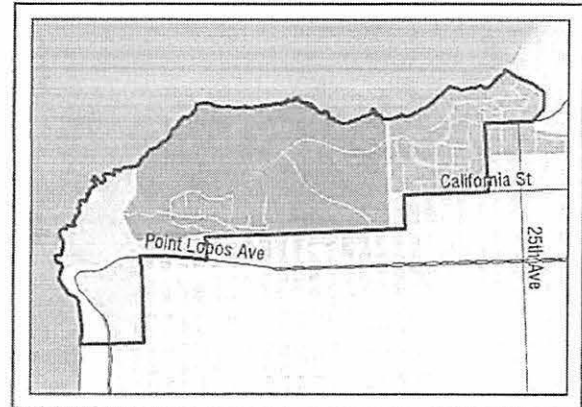
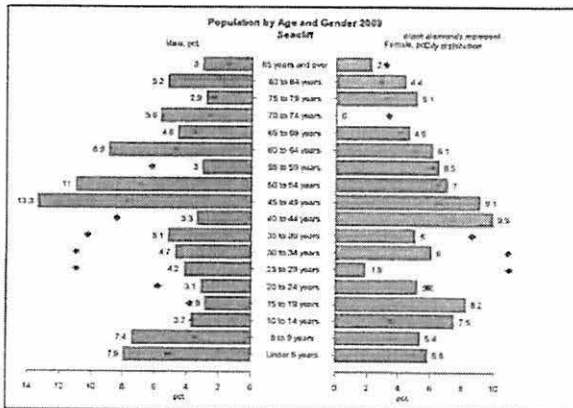
DEMOGRAPHICS

Total Population*	9,100
Group Quarter Population	233
Percent Female	48%

Households	990
Family Households	76%
Households with Children, Pct of Total	38%
Non-Family Households	24%
Single Person Households, Pct of Total	20%
Avg Household Size	2.9
Avg Family Household Size	3.4

Race/Ethnicity*	
Black/African American	2%
Asian	38%
White	54%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	6%
% Latino (of Any Race)	9%

Age	
0 - 4 years	7%
5 - 17 years	17%
18 - 34 years	13%
35 - 59 years	37%
60 and older	26%



Educational Attainment

(Residents 25 years and older)	
High School or Less	16%
Some College/Associate Degree	13%
College Degree	34%
Graduate/Professional Degree	37%

Nativity and Language

Foreign Born	14%
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Language Spoken at home

(Residents 5 years and older)	
English Only	77%
Spanish Only	6%
Asian/Pacific Islander	13%
Other European Language	3%
Other Languages	1%

Linguistic Isolation

% of All Households	3%
% of Spanish-Speaking Households	0%
% of Asian Language Speaking Households	22%
% of Other European-Speaking Households	0%
% of Households Speaking Other Languages	0%

Seacliff**HOUSING CHARACTERISTICS**

Total Number of Units	1,120
Units Built 2000 to 2009+	0
Median Year Structure Built†	1939

Occupied Units	990
Owner occupied	85%
Renter occupied	15%

Vacant Units	12%
For rent	23%
For sale only	16%
Rented or sold, not occupied	0%
For seasonal, recreational, or occasional use	16%
Other vacant	45%

Median Year Moved In to Unit (Own)	1994
Median Year Moved In to Unit (Rent)	2004

Structure Type

Single Family Housing	77%
2 - 4 Units	12%
5 - 9 Units	4%
10 - 19 Units	4%
20 Units or more	3%
Other	0%

Housing Prices

Median Rent	\$1,500
Median Home Value	\$2,301,282
Median Rent as Percentage of HH Income	24%

Vehicles Available

Homeowners	92%
Renters	8%
Vehicles Per Capita	0.61
Households with no vehicle	70
Percent of Homeowning households	5%
Percent of Renting Households	20%

INCOME, EMPLOYMENT AND JOURNEY TO WORK**Income**

Median Household Income	\$162,903
Median Family Income	\$203,818
Per Capita Income	\$87,976
Percent in Poverty	2%

Employment

Unemployment Rate	4%
Employed Residents	1,240
Managerial and Prof. Occupations	64%
Service Occupations	5%
Sales and Office Occupations	25%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	4%
Production and Transportation Occup.	2%

Journey to Work

Workers 16 years and over	1,240
Car	77%
<i>Drove Alone</i>	53%
<i>Carpooled</i>	24%
Transit	18%
Bike	0%
Walk	0%
Other	0%
Worked at Home	5%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 428, 602

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

South of Market: Neighborhood at a Glance

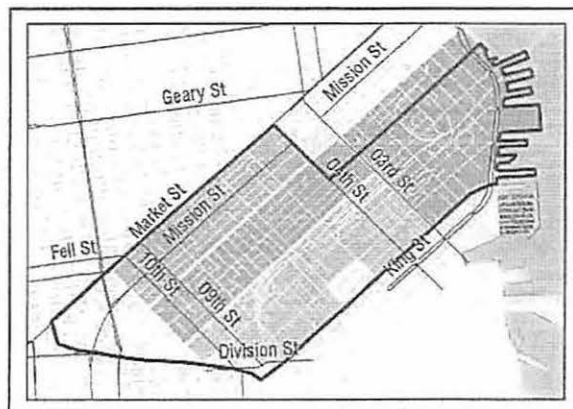
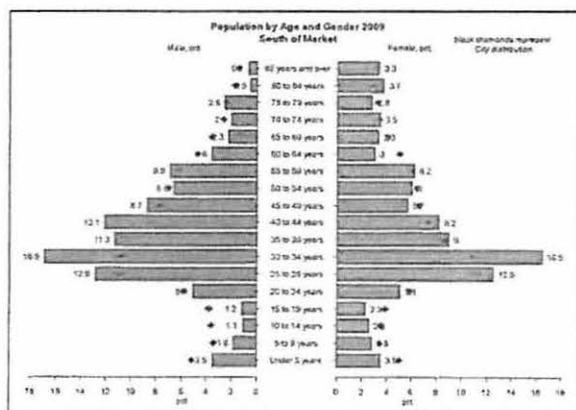
DEMOGRAPHICS

Total Population*	31,370
Group Quarter Population	4152
Percent Female	42%

Households	11,290
Family Households	28%
Households with Children, Pct of Total	9%
Non-Family Households	72%
Single Person Households, Pct of Total	58%
Avg Household Size	1.8
Avg Family Household Size	2.9

Race/Ethnicity*	
Black/African American	9%
Asian	33%
White	48%
Native American Indian	1%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	9%
% Latino (of Any Race)	10%

Age	
0 - 4 years	4%
5 - 17 years	5%
18 - 34 years	36%
35 - 59 years	41%
60 and older	15%



Educational Attainment

(Residents 25 years and older)	
High School or Less	31%
Some College/Associate Degree	22%
College Degree	30%
Graduate/Professional Degree	17%

Nativity and Language

Foreign Born	34%
--------------	-----

Language Spoken at home

(Residents 5 years and older)	
English Only	60%
Spanish Only	8%
Asian/Pacific Islander	22%
Other European Language	10%
Other Languages	1%

Linguistic Isolation

% of All Households	16%
% of Spanish-Speaking Households	25%
% of Asian Language Speaking Households	54%
% of Other European-Speaking Households	13%
% of Households Speaking Other Languages	9%

South of Market

HOUSING CHARACTERISTICS

Total Number of Units	13,700
Units Built 2000 to 2009+	6,340
Median Year Structure Built†	1991

Occupied Units	11,290
Owner occupied	29%
Renter occupied	71%

Vacant Units	18%
For rent	37%
For sale only	10%
Rented or sold, not occupied	17%
For seasonal, recreational, or occasional use	21%
Other vacant	14%

Median Year Moved In to Unit (Own)	2004
Median Year Moved In to Unit (Rent)	2005

Structure Type

Single Family Housing	4%
2 - 4 Units	7%
5 - 9 Units	5%
10 - 19 Units	9%
20 Units or more	74%
Other	0%

Housing Prices

Median Rent	\$967
Median Home Value	\$679,924
Median Rent as Percentage of HH Income	26%

Vehicles Available

Homeowners	45%
Renters	55%
Vehicles Per Capita	0.39
Households with no vehicle	5,080
Percent of Homeowning households	9%
Percent of Renting Households	60%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$67,572
Median Family Income	\$88,793
Per Capita Income	\$50,880
Percent in Poverty	23%

Employment

Unemployment Rate	6%
Employed Residents	12,160
Managerial and Prof. Occupations	59%
Service Occupations	13%
Sales and Office Occupations	20%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	4%
Production and Transportation Occup.	5%

Journey to Work

Workers 16 years and over	11,780
Car	32%
Drove Alone	28%
Carpooled	4%
Transit	26%
Bike	3%
Walk	27%
Other	3%
Worked at Home	9%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 176.01, 178, 179.01, 180

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Treasure Island/YBI: Neighborhood at a Glance

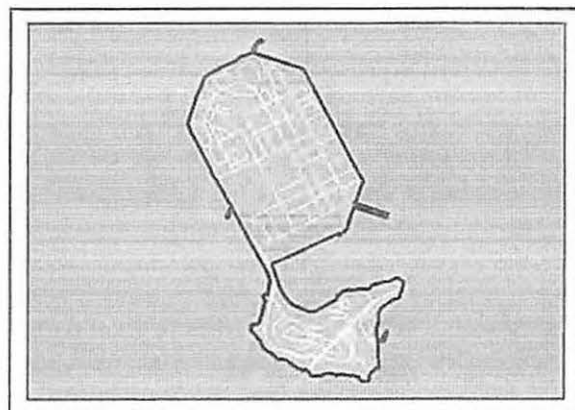
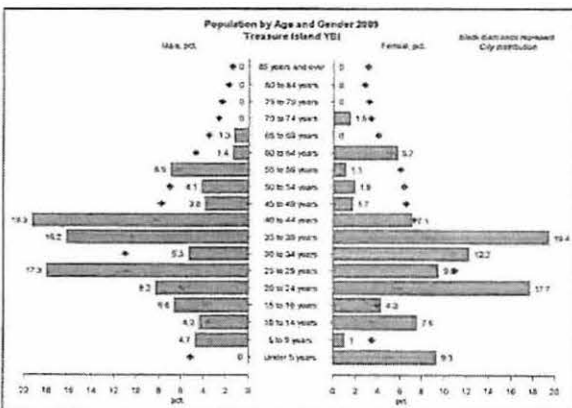
DEMOGRAPHICS

Total Population*	2,880
Group Quarter Population	53
Percent Female	43%

Households	640
Family Households	50%
Households with Children, Pct of Total	35%
Non-Family Households	50%
Single Person Households, Pct of Total	10%
Avg Household Size	3.9
Avg Family Household Size	3.9

Race/Ethnicity*	
Black/African American	25%
Asian	18%
White	35%
Native American Indian	1%
Native Hawaiian/Pacific Islander	1%
Other/Two or More Races	19%
% Latino (of Any Race)	22%

Age	
0 - 4 years	4%
5 - 17 years	13%
18 - 34 years	36%
35 - 59 years	42%
60 and older	5%



Educational Attainment

(Residents 25 years and older)	
High School or Less	26%
Some College/Associate Degree	34%
College Degree	28%
Graduate/Professional Degree	11%

Nativity and Language

Foreign Born	36%
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Language Spoken at home

(Residents 5 years and older)	
English Only	56%
Spanish Only	18%
Asian/Pacific Islander	13%
Other European Language	7%
Other Languages	6%

Linguistic Isolation

% of All Households	5%
% of Spanish-Speaking Households	0%
% of Asian Language Speaking Households	23%
% of Other European-Speaking Households	16%
% of Households Speaking Other Languages	0%

Treasure Island/YBI

HOUSING CHARACTERISTICS

Total Number of Units	910
Units Built 2000 to 2009+	
Median Year Structure Built†	1964

Occupied Units	640
Owner occupied	2%
Renter occupied	98%

Vacant Units	29%
For rent	81%
For sale only	0%
Rented or sold, not occupied	0%
For seasonal, recreational, or occasional use	0%
Other vacant	19%

Median Year Moved In to Unit (Own)	2010
Median Year Moved In to Unit (Rent)	2010

Structure Type

Single Family Housing	19%
2 - 4 Units	29%
5 - 9 Units	43%
10 - 19 Units	4%
20 Units or more	6%
Other	0%

Housing Prices

Median Rent	\$2,048
Median Home Value	\$886,364
Median Rent as Percentage of HH Income	32%

Vehicles Available

Homeowners	
Renters	
Vehicles Per Capita	
Households with no vehicle	130
Percent of Homeowning households	0%
Percent of Renting Households	20%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$55,676
Median Family Income	\$44,091
Per Capita Income	\$25,166
Percent in Poverty	19%

Employment	
Unemployment Rate	16%
Employed Residents	1,430
Managerial and Prof. Occupations	36%
Service Occupations	25%
Sales and Office Occupations	25%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	7%
Production and Transportation Occup.	6%

Journey to Work

Workers 16 years and over	1,430
Car	56%
Drove Alone	54%
Carpooled	2%
Transit	36%
Bike	0%
Walk	3%
Other	2%
Worked at Home	3%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 179.02

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Twin Peaks: Neighborhood at a Glance

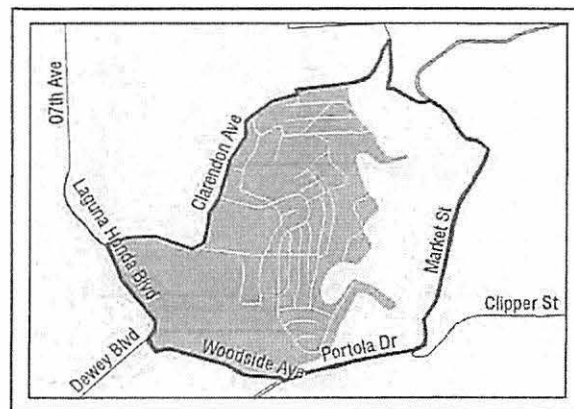
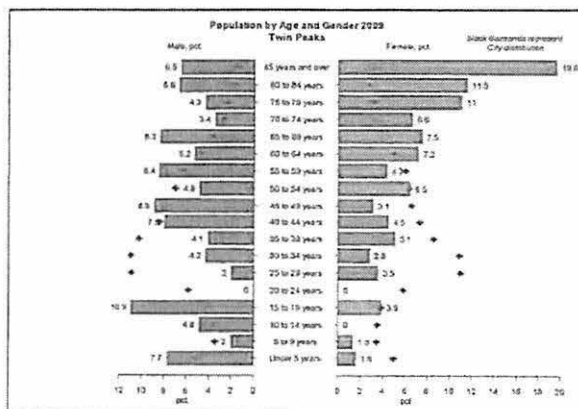
DEMOGRAPHICS

Total Population*	7,040
Group Quarter Population	1418
Percent Female	51%

Households	1,000
Family Households	57%
Households with Children, Pct of Total	24%
Non-Family Households	43%
Single Person Households, Pct of Total	36%
Avg Household Size	2.2
Avg Family Household Size	2.9

Race/Ethnicity*	
Black/African American	6%
Asian	19%
White	66%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	8%
% Latino (of Any Race)	15%

Age	
0 - 4 years	5%
5 - 17 years	9%
18 - 34 years	8%
35 - 59 years	29%
60 and older	49%



Educational Attainment

(Residents 25 years and older)	
High School or Less	35%
Some College/Associate Degree	19%
College Degree	26%
Graduate/Professional Degree	20%

Nativity and Language

Foreign Born	32%
--------------	-----

Language Spoken at home

(Residents 5 years and older)	
English Only	60%
Spanish Only	13%
Asian/Pacific Islander	19%
Other European Language	8%
Other Languages	0%

Linguistic Isolation

% of All Households	11%
% of Spanish-Speaking Households	25%
% of Asian Language Speaking Households	17%
% of Other European-Speaking Households	39%
% of Households Speaking Other Languages	#Num!

Twin Peaks

HOUSING CHARACTERISTICS

Total Number of Units	1,050
Units Built 2000 to 2009+	0
Median Year Structure Built†	1956

Occupied Units	1,000
Owner occupied	79%
Renter occupied	21%

Vacant Units	4%
For rent	22%
For sale only	0%
Rented or sold, not occupied	0%
For seasonal, recreational, or occasional use	0%
Other vacant	78%

Median Year Moved In to Unit (Own)	1993
Median Year Moved In to Unit (Rent)	2002

Structure Type

Single Family Housing	88%
2 - 4 Units	2%
5 - 9 Units	0%
10 - 19 Units	0%
20 Units or more	10%
Other	0%

Housing Prices

Median Rent	\$323
Median Home Value	\$831,868
Median Rent as Percentage of HH Income	26%

Vehicles Available

Homeowners	90%
Renters	10%
Vehicles Per Capita	0.74
Households with no vehicle	200
Percent of Homeowning households	10%
Percent of Renting Households	55%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income

Median Household Income	\$99,449
Median Family Income	\$121,429
Per Capita Income	\$37,345
Percent in Poverty	6%

Employment

Unemployment Rate	8%
Employed Residents	1,000
Managerial and Prof. Occupations	72%
Service Occupations	8%
Sales and Office Occupations	12%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	7%
Production and Transportation Occup.	0%

Journey to Work

Workers 16 years and over	1,000
Car	62%
Drove Alone	54%
Carpooled	8%
Transit	13%
Bike	0%
Walk	7%
Other	3%
Worked at Home	15%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 305

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Visitacion Valley: Neighborhood at a Glance

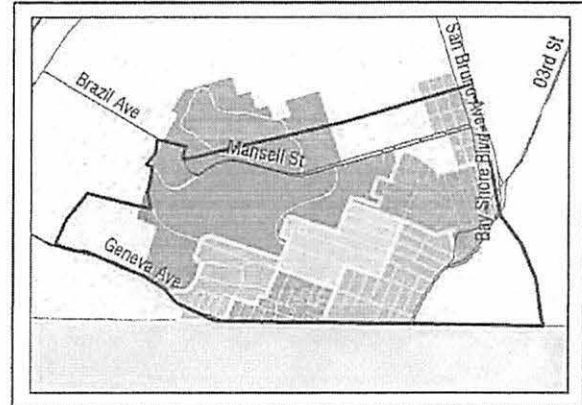
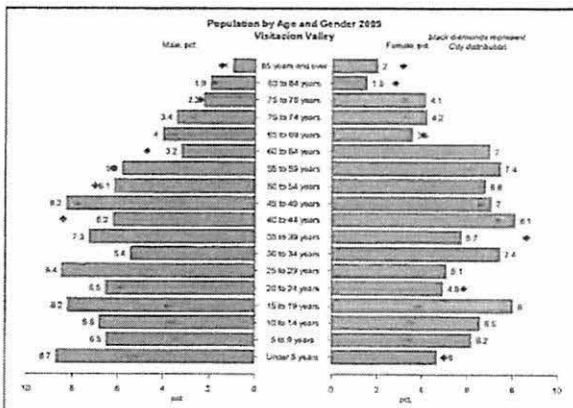
DEMOGRAPHICS

Total Population*	21,130
Group Quarter Population	204
Percent Female	49%

Households	5,190
Family Households	76%
Households with Children, Pct of Total	43%
Non-Family Households	24%
Single Person Households, Pct of Total	21%
Avg Household Size	3.9
Avg Family Household Size	4.8

Race/Ethnicity*	
Black/African American	13%
Asian	55%
White	12%
Native American Indian	1%
Native Hawaiian/Pacific Islander	3%
Other/Two or More Races	17%
% Latino (of Any Race)	15%

Age	
0 - 4 years	7%
5 - 17 years	19%
18 - 34 years	21%
35 - 59 years	34%
60 and older	19%



Educational Attainment

(Residents 25 years and older)

High School or Less	63%
Some College/Associate Degree	22%
College Degree	13%
Graduate/Professional Degree	3%

Nativity and Language

Foreign Born	51%
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Language Spoken at home

(Residents 5 years and older)

English Only	30%
Spanish Only	14%
Asian/Pacific Islander	55%
Other European Language	1%
Other Languages	0%

Linguistic Isolation

% of All Households	23%
% of Spanish-Speaking Households	24%
% of Asian Language Speaking Households	41%
% of Other European-Speaking Households	22%
% of Households Speaking Other Languages	0%

Visitacion Valley

HOUSING CHARACTERISTICS

Total Number of Units	5,480
Units Built 2000 to 2009+	460
Median Year Structure Built†	1949

Occupied Units	5,190
Owner occupied	57%
Renter occupied	43%

Vacant Units	5%
For rent	13%
For sale only	5%
Rented or sold, not occupied	0%
For seasonal, recreational, or occasional use	0%
Other vacant	82%
Median Year Moved In to Unit (Own)	1993
Median Year Moved In to Unit (Rent)	2003

Structure Type	
Single Family Housing	78%
2 - 4 Units	7%
5 - 9 Units	6%
10 - 19 Units	3%
20 Units or more	6%
Other	0%

Housing Prices	
Median Rent	\$624
Median Home Value	\$575,983
Median Rent as Percentage of HH Income	28%

Vehicles Available	7,510
Homeowners	71%
Renters	29%
Vehicles Per Capita	0.37
Households with no vehicle	1,100
Percent of Homeowning households	6%
Percent of Renting Households	41%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$44,373
Median Family Income	\$49,447
Per Capita Income	\$17,651
Percent in Poverty	15%

Employment	
Unemployment Rate	11%
Employed Residents	8,880
Managerial and Prof. Occupations	17%
Service Occupations	34%
Sales and Office Occupations	22%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	11%
Production and Transportation Occup.	16%

Journey to Work	
Workers 16 years and over	8,640
Car	63%
Drove Alone	52%
Carpooled	11%
Transit	32%
Bike	1%
Walk	1%
Other	1%
Worked at Home	2%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 258, 264.01, 264.02, 264.03, 264.04, 605.01, 605.02

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

West of Twin Peaks: Neighborhood at a Glance

DEMOGRAPHICS

Total Population*	22,830
Group Quarter Population	0
Percent Female	50%

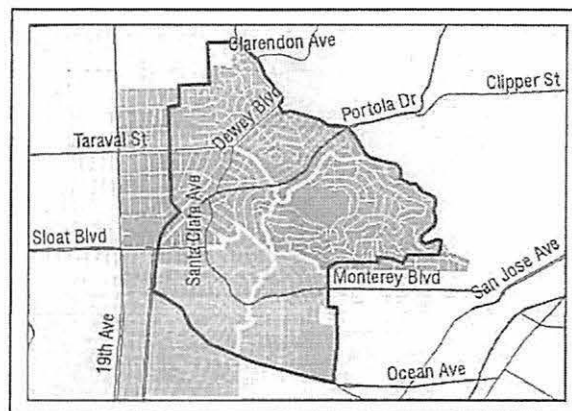
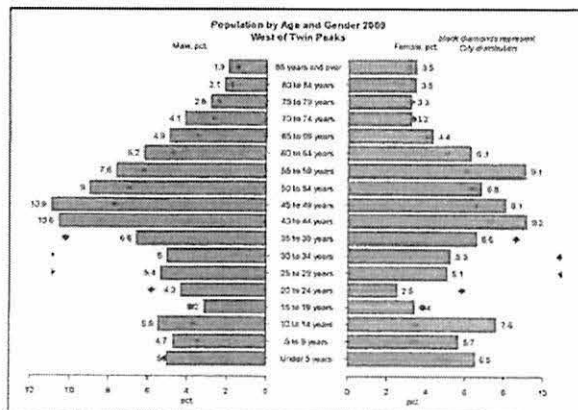
Households	10,930
Family Households	69%
Households with Children, Pct of Total	29%
Non-Family Households	31%
Single Person Households, Pct of Total	21%
Avg Household Size	2.7
Avg Family Household Size	3.3

Race/Ethnicity*

Black/African American	2%
Asian	31%
White	59%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	7%
% Latino (of Any Race)	6%

Age

0 - 4 years	6%
5 - 17 years	14%
18 - 34 years	15%
35 - 59 years	42%
60 and older	23%



Educational Attainment

(Residents 25 years and older)

High School or Less	16%
Some College/Associate Degree	20%
College Degree	36%
Graduate/Professional Degree	28%

Nativity and Language

Foreign Born	27%
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Language Spoken at home

(Residents 5 years and older)

English Only	64%
Spanish Only	4%
Asian/Pacific Islander	22%
Other European Language	9%
Other Languages	1%

Linguistic Isolation

% of All Households	7%
% of Spanish-Speaking Households	2%
% of Asian Language Speaking Households	22%
% of Other European-Speaking Households	16%
% of Households Speaking Other Languages	18%

West of Twin Peaks

HOUSING CHARACTERISTICS

Total Number of Units	11,500
Units Built 2000 to 2009+	60
Median Year Structure Built†	1939

Occupied Units	10,930
Owner occupied	86%
Renter occupied	14%

Vacant Units	5%
For rent	27%
For sale only	3%
Rented or sold, not occupied	5%
For seasonal, recreational, or occasional use	18%
Other vacant	47%

Median Year Moved In to Unit (Own)	1993
Median Year Moved In to Unit (Rent)	2002

Structure Type

Single Family Housing	91%
2 - 4 Units	5%
5 - 9 Units	1%
10 - 19 Units	1%
20 Units or more	2%
Other	0%

Housing Prices

Median Rent	\$1,745
Median Home Value	\$952,703
Median Rent as Percentage of HH Income	22%

Vehicles Available	20,190
Homeowners	88%
Renters	12%
Vehicles Per Capita	0.68
Households with no vehicle	460
Percent of Homeowning households	4%
Percent of Renting Households	8%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$125,027
Median Family Income	\$142,617
Per Capita Income	\$58,594
Percent in Poverty	4%

Employment	
Unemployment Rate	5%
Employed Residents	15,410
Managerial and Prof. Occupations	59%
Service Occupations	10%
Sales and Office Occupations	22%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	4%
Production and Transportation Occup.	5%

Journey to Work

Workers 16 years and over	14,830
Car	65%
Drove Alone	54%
Carpooled	11%
Transit	24%
Bike	1%
Walk	3%
Other	1%
Worked at Home	6%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

† "1939" represents 1939 or earlier

2000 Census Tracts for area: 304, 306, 307, 308, 309, 310

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Western Addition: Neighborhood at a Glance

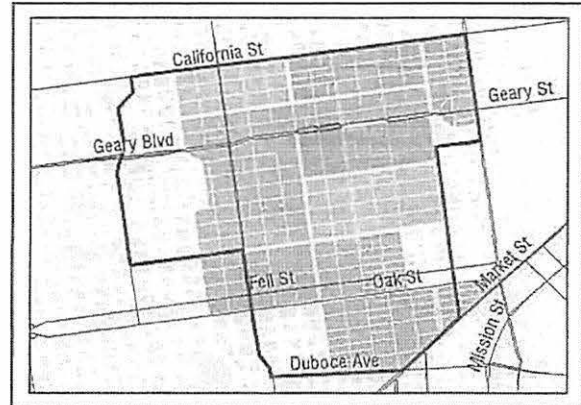
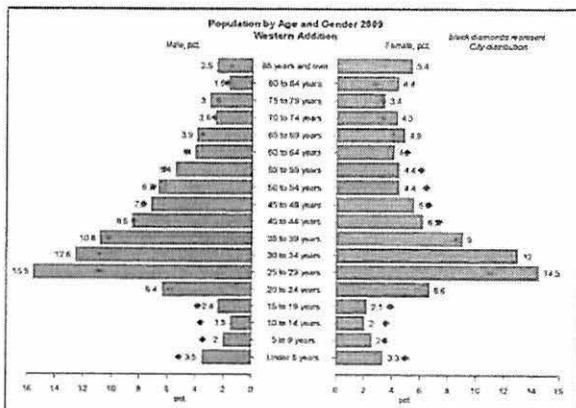
DEMOGRAPHICS

Total Population*	42,920
Group Quarter Population	1730
Percent Female	52%

Households	21,560
Family Households	29%
Households with Children, Pct of Total	9%
Non-Family Households	71%
Single Person Households, Pct of Total	56%
Avg Household Size	1.9
Avg Family Household Size	2.9

Race/Ethnicity*	
Black/African American	15%
Asian	20%
White	55%
Native American Indian	0%
Native Hawaiian/Pacific Islander	0%
Other/Two or More Races	9%
% Latino (of Any Race)	9%

Age	
0 - 4 years	3%
5 - 17 years	5%
18 - 34 years	35%
35 - 59 years	34%
60 and older	22%



Educational Attainment

(Residents 25 years and older)	
High School or Less	22%
Some College/Associate Degree	22%
College Degree	35%
Graduate/Professional Degree	22%

Nativity and Language

Foreign Born	24%
--------------	-----

Language Spoken at home

(Residents 5 years and older)	
English Only	71%
Spanish Only	7%
Asian/Pacific Islander	11%
Other European Language	9%
Other Languages	1%

Linguistic Isolation

% of All Households	11%
% of Spanish-Speaking Households	17%
% of Asian Language Speaking Households	45%
% of Other European-Speaking Households	38%
% of Households Speaking Other Languages	65%

Western Addition

HOUSING CHARACTERISTICS

Total Number of Units	24,080
Units Built 2000 to 2009+	990
Median Year Structure Built†	1947

Occupied Units	21,560
Owner occupied	21%
Renter occupied	79%

Vacant Units	10%
For rent	46%
For sale only	6%
Rented or sold, not occupied	8%
For seasonal, recreational, or occasional use	14%
Other vacant	26%

Median Year Moved In to Unit (Own)	2000
Median Year Moved In to Unit (Rent)	2003

Structure Type

Single Family Housing	10%
2 - 4 Units	17%
5 - 9 Units	14%
10 - 19 Units	17%
20 Units or more	42%
Other	0%

Housing Prices

Median Rent	\$1,169
Median Home Value	\$690,196
Median Rent as Percentage of HH Income	26%

Vehicles Available	15,620
Homeowners	34%
Renters	66%
Vehicles Per Capita	0.39
Households with no vehicle	9,650
Percent of Homeowning households	18%
Percent of Renting Households	52%

INCOME, EMPLOYMENT AND JOURNEY TO WORK

Income	
Median Household Income	\$53,990
Median Family Income	\$69,889
Per Capita Income	\$47,111
Percent in Poverty	14%

Employment	
Unemployment Rate	7%
Employed Residents	24,050
Managerial and Prof. Occupations	56%
Service Occupations	14%
Sales and Office Occupations	23%
Farming related Occupations	0.0%
Construction and Maintenance Occup.	3%
Production and Transportation Occup.	5%

Journey to Work

Workers 16 years and over	23,480
Car	32%
Drove Alone	27%
Carpooled	5%
Transit	41%
Bike	5%
Walk	12%
Other	2%
Worked at Home	7%

Additional Sources:

* 2010 Census Redistricting Data (Public Law 94-171).

+ Planning Department Housing Inventory

‡ "1939" represents 1939 or earlier

2000 Census Tracts for area: 151, 152, 153, 155, 158, 159, 161, 163, 164, 168

May 2011

Note: Numbers are estimates and represent sampling data from the American Community Survey and is subject to sampling and non-sampling errors. For more information, see <http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>

Appendix

Margins of Error

Statistics in this report come from the 2005-2009 American Community Survey. The ACS is based on sample data and is subject to margins of error due to the variability of individual samples. The confidence interval is the range within which the true population value lies with a certain degree of certainty. The more certainty, the larger the necessary interval around the estimate. The Census Bureau published margin of error tables reflecting a 90 percent confidence interval.

The figures cited in this report should be taken in the context of their margins of error. This means thinking of confidence boundaries. To do this, one must know the estimate as well as the margin of error. The report has provided estimates at the neighborhood level and below are steps to find out the margins of error for each estimate.

Step 1:

Identify the characteristic (data field) you're interested in from the Neighborhood at a Glance profiles in this report.

Percent Female	50%
----------------	-----

Step 2:

Refer to the mock-up on pages 81-82 to get the numeric code for the data field in question. Note that the data fields are sequentially numbered.

03	Percent Female
----	----------------

Step 3:

Go to the Margin of Error table on pages 83-86. Look for the row representing the neighborhood and locate the column with the numeric code you found in Step 2. That is the applicable margin of error.

Neighborhood	01	02	03	04
Bayview	NA	NA	2%	NA

Step 4:

The confidence bounds will be

Value +/- MOE

For example, if one were interested margins of error for the percentage of females in the Bayview Neighborhood, one would need to locate the estimate (50%), go to the mock-up to see the ID for the field (ID number 03), and then look up this value in the Margin of Error table, under the Bayview row. The value there is 2%, meaning that the true value is likely between 48% (50% - 2%) and 52% (50% + 2%).

As a general note, MOEs are larger for smaller populations relative to the sample size. Details on language for small sub-groups may be more prone to inaccuracies than those of larger groups.

Aggregations of tract-level MOEs to the neighborhood scale were performed per the guidelines in the Census Compass Guides, Appendix 3 (*"A Compass for Understanding and Using American Community Survey Data: What State and Local Governments Need to Know"*).

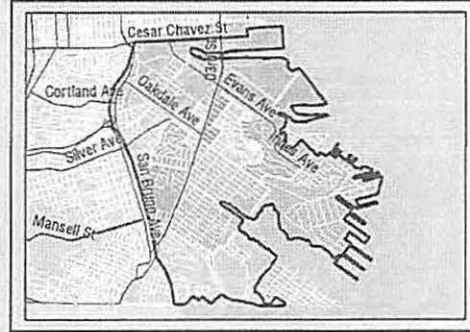
To calculate medians, the Planning Department relied on published ranges and used a formula for grouped data using the method provided by the California State Department of Finance as described in their note *"Re-calculating Medians and their Margin of Errors for Aggregated ACS Data"* from February, 2011. The margins of error thus produced are known to significantly overstate the true margins of error, but this is a necessary limitation given the summary data available.

Template showing Data Field IDs, First Page

Bayview: Neighborhood at a Glance

FIGURE DEMOGRAPHICS

01	Total Population*	35,890
02	Group Quarter Population	0
03	Percent Female	50%
04	Households	9,480
05	Family Households	70%
06	Households with Children, Pct of Total	40%
07	Non-Family Households	30%
08	Single Person Households, Pct of Total	26%
09	Avg Household Size	3.6
10	Avg Family Household Size	4.5



Race/Ethnicity*		
11	Black/African American	32%
12	Asian	33%
13	White	12%
14	Native American Indian	1%
15	Native Hawaiian/Pacific Islander	3%
16	Other/Two or More Races	20%
17	% Latino (of Any Race)	25%
Age		
18	0 - 4 years	8%
19	5 - 17 years	19%
20	18 - 34 years	26%
21	35 - 59 years	32%
22	60 and older	16%

Educational Attainment

(Residents 25 years and older)

High School or Less	56%	23
Some College/Associate Degree	26%	24
College Degree	13%	25
Graduate/Professional Degree	4%	26

Nativity and Language

Foreign Born	33%	27
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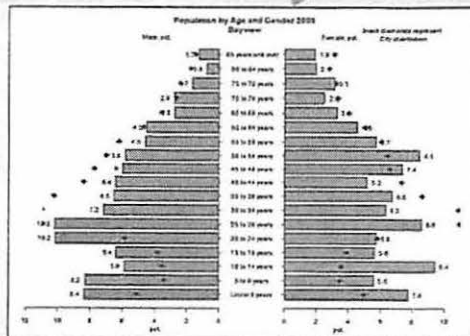
Language Spoken at home

(Residents 5 years and older)

English Only	51%	28
Spanish Only	21%	29
Asian/Pacific Islander	27%	30
Other European Language	1%	31
Other Languages	1%	32

Linguistic Isolation

% of All Households	12%	33
% of Spanish-Speaking Households	27%	34
% of Asian Language Speaking Households	34%	35
% of Other European-Speaking Households	3%	36
% of Households Speaking Other Languages	23%	37



**CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102
(415) 552-9292 FAX (415) 252-0461

Policy Analysis Report

To: Supervisor Campos

From: Budget and Legislative Analyst's Office



Re: Displacement in the Mission District

Date: October 27, 2015

Summary of Requested Action

Your office requested the Budget and Legislative Analyst produce a report on demographic and housing price trends in San Francisco's Mission District. Specifically, you requested:

- (1) Two-year, five-year, and ten-year projections of the Mission District's economic and racial diversity if current demographic trends continue, including a specific focus on the Mission District's Hispanic/Latino population, families, and low-and-middle income households;
- (2) The number of new housing units needed to lower housing prices in San Francisco; and
- (3) Two-year, five-year, and ten-year projections of the price of one- and two-bedroom units in the Mission District if current price housing trends continue.

For further information about this report, contact Fred Brousseau at the Budget and Legislative Analyst's Office.

Executive Summary

Changes in Mission District Demographics

- The City's total population grew from 776,733 in 2000 to 817,501 in the five year 2009-2013 period, an increase of five percent.¹ On the contrary, the population of the Mission District decreased between 2000 and the 2009-2013 period from 42,266 to 38,287, a reduction of 3,979, or nine percent.²

¹ The five year period between 2009 and 2013 is compared to 2000 as it was taken from the American Community Survey five year average as reported by the U.S. Census Bureau. It was the most recent data available at the Census tract level for the characteristics reported. The 2000 data is from the 2000 decennial Census.

² The Mission District is defined for purposes of this report as the area bounded roughly by Market Street, Valencia Street, Cesar Chavez Street, U.S. 101, 23rd Street, Hampshire Street, 17th Street, Vermont Street, Division Street, and 11th Street. These boundaries correspond to Census tracts 177, 201, 208, 209, 228.01, 228.03, 228.09, 229.02, and 229.03.

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- An even greater population reduction occurred in the Mission District's Hispanic/Latino population, which decreased from 25,180 in 2000 to 18,372 in the 2009-2013 period, a 27 percent reduction. Exhibit A presents this and other information about changes in the neighborhood.
- The 27 percent decrease in the Mission District's Hispanic/Latino population diverged from the City as a whole, where the Hispanic/Latino population increased between 2000 and 2009-2013 from 109,504 to 124,167, an increase of 13 percent, and grew slightly from 14 to 15 percent of the City's total population. In the Mission District, the Hispanic/Latino population decreased from 60 percent of the neighborhood's total population to 48 percent during the same time period.

Exhibit A: Population and Demographic Changes, City and Mission District						
	City			Mission		
	2000	2009-2013	% Change	2000	2009-2013	% Change
Total Population	776,733	817,501	5%	42,266	38,287	-9%
Hispanic/Latino	109,504	124,167	13%	25,180	18,372	-27%
Hispanic/Latino % Total	14%	15%	-	60%	48%	-
# Households	329,700	345,344	5%	13,071	14,454	11%
Average Household Size	2.30	2.31	0.4%	3.2	2.6	-19%
Households w/ Children	63,867	64,694	1%	4,088	3,041	-26%
% Total	19%	19%	-	31%	21%	-
# Households: Related Individuals	145,186	156,742	8%	6,655	6,263	-6%
% Total	44%	45%	-	51%	43%	-
# Households: Unrelated Individuals	184,514	188,602	2%	6,416	8,191	28%
% Total	56%	55%	-	49%	57%	-
Owner-occupied Units	115,391	126,394	10%	2,482	3,655	48%
% Total	35%	37%	-	19	25	-
Renter-occupied Units	214,309	218,950	2%	10,589	10,789	2%
% Total	65%	63%	-	81%	75%	-

Sources: Census 2000, American Community Survey 2013 (5-Year Estimate), Social Explorer.

- The number of households in the Mission District increased between 2000 and 2009-2013, but households with children decreased by 26 percent during that period, from 4,088 households, or 31 percent of all households, to 3,041, or 21 percent of all households. Contrary to this decline in the Mission District, households with children Citywide remained constant during the review period, at 19 percent of all households.
- Changes in Income distribution in the Mission District followed Citywide patterns, but experienced more extreme reductions in middle income households and larger increases in upper income households than the City as a whole. Exhibit B presents

Budget and Legislative Analyst

these changes. The largest change in the Mission District was in households with annual incomes of \$150,000 or more, which grew by 65 percent between 2000 and 2009-2013, substantially higher than the 10 percent growth rate for the City as a whole.

Exhibit B: Changes in Household Income, City and Mission District						
Annual Household Income	City			Mission		
	2000	2009-2013	% Change	2000	2009-2013	% Change
Less than \$35,000	76,797	95,258	24%	3,682	4,592	25%
\$35,000 - 99,999	123,669	114,154	-8%	5,798	5,060	-13%
\$100,000 - 149,999	55,903	55,168	-1%	1,972	2,100	6%
More than \$150,000	73,481	80,764	10%	1,633	2,702	65%
Total	329,850	345,344	5%	13,085	14,454	10%

Sources: Census 2000, American Community Survey 2013 (5-Year Estimate), Social Explorer.

*Total households reported by the U.S. Census Bureau for household income in 2000 are 150 households higher for the City and 14 households higher for the Mission District than total households reported for population and demographic purposes.

- Lower income households earning less than \$35,000 per year increased Citywide by 24 percent between 2000 and 2009-2013; the Mission District followed suit with such households increasing by 25 percent during that time period. Middle income households earning between \$35,000 and \$99,999 decreased Citywide by eight percent; in the Mission District, the rate of decrease was higher, at 13 percent.
- Other changes in the Mission District between 2000 and 2009-2013, as shown in Exhibit A, include:
 - An increase in total households, but a decrease in average household size. Average household size Citywide remained largely unchanged.
 - A six percent decrease in households populated with related individuals and a 28 percent increase in households populated with unrelated individuals or singles, significantly more than the Citywide increase of two percent for such households.³
 - A 48 percent increase in owner-occupied households, significantly more than the Citywide rate of increase of ten percent.

³ The Census Bureau uses the term Family Households for households composed of related individuals living together. Family households include households composed of unrelated individuals living with related individuals. Households composed of single occupants or unrelated individuals living together are called Non-family Households by the Census Bureau.

Projected Changes through 2025

- The Budget and Legislative Analyst projects that, if trends since 2000 continue over the next ten years through 2025, the Hispanic/Latino population will continue to decline as a proportion of the Mission District's total population, from 48 percent of the population in the 2009-2013 five year period to 31 percent by 2025. The number of households with children would decrease from 21 to 11 percent of all households by 2025, assuming continuation of present trends.
- The Budget and Legislative Analyst also prepared Income distribution projections in the Mission District, assuming a continuation of trends from 2000 through 2009-2013. Modest changes are projected in the number of households earning less than \$35,000 and between \$100,000 and \$149,999. A significant decline is projected, however, for households earning between \$35,000 and \$99,999 and a significant increase is projected for households earning more than \$150,000.

Impact of Changes in Housing Supply on Potentially Lowering Housing Prices

- Between 1980 and 2010, the median value of owner-occupied housing units in San Francisco increased by 175 percent, significantly more than the 75 percent rate of increase for California as a whole and the 52 percent rate of increase for the U.S.
- For California to have achieved lower housing prices and a rate of housing price appreciation at parity with the U.S., the California Legislative Analyst's Office estimated that over the 30 years between 1980 and 2010, the state needed significantly more housing units added annually to its housing stock. Of the additional statewide housing need estimated by the California Legislative Analyst's Office, San Francisco would have needed an average of 15,300 housing units per year added to its housing stock, or 13,289 more units than the actual average of 2,011 units added per year.
- If all the additional housing units estimated by the Legislative Analyst's Office had been added, San Francisco would have built a total of 459,000 units between 1980 and 2010 instead of the actual total of 60,334 units, an increase of 561 percent over the amount built. Under this scenario, by 2010 there would have been a total of 775,608 housing units in San Francisco, or over twice as many as the actual 376,942 housing units estimated by the U.S. Census in 2010.
- Had an average of 15,300 housing units been added each year over the 30 year period instead of 2,011, the median 2010 housing value in San Francisco would have been approximately \$525,000 (in 2015 inflation-adjusted dollars) instead of the actual median of \$839,357, according to the Legislative Analyst's Office. However, even this lower median price would have represented an increase in housing prices in San Francisco over the 30 year period, though the rate of price appreciation would have been lower than the actual rate experienced.
- Any short-term price decreases that occurred during the 30 year period, such as those caused by the economic recession that began in 2008 or those due to one-time larger than average increases in supply, could not be sustained without annual average

Budget and Legislative Analyst

increases of at least 15,300 housing units over the 30 year period, as estimated by the Legislative Analyst's Office's analysis.

- Had an average of 15,300 housing units been added annually in San Francisco between 1980 and 2010 to slow the rate of housing price appreciation, the City's population in 2010 would have been 1.7 million instead of the actual 805,195 and housing density would have been 35-40 units per acre instead of the actual 18 units per acre.
- The analysis by the Legislative Analyst's Office did not incorporate the desirability of this level of additional construction or the feasibility of adding so much housing relative to local land use and zoning controls, land availability, or community density preferences. To the extent the LAO's estimated housing needed to have achieved lower prices in San Francisco was infeasible between 1980 and 2010, and continues to be so for the future, the analysis does not present alternative methods of providing more affordable housing, particularly for low and moderate income households.
- For the future, assuming trends over the 30 years between 1980 and 2010 continue for the next 30 years, a supply-induced short-term reduction in housing prices in San Francisco would require an increase in housing units added to the City's housing stock every year greatly in excess of the average of the 2,011 added each year between 1980 and 2010. Further, average prices would still increase over the 30 years unless significantly more than 15,300 housing units per year are added, or at least 13,289 more per year than the actual 2,011 added between 1980 and 2010. These estimates do not consider the feasibility or desirability of such an increase in housing, population and density in San Francisco relative to factors such as local land use and zoning controls.

Impact of Changes in Housing Demand on Potentially Lowering Housing Prices

- San Francisco housing cost increases have been fueled by increases in demand due to an increase in the City's population and growth in upper income households. Between 1980 and 2013, Citywide inflation-adjusted median household income grew by 62 percent whereas growth in income for households in the 90th percentile grew by 116 percent.⁴
- Citywide rent paid between 1980 and 2013 grew faster at upper levels than at median or lower levels, with a 69 percent increase in median rent paid compared to a 91 percent increase at the 90th percentile of rent paid. However, income growth has been greater for upper income households than the rate of increase in upper level rents, resulting in a higher degree of housing affordability for high-income households and lower affordability for median or low income households.

⁴ The median represents the point at which 50 percent of all City households have higher incomes and 50 percent have lower. The 90th percentile is the income point at which 90 percent of all City households have incomes lower than this amount.

- Exhibit C shows that the changes between 1980 and 2013 in household income for upper income households grew faster than rent paid for higher income households compared to those at the median and below. While the distribution of household income and rent paid do not align for all households, the changes captured in Exhibit C show that housing is less affordable for households with median or lower incomes and that higher rents are relatively more affordable for upper income households.

Exhibit C: Changes in Citywide Rent Paid and Household Income 1980 - 2013		
	Change in Rent Paid	Change in Household Income
10th percentile	+17%	-4%
50th percentile (median)	+69%	+62%
90th percentile	+91%	+116%
95th percentile	+97%	+127%
99th percentile	+93%	+140%

Sources: Budget and Legislative Analyst estimates from 1980 Decennial Census PUMS files, and 2013 1-Year American Community Survey PUMS files. Dataset obtained from IPUMS-USA, University of Minnesota, www.ipums.org.

- In 2013, median rent paid in San Francisco for all housing types was approximately \$1,655 per month whereas the median market rate for a one-bedroom unit was \$2,800 per month, or 69 percent higher. In 2015, the median market rate had increased to \$3,620 for a one bedroom apartment. The large gap between median market rent and median rent paid appears to represent a scarcity of housing and a willingness and ability on the part of some residents to pay higher rental rates, resulting in a likely continuation of increases in market rate rents, if present trends continue.
- The Budget and Legislative Analyst concludes that the Citywide trends above regarding housing demand are applicable to the Mission District and will persist if present trends continue. Specifically, the decreasing number of households in the Mission District with incomes between \$35,000 and \$99,999 and the increasing number of households with incomes over \$100,000 will mean that more neighborhood residents will be able to pay higher rents, making housing less accessible and affordable to those with relatively lower incomes. Decreases in housing prices in the Mission District do not seem likely from the trends in demand for housing and changes in household income.

Projected changes in Mission District housing prices if present trends continue

- The Budget and Legislative Analyst prepared projections of Mission District housing prices for two, five and ten years out from 2015 based on historical price trends. Three projection scenarios were prepared using two, five and nine years' worth of historical Mission District housing price data. The projection results show that the further back the historical data used as the basis of the projections, the lower the rate of projected housing price increase since greater variation in economic cycles is incorporated.

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- Using nine years' worth of historical Mission District housing data, which incorporates the effects of the economic recession that started in 2008, housing prices in the Mission District would experience a downturn during the ten year projection period, but would ultimately still increase through 2025. Exhibit D presents the results of the projections. If historical data from five and two years prior to 2015 is used, prices are projected to continually increase over the next ten years.

Exhibit D: Projected Changes to Median Price for All Types of Mission District Housing* through 2025 Based on Continuation of Historical Trends (July 2015 Dollars)					
Projection Basis: # Years	2015 Base Year	2017 Projected	2020 Projected	2025 Projected	% Change
9 Years Historical	\$1,210,400	\$1,085,654	\$1,173,257	\$1,319,262	9.0%
5 Years Historical	\$1,210,400	\$1,371,296	\$1,689,465	\$2,219,747	83.4%
2 Years Historical	\$1,210,400	\$1,538,987	\$2,008,485	\$2,790,982	130.6%

Sources: Zillow.com Home Value Index. Projections by Budget and Legislative Analyst.

*All homes include single-family homes, condominium, and co-operative homes.

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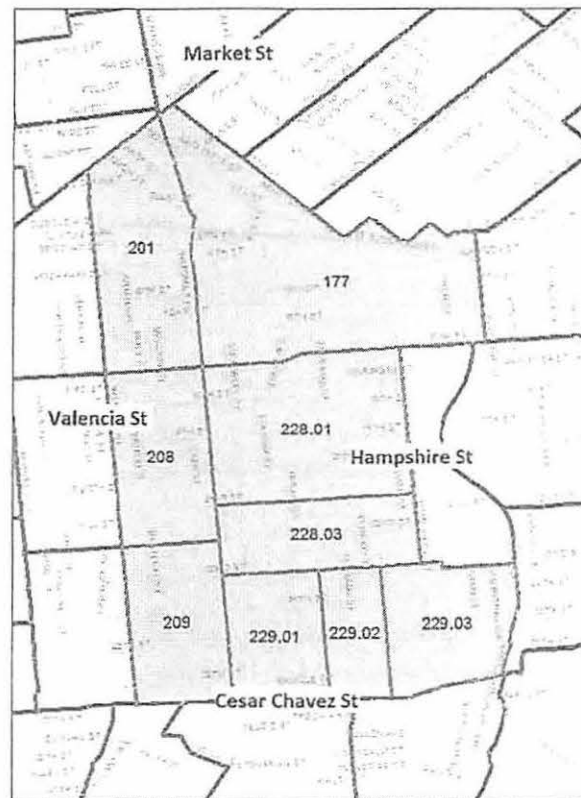
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1. Demographic Trends in San Francisco's Mission District

This report section presents changes in the Mission District's Hispanic/Latino population, household/family population, and household income.

In order to analyze changes in the Mission District, Census tract level data was used that roughly corresponds to the City Planning Department's definition of the Mission District, as seen in Exhibit 1 below. The nine Census tracts used for this analysis are: 177, 201, 208, 209, 228.01, 228.03, 228.09, 229.02, and 229.03.

Exhibit 1: Census Tracts in the Mission District



Source: Office of Economic Analysis, San Francisco Controller's Office, 2015

Census tract level data is available in the decennial U.S. Census released every ten years and the 5-Year American Community Survey (ACS), which provides five year averages of annual samples taken each year since 2005. Comparisons between the 2000 decennial census and the most recently available 5-Year ACS (2009-2013) formed the basis of this analysis and the two, five, and ten year projections presented below.

Although changes between 2000 and the 2009-2013 average are sufficient to describe the basic magnitude and direction of recent demographic trends, use of

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this information has limitations. More recent comparison data would be desirable in order to understand whether and how demographic trends accelerated, moderated, or stayed the same over time, and to inform more robust statistical projections. However, despite the fact that ACS data is available going back to 2005, the California State Census Data Center, among others, strongly advise against comparing overlapping sample periods, particularly at small geographic scales such as a neighborhood or district. For this analysis, all sampling periods between 2005 and 2013 overlapped, so only the most recent results from the 2009-2013 5-Year ACS were used.

The 2009-2013 data set averages results from the economic recession that began in 2008, the immediate post-recessionary environment and the more recent period of economic recovery in San Francisco, but does not include data from 2014 or 2015. For this reason, we believe the estimates presented below are conservative and may understate the scale of recent demographic changes.

Finally, all ACS data are sample data based on surveys, and do not represent actual, comprehensive population counts of persons or households. The figures should therefore be understood as estimates within a range of probable values.

The Mission District's Hispanic/Latino Population

Since 2000 there has been a significant decline, in both numeric and percentage terms, of the Mission District's Hispanic/Latino population. As seen in Exhibit 2 below, in 2000, the Hispanic/Latino population, at 25,180, comprised nearly 60 percent of the Mission District's total population of 42,266. By the 2009-2013 period, the Hispanic/Latino population decreased by 6,808 individuals, or 27 percent, to 18,372 and comprised approximately 48 percent of the Mission District's population of 38,287.

The Non-Hispanic/Latino population, by contrast, increased by 17 percent, or 2,829 individuals from 17,086 to 19,915 over the same period, and increased in population share from 40 to 52 percent. The Mission District's total population decreased by 3,979, or nine percent, from 42,266 to 38,287. By contrast, the City's total population increased by approximately 41,000, or five percent, over the same period, from 776,733 to 817,501.

Exhibit 2: Mission District Hispanic/Latino Population, 2000 and 2009-2013						
	2000	% Total	2009-2013	% Total	Change	% Change
Hispanic/Latino	25,180	60%	18,372	48%	(6,808)	-27%
Non-Hispanic Latino Population	17,086	40%	19,915	52%	2,829	17%
Total Mission District Population	42,266	-	38,287	-	(3,979)	-9%
Total City Population	776,733	-	817,501	-	40,768	5%

Source: Census 2000 and American Community Survey 2013 (5-Year Estimate)

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The Hispanic/Latino population declined across all nine Mission District Census tracts that formed the basis of this analysis. As can be seen in the maps in Exhibits 3 and 4 below, however, there was significant variation in different tracts, with large changes in some tracts and others relatively stable.

Exhibit 3: Mission District Hispanic/Latino Share of Population, 2000



Source: Census 2000, Social Explorer

As of the 2000 Census, there were four Census tracts⁵ (comprised primarily of the area south of 17th Street, east of S. Van Ness Avenue, west of Hampshire and Bryant Streets, and north of Cesar Chavez Street) where the Hispanic/Latino population comprised over 60 percent of the population. By 2009-2013, as seen

⁵ 228.01, 228.03, 229.01, 229.02

in the map in Exhibit 4 below, there were no Census tracts with Hispanic/Latino populations over 60 percent.

Exhibit 4: Mission District Hispanic/Latino Share of Population, 2009-2013



Source: American Community Survey 2013 (5-Year Estimate), Social Explorer

Change in One Census Tract in the Mission District

To illustrate further, Census tract 228.01, one of the four Mission District tracts that had a Hispanic/Latino population of 60 percent or more in 2000, is located at the center of the maps above and is comprised of the area bounded by 17th Street (N), Hampshire Street (E), 21st Street (S), and S Van Ness Ave (W). This area had the largest population change in numeric and percentage terms, both for the decline of the Hispanic/Latino population and the increase in the Non-Hispanic/Latino population. In this Census tract, total population changed only slightly, but the distribution of the population changed significantly.

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There was a 47 percent decline in the Hispanic/Latino population in Census tract 228.01 between 2000 and 2009-2013 from 2,839 to 1,504. The Non-Hispanic/Latino population, by contrast, increased by 77 percent, from 1,837 to 3,256. The total population for the Census tract increased by 84, or a change of 1.4 percent.

Estimates of the Mission District's Future Hispanic/Latino Population

If current trends continue and the relative changes seen between 2000 and the 2009-2013 period are annualized going forward, the Budget and Legislative Analyst projects continued significant declines in the Mission District's Hispanic/Latino population, as seen in Exhibit 5 below⁶. We estimate the Mission District's Hispanic/Latino population will decline from 48 percent of the total Mission District population to 42 percent by 2017 and to 31 percent by 2025.⁷

Exhibit 5: Hispanic/Latino Share of the Mission District's Estimated Future Population				
Year	Hispanic/Latino		Non-Hispanic Latino	
	Number	Percent	Number	Percent
2009-2013	18,372	48%	19,915	52%
2017	15,116	42%	21,268	58%
2020	13,340	38%	22,006	62%
2025	10,380	31%	23,236	69%

Source:

Budget and Legislative Analyst, based on Census 2000 and American Community Survey 2013 (5-Year Estimate)

San Francisco's Hispanic/Latino Population

Although the Mission District's Hispanic/Latino population share declined significantly, the Hispanic/Latino population increased Citywide from 2000 to 2009-2013. As Exhibit 6 below indicates, the Hispanic/Latino population in San Francisco grew by 14,663, or 13 percent, and increased from 14 percent of the City's population to 15 percent of the City's population over the time period. The non-Hispanic/Latino population grew by 26,105, but declined in share from 86 to 85 percent of the total Citywide population.

⁶ To calculate annual change, the Budget and Legislative Analyst assumed the 5-Year ACS average could be established at the mid-point of the 2009-2013 period. Changes from the 2000 Census were therefore assumed to have occurred over 11.5 years.

⁷ If current trends continue, the Mission District's overall population will decline to 33,616 by 2025, as gains in the Non-Hispanic/Latino population are offset by losses in the Hispanic/Latino population. The total number of households is projected to increase, however, as fewer individuals and smaller families occupy the available housing units. Overall trends in household and family size are discussed further in a below section.

Exhibit 6: San Francisco's Citywide Hispanic/Latino Population 2000 to 2009-2013					
	Hispanic/ Latino	% Total	Non- Hispanic/ Latino	% Total	Total Population
2000	109,504	14%	667,229	86%	776,733
2009-2013	124,167	15%	693,334	85%	817,501
Change	14,663		26,105		40,768

Source: Census 2000 and American Community Survey 2013 (5-Year Estimate)

The maps in Exhibits 7 and 8 below place changes in the share of the Mission District's Hispanic/Latino population in the context of overall changes for this group across the City.

As can be seen, the most noticeable differences between 2000 and 2009-2013 are the relative declines in the Hispanic/Latino population in the Mission District and surrounding areas, and the relative increases in the Hispanic/Latino population in certain southern areas of the City including Bayview, Mission Terrace, the Excelsior, and Lakeshore, as well as smaller increases in a handful of northern and western neighborhoods.

Exhibit 8: San Francisco Hispanic/Latino Share of Population, 2009-2013



With the data analyzed for this report, it is not possible to draw a conclusion as to whether residents leaving the Mission District are resettling in other City neighborhoods or leaving the City entirely and being replaced with Hispanic/Latino residents new to the City. To make such a determination, one would have to investigate cross-tabulated migration data, tasks that were not within the scope of this analysis.

Households and Families in the Mission

Although the total population of the Mission District Census tracts declined between 2000 and 2009-2013 from 42,266 to 38,287, the number of households increased by 11 percent, from 13,071 to 14,454, as shown in Exhibit 9 below. This divergence is at least partially explained by a reduction in average household size in the Mission District from 3.2 in 2000 to 2.6 in the 2009-2013 five year period. Average family size in the Mission District also decreased from an average of 3.9 individuals per family in 2000 to 3.4 in 2009-2013.

Exhibit 9: Households and Families in the Mission, 2000 through 2009-2013						
	2000		2009-2013		Change	
	Total	% Total	Total	% Total	Total	% Total
Total Population	42,266	--	38,287	--	(3,979)	-9%
Total Households in the Mission	13,071	--	14,454	--	1,383	11%
Average Household Size	3.2	--	2.6	--	--	--
Average Family Size	3.9	--	3.4	--	--	--
Households with children	4,088	31%	3,041	21%	(1,047)	-26%
Households with seniors	2,426	19%	2,441	17%	15	1%
Households: Related Individuals	6,655	51%	6,263	43%	(392)	-6%
Households: Unrelated Individuals	6,416	49%	8,191	57%	1,775	28%
Owner-occupied units	2,482	19%	3,665	25%	1,183	48%
Renter-occupied units	10,589	81%	10,789	75%	200	2%
Total Housing units	13,539	100%	15,745	100%	2,206	16%

Source: Census 2000 and American Community Survey 2013 (5-Year Estimate)

Other key points about changes in the makeup of households in the Mission District presented in Exhibit 9 include:

- Whereas households composed of single or unrelated individuals living together and households composed of related people living together were nearly evenly split in 2000, by 2009-2013 the number of households with related people living together had decreased slightly but households with singles and unrelated individuals living together had increased significantly, by 28 percent, and were a clear majority;⁸
- The number of households with children decreased by 1,047, from 4,088 in 2000 to 3,041 in 2009-2013, a decline of 26 percent;

⁸ The Census Bureau defines households composed of related individuals living together as Family Households. Family households also include households composed of unrelated individuals living with related individuals. Households composed of single occupants or unrelated individuals living together are classified as Non-family Households by the Census Bureau.

- In 2000 the Mission District's housing stock was approximately 20 percent owner-occupied and 80 percent renter-occupied; by 2009-2013 this changed to 25 percent owner-occupied and 75 percent renter-occupied;
- While the number of renter-occupied units increased by 200 units, or two percent, the number of owner-occupied units increased by 1,183 units, or nearly 50 percent;
- The number of total housing units increased by 2,206, or 16 percent, although a lower proportion of these are occupied compared to 2000, likely due to unfinished construction.

The above data indicates the loss of households with children has been offset by a mixture of households without children, such as married couples and, especially, households with unrelated individuals sharing a unit or singles occupying an entire housing unit.

Given the significant decline in the number of households with children, as well as the decline in both household and family size, it appears the loss of families and households with children contributed to a significant portion of the Mission District's overall population decline of 3,979 individuals over the 2000 to 2009-2013 period.

Households and Families in San Francisco

As seen in Exhibit 10 below, total population grew in San Francisco between 2000 and 2009-2013. The number of households and families Citywide can be characterized as generally stable between 2000 and 2009-2013, with small to moderate growth or increases. This is in contrast to the Mission District where, as shown in Exhibit 9 above, total population decreased while the number of households increased, with family households and households with children both decreasing.

Exhibit 10: Households and Families in San Francisco, 2000 through 2009-2013						
	2000		2009-2013		Change	
	Total	% Total	Total	% Total	Total	% Total
Total Population	776,733	--	817,501	--	40,768	5%
Total Households in San Francisco	329,700	--	345,344	--	15,644	5%
Average Household Size	2.3	--	2.31	--	--	--
Average Family Size	3.22	--	3.17	--	--	--
Households with children	63,867	19%	64,694	19%	827	1%
Households with seniors	78,716	24%	82,467	24%	3,751	5%
Households: Related Individuals	145,186	44%	156,742	45%	11,556	8%
Households: Unrelated Individuals	184,514	56%	188,602	55%	4,088	2%
Owner-occupied units	115,391	35%	126,394	37%	11,003	10%
Renter-occupied units	214,309	65%	218,950	63%	4,641	2%
Total Housing units	346,527	100%	378,186	100%	31,659	9%

Source: Census 2000 and American Community Survey 2013 (5-Year Estimate)

Key points about changes in the makeup of households in San Francisco presented in Exhibit 10 include:

- Citywide, increases in population and households tracked each other closely, with both growing at approximately five percent from 2000 to 2009-2013. The Mission District, meanwhile, had a divergence between population and households, with a nine percent decrease in population coupled with an 11 percent increase in the number of households.
- Average household size and average family size Citywide were also relatively stable from 2000 to 2009-2013. Both decreased in the Mission District.
- Households composed of related individuals increased by eight percent Citywide in contrast to a six percent decrease in the Mission District, and households composed of unrelated individuals increased by two percent Citywide, in contrast to a 28 percent increase in the Mission District.⁹
- Citywide there was a one percent increase in the number of households with children. In contrast, the Mission saw a 26 percent decrease in the number of households with children. In addition, whereas the Mission District had a significantly higher percentage of households with children in 2000 (31 percent versus 19 percent Citywide), by 2009-2013 the proportion of households with

⁹ The Census Bureau defines households composed of related individuals living together as Family Households. Family households also include households composed of unrelated individuals living with related individuals. Households composed of single occupants or unrelated individuals living together are classified as Non-family Households by the Census Bureau.

children in the Mission District was roughly similar to the Citywide rate (21 percent to 19 percent).

- The Mission District had a lower percentage of households with seniors compared with the City in both 2000 and 2009-2013.
- While the number of owner-occupied units increased by approximately ten percent in San Francisco between 2000 and 2009-2013, the number of owner-occupied units increased by 48 percent in the Mission District. The number of renter-occupied units increased by the same amount in both the Mission District and San Francisco from 2000 to 2009-2013, approximately two percent.

As with the City's Hispanic/Latino population, it would require further analysis to determine whether households leaving the Mission District are resettling in other City neighborhoods, or leaving the City entirely and being replaced by households or families new to the City.

Estimates of the Mission District's Future Population of Households with Children

If current trends continue and the relative changes seen between 2000 and the 2009-2013 period are annualized going forward, the Budget and Legislative Analyst projects continued declines in the Mission District's projected share of Households with Children, as seen in Exhibit 11 below.¹⁰ As shown, the Mission District's projected share of households with children would decline from 21 percent of the District's total number of households to 17 percent in 2017 and 11 percent in 2025.

Exhibit 11: Projected Share of Households with Children in the Mission District			
	Households with Children		Total Households
Year	Number	Percent of Total	Number
2009-2013	3,041	21%	14,454
2017	2,540	17%	15,115
2020	2,267	15%	15,476
2025	1,812	11%	16,078

Source: Budget and Legislative Analyst, based on Census 2000 and American Community Survey 2013 (5-Year Estimate)

¹⁰This projection is based solely on the assumption of current trends continuing. Although there will likely be continued decreases amongst the current population of households with children, these households may be replaced by at least some number of new families with children. It is therefore also possible that the population of households with children will stabilize at some level higher than the 11 percent figure in 2025 provided above.

Low-and-Middle Income Households in the Mission

Household Income in the Mission District

As seen in Exhibit 12 below, over the 2000 to 2009-2013 period there has been growth in the share of households in the Mission District with annual incomes of less than \$35,000. Meanwhile, households earning between \$35,000 to \$49,999 in annual income have remained relatively stable, increasing by 85 from 1,503 to 1,587.

Households with annual incomes between \$50,000 to \$99,999 declined in both numeric and percentage terms, falling from 4,295 households in 2000 to 3,473 in the five year 2009-2013 period, a decrease of 19 percent. This is the only income group to have experienced a numeric decline in the Mission District during the years reviewed. By contrast, households with between \$100,000 to \$149,999 annual income maintained a relatively stable share of all households in the Mission District.

There was significant growth in the number of households earning between \$150,000 to \$199,999 annual household income. Finally, households earning \$200,000 and above in annual household income increased from 720 households in 2000 to 1,474 households in 2009-2013, an increase of 105 percent. This was the largest increase of the income groups in both numeric and percentage terms.

Exhibit 12: Changes in Mission District Household Income, 2000 to 2009-2013						
Income	2000		2009-2013		Change	%
	Households	% Total	Households	% Total		
Less than \$15,000	1,508	12%	1,900	13%	392	26%
\$15,000 - \$34,999	2,174	17%	2,692	19%	518	24%
<i>Subtotal</i>	<i>3,682</i>	<i>28%</i>	<i>4,592</i>	<i>32%</i>	<i>910</i>	<i>25%</i>
\$35,000 - \$49,999	1,503	11%	1,587	11%	84	6%
\$50,000 - \$99,000	4,295	33%	3,473	24%	(822)	-19%
<i>Subtotal</i>	<i>5,798</i>	<i>44%</i>	<i>5,060</i>	<i>35%</i>	<i>(738)</i>	<i>-13%</i>
\$100,000 - \$149,999	1,972	15%	2,100	15%	128	6%
\$150,000 - \$199,999	913	7%	1,228	8%	315	35%
More than \$200,000	720	6%	1,474	10%	754	105%
<i>Subtotal</i>	<i>1,633</i>	<i>12%</i>	<i>2,702</i>	<i>19%</i>	<i>1,069</i>	<i>65%</i>
Total	13,085	100%	14,454	100%	1,369	10%

Source: Census 2000 (in 2013\$) and American Community Survey 2013 (5-Year Estimate), Social Explorer

Note: Total households reported by U.S. Census Bureau for Mission District household income in 2000 are 14 households higher than total households reported for population and demographic purposes.

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Between 2000 and 2009-2013, the approximate range of households earning between \$35,000 and \$99,999 went from 44 percent of the Mission District's population to 35 percent, a decrease of 13 percent. By contrast, all households earning above \$150,000, or twice the 2009-2013 Citywide median household income of \$75,604, went from 12 percent of the Mission District's population to 19 percent, an increase of 65 percent.

As with the previous topics covered in this report, the 5-Year 2009-2013 ACS is the most recent period available for Census tract level data. With this data, it is not possible to measure whether the income trends identified above for the Mission District accelerated, moderated or remained the same between 2009-2013 and 2015. However, the Citywide median household income increased to \$85,070 as of 2014 from \$77,485 in 2013 in the ACS 1-Year Estimates, and the Mission District has likely followed this Citywide trend.

Finally, it is not possible to determine with the available data used for this report whether the households in the income categories presented have remained in the Mission District over time and/or whether there has been upward or downward mobility for any individual household.

Estimates of the Mission District's Future Household Income

If current trends continue and the changes seen over the 2000 to 2009-2013 period are annualized going forward, the Budget and Legislative Analyst projects continued relative and actual declines in the number of households with annual incomes between \$35,000 and \$99,999 in the Mission District, as seen in Exhibit 13 below.

Exhibit 13: Projected Share of Total Households in the Mission District by Income									
Annual Household Income	2000	2009-2013		2017		2020		2025	
		Households	Percent	Households	Percent	Households	Percent	Households	Percent
Less than \$35,000	28%	4,592	32%	5,027	33%	5,265	34%	5,660	35%
\$35,000 - 99,999	44%	5,060	35%	4,707	31%	4,515	29%	4,194	26%
\$100,000 - 149,999	15%	2,100	15%	2,161	14%	2,195	14%	2,250	14%
More than \$150,000	12%	2,702	19%	3,213	21%	3,492	23%	3,957	25%
Total		14,454		15,109		15,466		16,061	

Source: Budget and Legislative Analyst, based on Census 2000 (in 2013\$) and American Community Survey 2013 (5-Year Estimate)

As can be seen in Exhibit 13, households making less than \$35,000 a year will continue slowly expanding their share of total households in the Mission District if present trends continue. Households at this income level are projected to reach 35 percent of all households by 2025, up from 28 percent of all households in 2000.

Households earning between \$35,000 and \$99,999 annually will continue seeing year-over-year declines if present trends continue, eventually constituting 26 percent of all Mission District households by 2025. This is a significant projected decrease from 44 percent of all households in 2000.

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Households earning between \$100,000 and \$149,999 a year will remain a relatively stable proportion of the population at 14 percent in 2025 if present trends continue. Finally, households earning \$150,000 and above annually will continue to expand their share of the neighborhood's overall population. Households at this income level are projected to reach 25 percent of all households by 2025, a significant projected increase from 12 percent of all households in 2000.

Household Income in San Francisco

Citywide, changes in household income from 2000 to 2009-2013 were roughly similar to the Mission District, as seen below in Exhibit 14. There was an increase in households earning less than \$35,000 annually, a decrease in households earning between \$35,000 to \$99,999, little change in households earning between \$100,000 to \$149,999, and an increase in households earning over \$150,000 annually.

The magnitude of the changes within those broad categories varied between the Mission District and the City. For instance, the number of households earning less than \$35,000 annually increased by almost the same amount in both the Mission District and San Francisco overall from 2000 to 2009-2013, at approximately 25 percent.

Citywide, there were numeric and relative decreases in the number of households at several levels of household income between 2000 and 2009-2013, including all three income brackets ranging from \$35,000 to \$149,999, as shown in Exhibit 14. In the Mission District, however, decreases were concentrated only among households at the \$50,000 to \$99,999 level of annual household income, which, at 19 percent, was of a larger magnitude than the nine percent decrease in the same income category Citywide.

Finally, although the number of households earning over \$200,000 annually increased in both the Mission District and Citywide between 2000 and 2009-2013, in percentage terms the increase in the Mission District was approximately seven times greater than the City as a whole, at 105 percent versus 15 percent, respectively.

Exhibit 14: Changes in San Francisco Household Income, 2000 to 2009-2013						
Income	2000		2009-2013		Difference % Change	
	Households	% Total	Households	% Total		
Less than \$15,000	34,556	10%	44,478	13%	9,922	29%
\$15,000 - \$34,999	42,241	13%	50,780	15%	8,539	20%
<i>Subtotal</i>	<i>76,797</i>	<i>23%</i>	<i>95,258</i>	<i>28%</i>	<i>18,461</i>	<i>24%</i>
\$35,000 - \$49,999	31,830	10%	30,402	9%	(1,428)	-4%
\$50,000 - \$99,999	91,839	28%	83,752	24%	(8,087)	-9%
<i>Subtotal</i>	<i>123,669</i>	<i>37%</i>	<i>114,154</i>	<i>33%</i>	<i>(9,515)</i>	<i>-8%</i>
\$100,000 - \$149,999	55,903	17%	55,168	16%	(735)	-1%
\$150,000 - \$199,999	31,071	9%	32,197	9%	1,126	4%
More than \$200,000	42,410	13%	48,567	14%	6,157	15%
<i>Subtotal</i>	<i>73,481</i>	<i>22%</i>	<i>80,764</i>	<i>23%</i>	<i>7,283</i>	<i>10%</i>
Total	329,850	100%	345,344	100%	15,494	5%

Source: Census 2000 (in 2013\$) and American Community Survey 2013 (5-Year Estimate), Social Explorer.

Note: Total households reported by U.S. Census Bureau for Citywide household income in 2000 is 150 households higher than total households reported for population and demographic purposes.

2. Impact of Changes in Housing Supply on Potentially Lowering Housing Prices

In this and the subsequent Section 3 of this report, the Budget and Legislative addresses the question of how many units of housing would need to be constructed to lower prices by separately analyzing supply and demand factors that have contributed to rising housing prices in the Mission District and San Francisco overall. Although it is not possible to provide an estimate on the exact number of housing units needed to lower current median housing values without constructing a complex forecasting model, this report section provides perspective on the number of housing units that could moderate future increases in median housing values.

Increasing Housing Supply to Reduce Housing Price Growth

A 2015 report by the California Legislative Analyst's Office (LAO), the State's nonpartisan fiscal and policy advisor, estimated the amount of additional housing that would have been needed to prevent California's housing costs from growing faster than the rest of the country in recent decades.¹¹ The LAO's estimates provide perspective on the amount of additional housing demand and housing construction that would have resulted in San Francisco had there been parity between U.S. and California median housing price growth between 1980 and 2010.

The LAO's report notes that during the 30-year period from 1940 through 1970, the state's home prices were generally between 20 to 30 percent higher than the national average. Prices accelerated during the 1970s, and by 1980, home prices in California were 80 percent above U.S. levels. By 2015, prices in California were approximately two-and-a-half times the national average.

For the 30 year period between 1980 and 2010, the LAO prepared an estimate of how many additional households would have lived in California if housing prices had risen "only as fast as the rest of the country", as opposed to significantly faster.¹²

Over this period California built an average of 120,000 new housing units annually. The LAO's analysis estimates that between a total of 190,000 and 230,000 units would have been built under conditions of equivalent housing cost growth between California and the rest of the country, or between 70,000 and 110,000 additional units per year over the actual annual average. Under this scenario

¹¹ "California's High Housing Costs: Causes and Consequences". California Legislative Analyst's Office. March 17, 2015.

¹² The LAO's analysis primarily focused on the relationship on housing demand and home prices. They report that they performed a similar analysis on rents and received similar results.

California would have built between an additional 2.1 and 3.3 million units of housing over the 30 year period and between 5.4 and 8.5 million additional people would have been living in the state.

Had this level of housing construction occurred, the LAO concludes that prices in California would have risen during the 30 year period consistent with the level of increase in housing prices nationwide, leading to median housing prices lower than their current actual levels. The LAO predicts these additional housing units would have been heavily concentrated in the state's major coastal metropolitan areas for a number of reasons, including 1) these areas have the strongest demand for housing; 2) these areas contain two-thirds of the state's population; 3) these areas saw the largest price increases for housing over the period in question; and 4) these areas had the comparatively slowest pace of new housing construction over the period in question.¹³

The LAO's estimates should be understood as providing a sense of the scale of annual housing construction needed over a 30-year period to moderate the growth of median housing prices in California. The estimates should not be interpreted as a static estimate of current housing need or a prediction of the number of housing units needed to lower prices from their current levels.

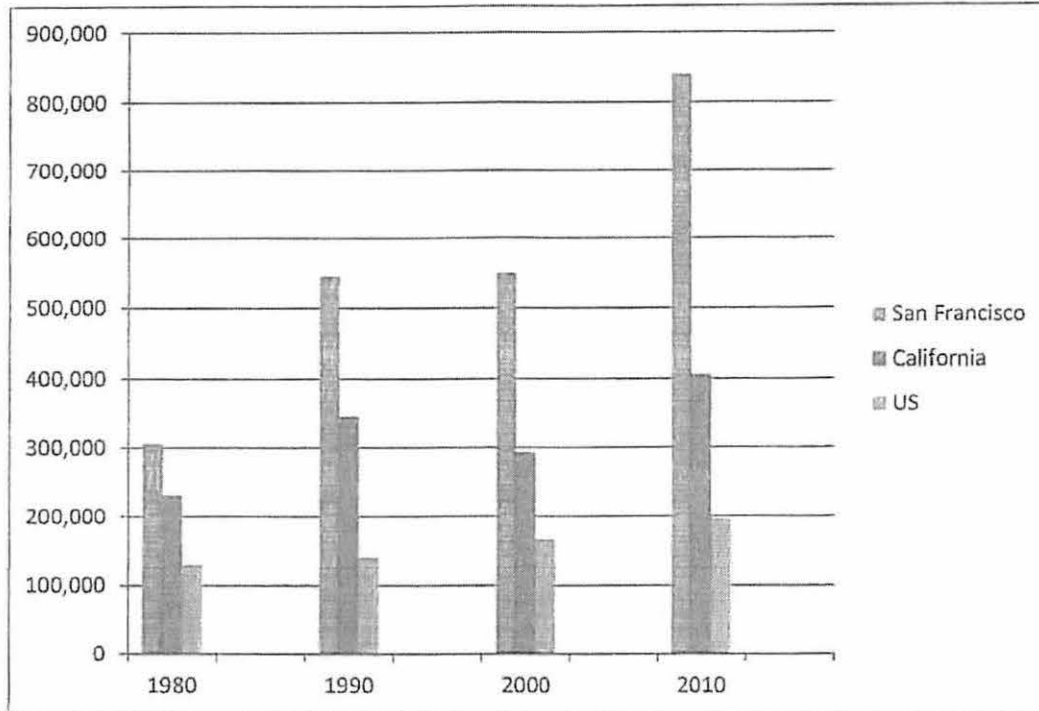
California Legislative Analyst's Office Housing Estimates for San Francisco

The LAO's 2015 report included estimates of the housing needed in the City and County of San Francisco for median price growth in California to have risen at the same level as the U.S. from 1980 to 2010.

As seen in Exhibit 15 below, the median value of owner-occupied housing units in San Francisco significantly outpaced the national average over the 1980-2010 period. Whereas the nationwide median value rose by approximately 52 percent over the 30-year period, San Francisco's median value rose by over three times that amount, or approximately 175 percent. In 1980 the \$305,522 median value of an owner-occupied housing unit in San Francisco was over twice the national median of \$129,261, but by 2010 the San Francisco median of \$839,357 was over four times the \$196,615 national median.

¹³ The LAO's report also suggests that lower prices and increased supply in the state's coastal urban areas would have reduced the demand for new housing in the state's inland areas, which would have seen comparatively less building under this scenario. The LAO believes much of the growth in inland California over the 1980-2010 period resulted from spillover demand from individuals and families priced out of the too-expensive coastal areas. This spillover demand raised prices in the interior as well.

Exhibit 15: Median Value of Owner-Occupied Housing Units in San Francisco, 1980-2010



Median Value of Owner-Occupied Housing in San Francisco, 1980-2015 (in 2015\$)

	1980	1990	2000	2010	2015
San Francisco	\$305,522	\$545,008	\$548,597	\$839,357	\$982,000
California	\$231,534	\$345,710	\$292,705	\$405,361	\$436,600
US	\$129,261	\$139,917	\$165,520	\$196,615	\$178,500

% Change in Median Value of Owner-Occupied Housing in San Francisco 1980-2015

	1980-1990	1990-2000	2000-2010	2010-2015	1980-2010	1980-2015
San Francisco	78%	1%	53%	13%	175%	221%
California	49%	-15%	38%	8%	75%	89%
US	8%	18%	19%	-9%	52%	38%

Sources: 1980-2000 data from U.S. Census, "USA Counties" and "Historical Census of Housing Tables – Home Values" data sets. 2010 data from U.S. Census Bureau's American Community Survey (ACS). 2015 data from Zillow as of January 2015, via California State Legislative Analyst's Office, "California's High Housing Costs: Causes and Consequences", March 2015.

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The LAO estimates that San Francisco would have had significantly more housing production over the 1980-2010 period if California's median home prices had appreciated in line with the approximately 52 percent rate of increase seen during that period for the U.S. as a whole.¹⁴

As seen in Exhibit 16 below, Census data shows that from 1980 to 2010 there was an average of approximately 2,011 housing units added annually in San Francisco, for a total of 60,334 housing units. The LAO's model estimates that 15,300 average annual units, or 13,289 more than actually added, would have been needed to be built in San Francisco on average each year and, when combined with additional housing in other California counties, would have enabled home prices to appreciate at the same rate as the rest of the country. This would have resulted in a total of approximately 459,000 new units in San Francisco during the 30-year period from 1980 to 2010, indicating a housing shortfall over the period of approximately 398,666 units compared to the 60,344 actually added on average each year over the 30 years. The LAO's estimated level of San Francisco's housing need represents a 561 percent increase over the actual level of housing production during that period. Under this scenario, by 2010 there would have been a total of 775,608 housing units in San Francisco, or over twice as many as the actual 376,942 housing units estimated by the U.S. Census in 2010. Even with that level of additional housing, the LAO analysis holds that San Francisco prices would have still increased over the 30-year period, though at a lower rate than actually occurred.

Exhibit 16: San Francisco's Actual Housing Unit Production and Estimated Housing Production Needed for California Housing Cost Growth to Equal the U.S. Median, 1980-2010

	Actual Housing Added	Estimated Housing Needed to Equal Growth in U.S. Median Prices	Estimated Housing Shortfall	Estimate vs Actual % Increase
Total Units	60,334	459,000	398,666	561%
Average Annual Units	2,011	15,300	13,289	

Source: Actual housing data from U.S. Census, "USA Counties" Censtats Housing database. Estimated housing data from "California's High Housing Costs: Causes and Consequences", California State Legislative Analyst's Office, March 2015. Shortfall estimated by Budget and Legislative Analyst.

Had all these additional units been built, the LAO estimates that the 2010 median home price in San Francisco would have been approximately \$525,000 (in 2015

¹⁴ The LAO's analysis does not consider constraints on new housing construction due to zoning and land use regulations.

Budget and Legislative Analyst

inflation-adjusted dollars),¹⁵ or \$314,357 less than the actual 2010 median home price in San Francisco of \$839,357. This amount is also slightly less than actual inflation-adjusted median home prices in 1990 and 2000, as shown above in Exhibit 15.

It follows that, over the 30 year period, some range of total construction above the actual 60,334 housing units added in San Francisco, but below the LAO's estimated need of 459,000 units, would also have led to relatively lower median housing prices in San Francisco as of 2010. This suggests that it would have taken some level of housing production beyond 459,000 total units during the 1980-2010 period for inflation-adjusted median prices in San Francisco to have declined from their 1980 level of \$305,522.

Under this "growth" scenario estimated by the Legislative Analyst's Office, San Francisco's population would have been twice as large by 2010, or 1.7 million people instead of 805,195 as reported by the U.S. Census Bureau for 2010, with significantly greater housing densities.

Exhibit 17: Actual and Potential Population and Density in San Francisco		
	Actual (2010)	LAO Growth Scenario
Population	805,195	1,700,000
Population Density (people per sq mi)	17,246	36,410
Housing Density (units per acre)	18 units per acre	35 to 40 units per acre

Sources: "California's High Housing Costs: Causes and Consequences", California State Legislative Analyst's Office. Budget and Legislative Analyst.

Policy Implications and Limitations

The figures presented by the LAO are backwards-looking and point to a past housing deficit rather than a forward projection of need. It cannot be stated that building 398,666 additional housing units *right now* would bring San Francisco's median housing price down to where it would have been had price growth not outpaced the rest of the country from 1980-2010. Rather, the LAO states the figures should provide a sense of the scale and pace of housing construction needed to prevent housing price appreciation far in excess of the national average, as California and San Francisco experienced over the 30-year period from 1980-2010.

The LAO's estimates do not address the issue of whether it would be possible or desirable to build significantly more housing units in San Francisco given current policy constraints such as land use and zoning controls and possible community

¹⁵ The estimated 2010 San Francisco median housing value was provided by the State Legislative Analyst's Office in correspondence with the Budget and Legislative Analyst's Office.

resistance to such extensive growth. To the extent the LAO's estimated housing needed to have achieved lower prices in San Francisco was infeasible during the review period and remains so for the future, the analysis does not present alternative methods of providing more affordable housing, particularly for low and moderate income households.

Moving forward, the LAO believes that California will continue to see strong demand for housing in 2015 and beyond, and that "the state probably would have to build as many as 100,000 additional units annually – almost exclusively in its coastal communities – to seriously mitigate the state's problems with housing affordability". If trends from the last 30 years as reported by the LAO were to continue in San Francisco, construction of something above the City's 1980-2010 average annual production of 2,011 housing units, sustained over multiple years, would be needed to moderate projected price increases in the future. Further, a level of construction above the City's 1980-2010 average annual housing need of 15,300 average units estimated by the LAO, sustained over multiple years, would be needed to actually maintain a lower San Francisco's inflation-adjusted median housing price from its current value of approximately \$1 million on an ongoing basis.

The LAO analysis does not imply that prices in San Francisco will never go down. As discussed further in Section 4, events such as recessions can and have lowered prices for several years at a time in San Francisco. However, over longer-run periods of 10, 20, or 30 years, median housing prices in both San Francisco and California have been on a consistently upward trajectory.

Finally, the LAO repeatedly stresses that readers should focus less on the specific estimates provided above and more on the general fact that "demand for housing in California substantially exceeds supply", and that the state needs to build significantly more housing in its coastal urban areas to moderate future housing price growth.¹⁶

The Budget and Legislative Analyst did not evaluate the City's housing development pipeline, development potential, zoning and land use regulations, or other laws and policies in order to assess the feasibility or desirability of reaching the LAO's estimated average annual housing construction levels, as these were outside the scope of this report.

¹⁶ Under the terms of the LAO's model, no metro area or county can be considered in isolation from another. It is assumed that any potential moderation or reduction in San Francisco housing prices would take place under conditions where other coastal cities in California are also adding supply.

3. Impact of changes in housing demand on potentially lowering housing prices

Determinants of Housing Demand

The market rate for a certain quantity of housing is determined by the intersection of supply and demand. On the supply side, and as discussed in Section 2, the California Legislative Analyst's Office estimates that substantially more housing needed to have been produced in San Francisco to moderate housing price growth between 1980 and 2010. This section addresses trends related to the Citywide demand for housing in San Francisco since 1980.

Relevant household data for this analysis is available from the U.S. Census Bureau Public Use Microdata Sample (PUMS) files at the Citywide level, but not at the neighborhood or Census tract level. As a result, this section presents a Citywide analysis of income and rental price trends, though the patterns appear to mirror data that is available for the Mission District presented earlier in this report.

Demand for housing is derived from what households are willing and able to pay, which is linked to household income. As housing prices increase, fewer households are willing or able to pay market rates unless their incomes increase at the same rate, and as prices decrease, more households are able to pay the market rate as long as their incomes do not decrease.

We can estimate household willingness/ability to pay for rental housing by comparing income to rental prices. If the ratio of rent paid to income stayed constant over time, then willingness/ability to pay and the demand for housing would not change over time.

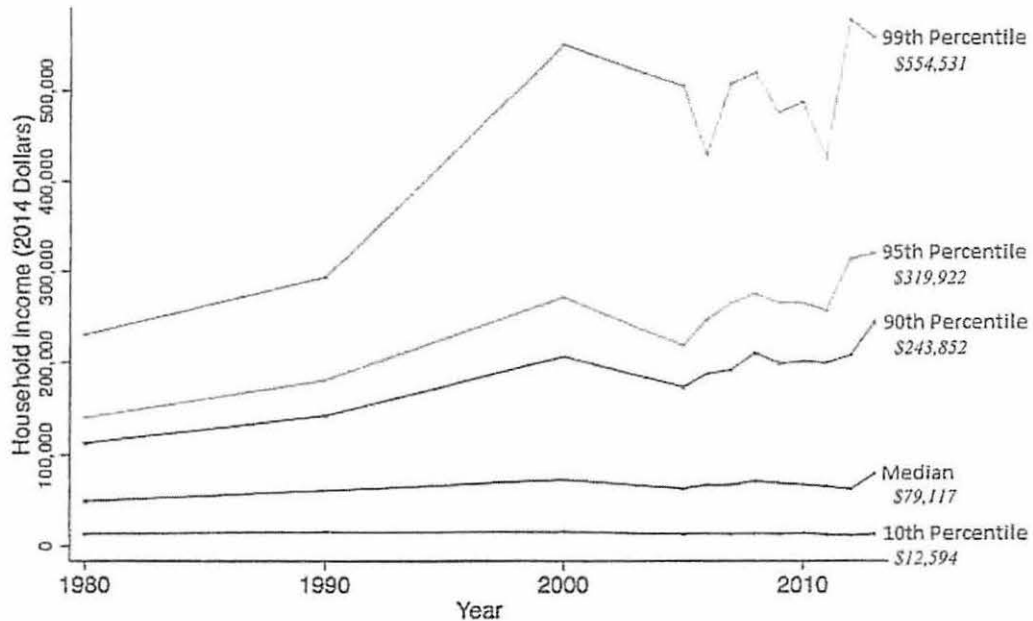
Household Income and Rent Trends in San Francisco

Citywide, rent-to-income ratios have been inconsistent over time across households with different income levels.¹⁷ As shown in Exhibits 18 and 19, in inflation-adjusted dollars, high-income (90th, 95th, and 99th percentile¹⁸) households have experienced greater rates of income growth than low- (10th percentile) and median-income households.

¹⁷ Estimates derived from: IPUMS-USA, University of Minnesota, www.ipums.org.

¹⁸ In this case, the percentile indicates the household income below which a given percentage of households in San Francisco fall. For example, 90 percent of San Francisco households make less than the 90th percentile of household income and 10 percent make more. The median household income is also known as the 50th percentile because half of all households make more than the median income level and half make less. In the case of rent paid, half of all rental units rent for less than the 50th percentile (median) and half of all units rent for more.

Exhibit 18: Household Income of San Francisco Renters over Time (in 2014 Dollars)



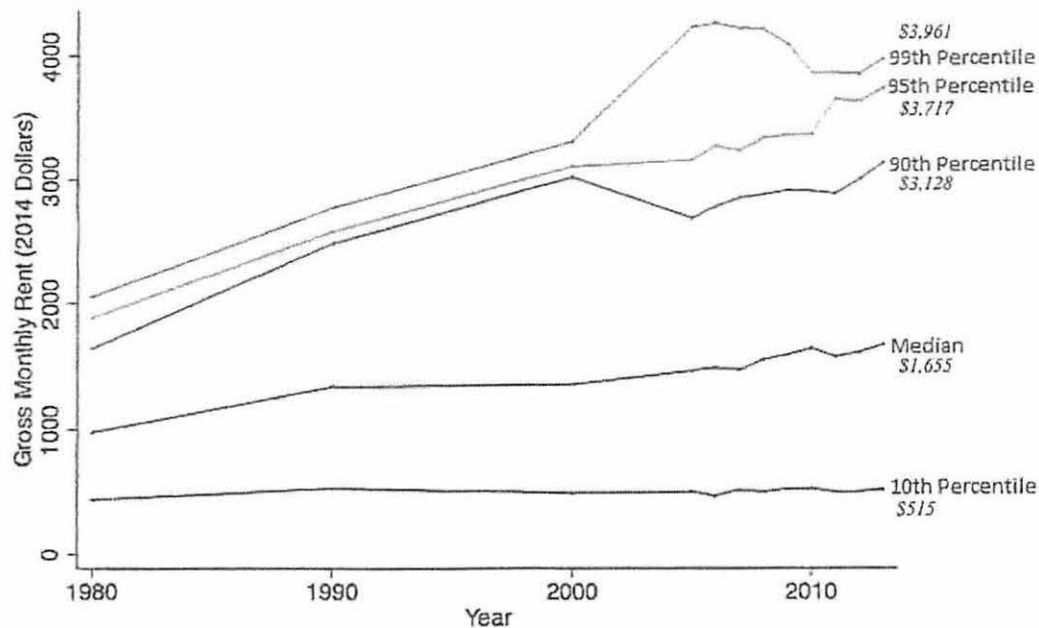
Income Percentile	1980	1990	2000	2010	2013	% Change 1980-2013	# Households above Percentile*
10th	\$13,056	\$15,324	\$15,199	\$13,565	\$12,594	-4%	319,186
50th (Median)	48,932	61,091	72,940	67,393	79,117	62%	177,325
90th	112,981	143,182	205,966	200,767	243,852	116%	88,663
95th	140,927	181,096	271,307	264,795	319,922	127%	35,465
99th	231,489	293,456	547,585	485,097	554,531	140%	17,733

Source: 1980, 1990, 2000, and 2010 Decennial Census PUMS files, and 2005 through 2013 1-Year American Community Survey PUMS files. Dataset obtained from IPUMS-USA, University of Minnesota, www.ipums.org.

*Note: American Community Survey 2013 1 Year Estimate reports 354,651 households for San Francisco.

As shown in Exhibit 19, actual Citywide rent paid for higher cost units has increased at a greater rate than rent paid for lower cost units.

Exhibit 19: Citywide Rent Paid over Time, All Housing Types (in 2014 Dollars)



Price Percentile	1980	1990	2000	2010	2013	% Change 1980-2013
10th	\$440	\$527	\$490	\$521	\$515	17%
50th (Median)	978	1,334	1,351	1,630	1,655	69%
90th	1,636	2,482	3,013	2,898	3,128	91%
95th	1,884	2,577	3,101	3,356	3,717	97%
99th	2,054	2,768	3,302	3,844	3,961	93%

Source: 1980, 1990, 2000, and 2010 Decennial Census PUMS files, and 2005 through 2013 1-Year American Community Survey PUMS files. Dataset obtained from IPUMS-USA, University of Minnesota, www.ipums.org.

Since 1980, rent paid for low- and mid-level units increased at a higher rate than income for low- and median-income households, resulting in a lower overall level of housing affordability. The above comparison of rent and income levels does not capture the distribution of rent and income at the household unit because a household with income at the 50th percentile, or median, does not necessarily pay rent at the 50th percentile. Some households pay more than they can afford and some pay less.

While those in the various income percentiles do not necessarily pay rents in the corresponding rent percentiles, Exhibit 20 shows that increases in rent paid between 1980 and 2013 for low- and mid-priced units exceeded income growth for median- and low-income households, making housing less affordable. On the contrary, income growth for higher income households exceeded increases in rent

paid for high-end units during that period, making housing relatively more affordable for high income households.

Exhibit 20: Changes in Citywide Rent Paid and Household Income 1980 - 2013		
	Change in Rent Paid	Change in Household Income
10th percentile	+17%	-4%
50th percentile (median)	+69%	+62%
90th percentile	+91%	+116%
95th percentile	+97%	+127%
99th percentile	+93%	+140%

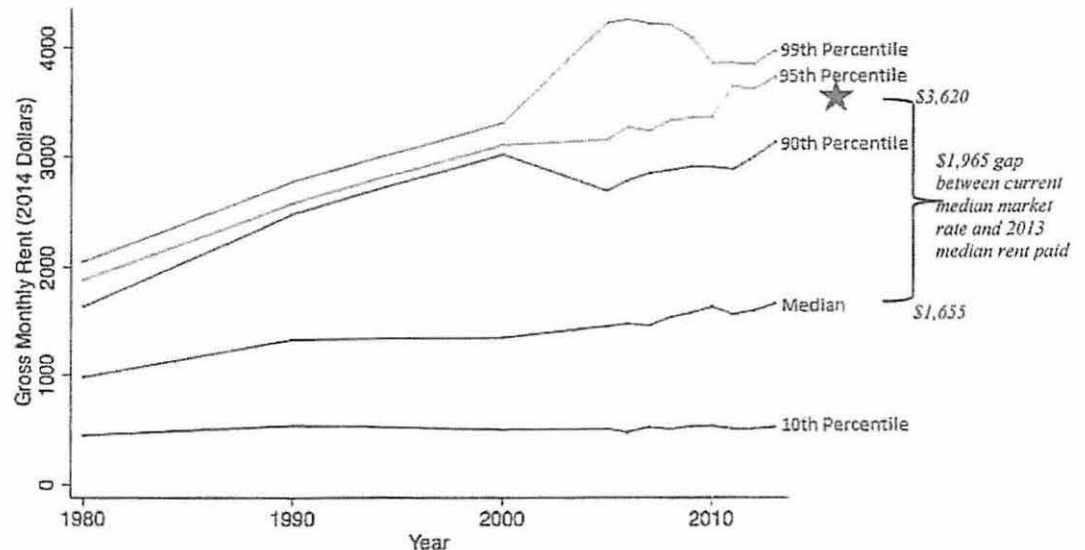
Source: 1980 Decennial Census PUMS files, and 2013 1-Year American Community Survey PUMS files. Dataset obtained from IPUMS-USA, University of Minnesota, www.ipums.org.

Price Gap between Rent Paid and Market Rate

Exhibit 21 presents trends in rent paid in San Francisco between 1980 and 2013. As can be seen, a significant gap exists between the median and higher percentile rent paid.

In 2013, median rent paid in San Francisco for all housing types was approximately \$1,655 per month but the median market rate for a one-bedroom unit was \$2,800, or 69 percent higher. In 2015, the median market rate had increased to \$3,620 for a one bedroom apartment. Assuming that the increase in median rent paid has continued to grow only modestly between 2013 and 2015, the gap between rent paid and market rate rent is assumed to have remained significantly divergent or grown. The large gap between median market rent and median rent paid likely indicates a scarcity of housing and willingness on the part of some residents to pay more for housing, resulting in increasing market rental rates.

Exhibit 21: Actual Citywide Rent Paid over Time



★ Median market rate of \$3,620 for a 1-bedroom apartment in San Francisco as of October 2015.

Source: 1980, 1990, 2000, and 2010 Decennial Census Public Use Microdata Sample (PUMS) files, and 2005 through 2013 1-Year American Community Survey PUMS files. Dataset obtained from IPUMS-USA, University of Minnesota, www.ipums.org.

Low Supply and High Demand

Housing prices increase when the willingness to pay (demand) exceeds the equilibrium (market rate) for the quantity of housing available (supply). The growing gap between rent paid and market rate can likely be attributed to a scarcity of housing supply (as indicated in the LAO report discussed in the previous section) combined with higher willingness and ability to pay for housing by high-income households (as indicated above in Exhibit 21).

When the median market rate for housing exceeds the affordable¹⁹ threshold for median-income households, a reduction in price would not necessarily reduce competition for housing, assuming other factors such as employment and the number of available units stayed the same. The number of households that want to reside in San Francisco could be expected to increase as prices fall into a range that more households are willing/able to pay.

¹⁹ "Affordable" is defined as a household spending less than 30 percent of gross income on rent.

Growing disparities in rent-to-income ratios that favor high-income households imply that there are increasing numbers of households within the City and the region that are willing and able to pay increasingly higher market rate rents. Growth in the number of such higher income residents in the Mission District was reported in Section 1 of this report. The current Citywide median market rate rent of \$3,620 per month is affordable for a household with annual gross income of approximately \$145,000 or more, or only approximately 25 percent of the households in San Francisco.²⁰ As discussed in Section 1, 19 percent of Mission District households earned \$150,000 or more during the five year 2009-2013 period. That means that for most of the remaining 81 percent of Mission District households, the Citywide median market rental rate of \$3,620 would not be affordable.

As long as the current trend of growing income inequality persists, low- and median-income households will have difficulty competing with high-income households for market-rate units in San Francisco and, in most cases, would need to spend more than 30 percent of their household income on housing.

Implications for the Mission District

The information above is presented for the City as a whole in this section of the report due to limited available household income and rent paid data at the neighborhood or Census tract level. However, based on data available and compiled for the Mission District and presented in Section 1 of this report, the Budget and Legislative Analyst concludes that the Citywide trends presented above are applicable to the Mission District and will persist if present conditions continue. Specifically, the decreasing number of households in the Mission District with incomes between \$35,000 and \$99,999 and the increasing number of households with incomes over \$100,000 will mean that more neighborhood residents will be able to pay higher rents, making housing less accessible and affordable to those with relatively lower incomes. Decreases in housing prices in the Mission District do not seem likely from the trends in demand for housing and changes in household income.

²⁰ Based on 2013 ACS 1-year PUMS data, \$145,000 approximately represents the 75th percentile of household income in San Francisco (in 2014 dollars), meaning that approximately 25 percent of households earned more than \$145,000 in 2013.

4. Projected changes in Mission District housing prices if present trends continue

To project housing prices for the Mission District for two, five and ten years out, the Budget and Legislative Analyst obtained historical data on actual home sales prices for the neighborhood from Zillow.com, an online real estate data and media company. Zillow.com's monthly reports of median home prices for the Mission District are available from April 1996 through July 2015.²¹ Three scenarios of median estimated home values for two, five and ten years out through 2025 were prepared by the Budget and Legislative Analyst using two years, five years, and nine years (the oldest available) of historical Mission District housing value data for all types of homes, all homes with 1 bedroom, and all homes with 2 bedrooms.

As can be seen in Exhibit 22, the further back the historical data used to project future housing prices, the lower the rate of projected increase in median prices as greater variation in economic cycles is incorporated. However, even using nine years' worth of historical data, which includes the downturn in prices that occurred during the recession starting in 2008, median housing prices are still projected to increase by nine percent by 2025 in the Mission District. A downturn in prices would occur in the first five years of this scenario between 2015 and 2020, assuming recurring economic trends from the last nine years, including a major recession. Inflation-adjusted prices are then projected to increase after 2020 and, by 2025, be higher than the 2015 median price.

The projections based on nine years of historical data compares to a projected increase of 130.6 percent in median prices by 2025 if trends from just the last two years continue for the ten years through 2025 or an 83.4 percent increase in median housing prices if trends from the last five years are assumed to repeat. In other words, the recent high rate of increase in housing prices in the Mission District could subside over time, if longer-term historical trends are repeated. However, even if longer-term historical trends repeat, prices are still projected to increase above their current levels based on the Budget and Legislative Analyst's line of best fit projections.²²

²¹ Data from Zillow was used as it was the only source identified that provided data at the neighborhood level. Zillow has stated that the Mission neighborhood is defined based on "a number of online sources, including other Real Estate sites, Wikipedia and local city, government websites."

²² The line of best fit forecast predicts a future value by using existing values, and the line of best fit shows the general direction that a group of data points, home prices in the Mission District in this case, are heading.

Exhibit 22: Projected Changes to Median Price for All Types of Mission District Housing ²³ through 2025 Based on Continuation of Historical Trends (July 2015 Dollars)					
Basis of Projections: # Years of Historical Trends	2015 Base Year	2017 Projected	2020 Projected	2025 Projected	% Change 2015 to 2025
9 Years Historical	\$1,210,400	\$1,085,654	\$1,173,257	\$1,319,262	9.0%
5 Years Historical	\$1,210,400	\$1,371,296	\$1,689,465	\$2,219,747	83.4%
2 Years Historical	\$1,210,400	\$1,538,987	\$2,008,485	\$2,790,982	130.6%

Source: Zillow.com Home Value Index. Projections by Budget and Legislative Analyst.

Exhibit 23 below shows historical and projected median prices from 1996 through 2025 based on nine years' worth of historical data for median prices for all types of housing in the Mission District. The Budget and Legislative Analyst prepared a line of best fit projection of prices from 2015 to 2025.²⁴ As can be seen in Exhibit 23, prices are expected to drop slightly over the next few years, but reach current price levels around 2021 and climb nine percent over current prices by 2025.

²³ All homes include single-family homes, condominium, and co-operative homes.

²⁴ The line of best fit forecast predicts a future value by using existing values, and the line of best fit shows the general direction that a group of data points, home prices in the Mission District in this case, are heading.

Budget and Legislative Analyst

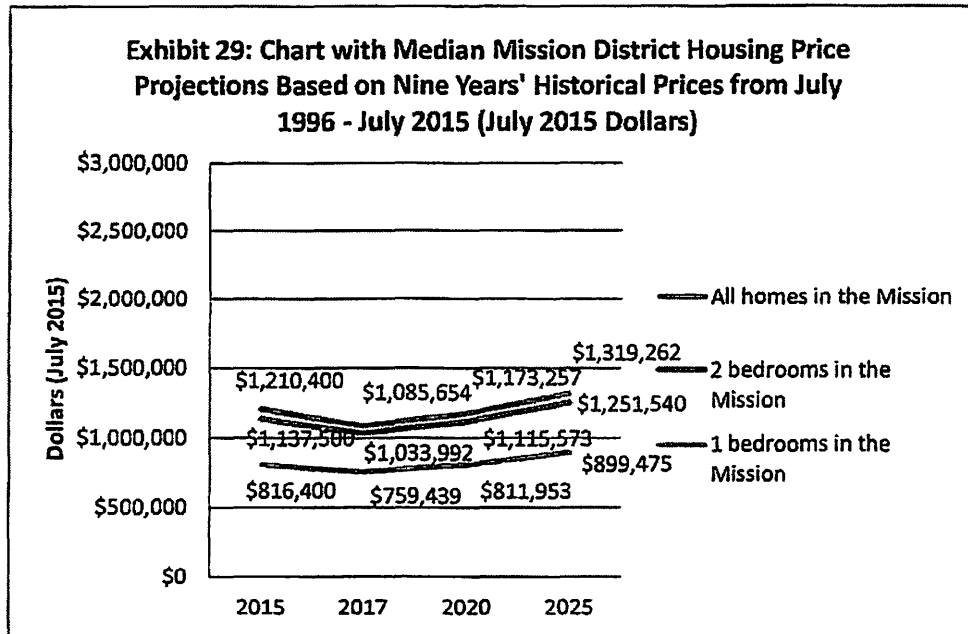
Scenario 3: Projections using Nine Years' Historical Data

The third scenario used nine years' worth of data from July 1996 to July 2015 to project prices two, five and ten years out. Exhibits 28 and 29 below show the projected housing prices by housing type. Only in this scenario do housing prices decline in the first two years, at which point they begin increasing and maintain that trend through 2025. This appears to be because this scenario incorporates the impact of the recession that began in 2008 and assumes a repeat of an economic disruption of that magnitude.

Exhibit 28: Median Mission District Housing Price Projections Based on Nine Years' Historical Housing Prices from July 1996 to July 2015 (July 2015 Dollars)					
Type of Housing	2015 Base Year	2017 Projected	2020 Projected	2025 Projected	% Change 2015 to 2025
All homes in the Mission	\$1,210,400	\$1,085,654	\$1,173,257	\$1,319,262	9.0%
2 bedrooms in the Mission	\$1,137,500	\$1,033,992	\$1,115,573	\$1,251,540	10.0%
1 bedrooms in the Mission	\$816,400	\$759,439	\$811,953	\$899,475	10.2%

Source: Zillow.com Home Value Index. Projections by Budget and Legislative Analyst

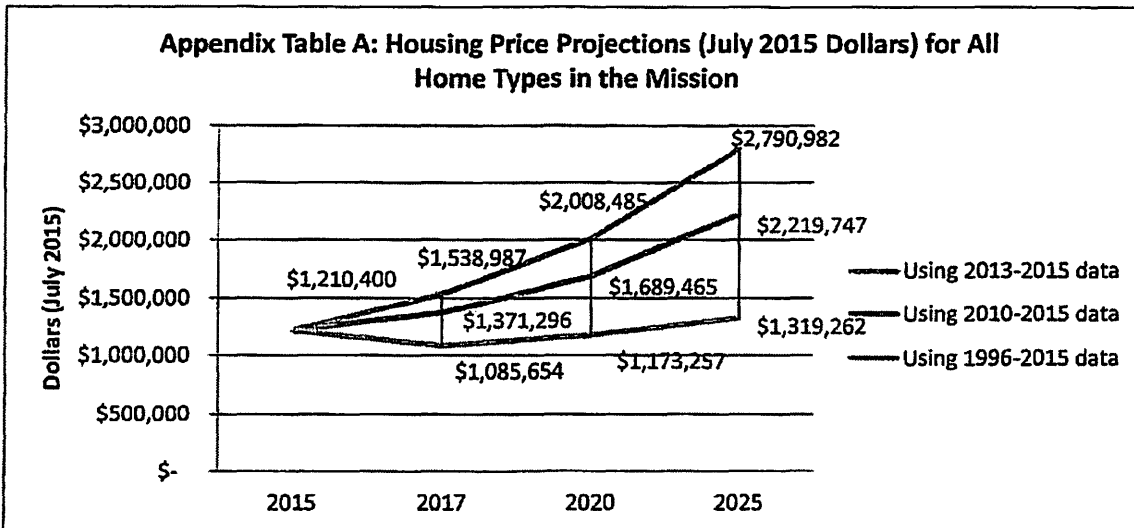
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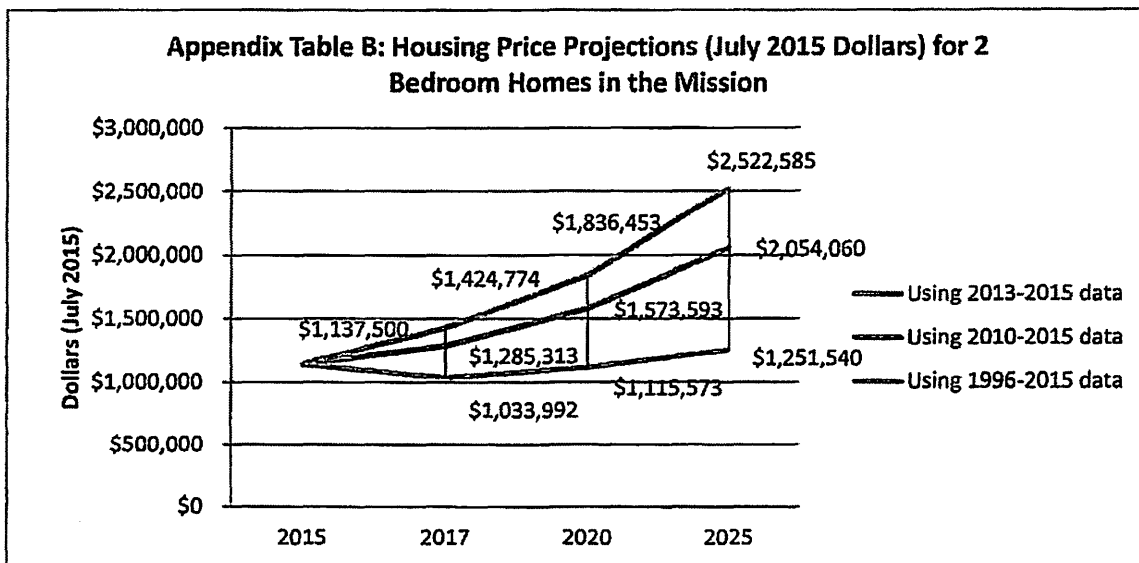
Source: Zillow.com Home Value Index. Projections by Budget and Legislative Analyst

Appendix

Below are the three Mission District housing price projection scenarios, arranged by home type. Appendix Table A shows price projections for all home types, Appendix Table B shows price projections for 2 bedroom homes, and Appendix Table C shows price projections for 1 bedroom homes.

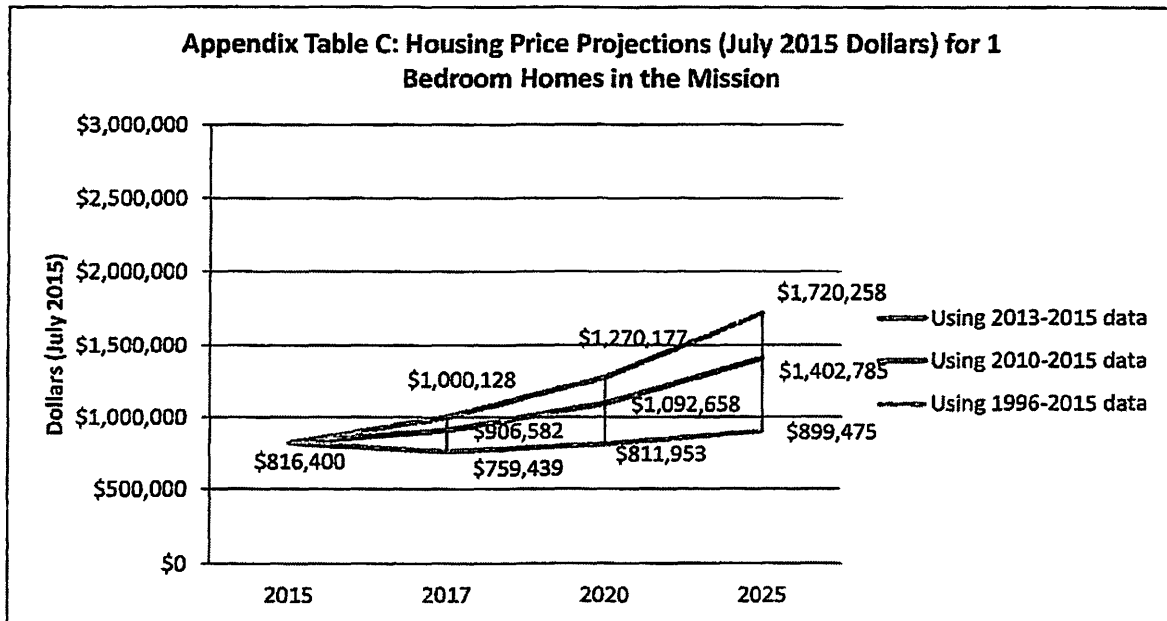


Source: Zillow.com Home Value Index. Projections by Budget and Legislative Analyst



Source: Zillow.com Home Value Index. Projections by Budget and Legislative Analyst

Budget and Legislative Analyst



Source: Zillow.com Home Value Index. Projections by Budget and Legislative Analyst

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SFGATE <http://www.sfgate.com/bayarea/article/Cities-struggle-with-ending-redevelopment-agencies-2572618.php>

Cities struggle with ending redevelopment agencies

REDEVELOPMENT

Stephanie M. Lee, Chronicle Staff Writer Published 4:00 am, Tuesday, January 17, 2012



IMAGE 1 OF 3

Families walk over the bridge that crosses Mission Creek, Sunday, January 15, 2012, where new condo buildings have sprung up in the past few years.

Thousands of city workers empty their desks. Offices go dark. Rows of deteriorated buildings may sit untouched.

This is how California's redevelopment program dies.

Six decades ago, redevelopment agencies were formed across the state to revitalize blighted neighborhoods and create low-income housing. By Feb. 1, as a new state law requires, all 400 of them will be gone.

Killing off a multibillion-dollar program is a messy, unprecedented process. The way it unfolds depends on the city - and the day.

On Friday, lawmakers introduced legislation to preserve redevelopment agencies until April 15. Assuming the original deadline stands, however, officials will spend the next two weeks scrambling to close and hand off their final projects.

"These are very difficult times for people," said Tiffany Bohee, San Francisco Redevelopment Agency's interim executive director.

Last summer, the Legislature and Gov. Jerry Brown agreed to ax redevelopment to help solve the state's multibillion-dollar budget deficit. The agencies annually received about \$5 billion, which Brown said should go to education and public safety.

Cities and counties sued. But in December, the California Supreme Court sided with the state and struck down a compromise law that would have allowed the agencies to exist in smaller form.

Redevelopment agencies grew out of federal urban renewal programs and formed in California in 1945. They combat urban blight by purchasing property, renovating commercial areas and developing affordable housing, among other actions. The intent is to

West Bay Law
Law Office of J. Scott Weaver
A Professional Corporation

October 23, 2015

Via U.S. Mail and email

Melinda Hue
Doug Vu
San Francisco Planning Department
1650 Mission Street, Suite 400
San Francisco, CA 94103

Melinda.hue@sfgov.org
Doug.vu@sfgov.org

Re: Case No. 2014.1020U - 1515 South Van Ness Avenue

Dear Ms. Hue and Mr. Vu,

I am writing on behalf of the Calle 24 Latino Cultural District to express concerns regarding the environmental impacts of the project proposed for 1515 South Van Ness Avenue. The proposed project is situated on the corner of 26th Street and South Van Ness Avenue, one half block from Cesar Chavez Street, and within the bounds of the Calle 24 Latino Cultural District.

Lennar, the developer, proposes 160 units, of which only 19 would be affordable. The project sponsor has not state whether or not the ownership units would be limited equity or whether or not the condominium assessments will be such that the units will remain affordable.

The Calle 24 Cultural District was created in May of 2014 by the Mayor and Board of Supervisors. It is bounded on the north by 22nd Street, the south by Cesar Chavez Street, the east by Potrero Avenue, and on the west by Mission Street.

The proposed project, in terms of design, shadows, wind tunnels, and lack of affordability, is inconsistent with the mission, vision, and scope of the Calle 24 Latino Cultural District. <http://calle24sf.org/latino-cultural-district/>. Beyond that, gentrification will undermine preservation of the cultural aspects that the designation was intended to protect.

Mission District stakeholders and representatives of the Planning Department and the Mayor's Office on Housing are collaborating to create a Mission Action Plan 2020. The Plan's purpose is to "strengthen and retain low to moderate income residents and community-serving businesses (including Production, distribution and Repair) and nonprofits in order to preserve the

Melinda Hue
Doug Vu
San Francisco Planning Department
October 23, 2015
Page Two

socioeconomic diversity of the Mission neighborhood.” <http://www.sf-planning.org/index.aspx?page=4184>

The Department should assess the project in light of its impact on the Calle 24 Latino Cultural District, its vision, mission, and scope, as well as that of the MAP 2020 efforts.

In addition to its incompatibility with both the Calle 24 Latino Cultural District, MAP 2020, the imbalance of affordability is of concern given the Mission’s advance stage gentrification. <http://missionlocal.org/2015/09/sf-mission-gentrification-advanced/> Should the project proceed, it will cause significant economic and social changes in the immediate area that will result in physical changes, including impacts on air quality, traffic and transportation, as well as negative impacts on the Cultural District. (See CEQA guidelines, 15604 (e).

A 2007 Nexus Study, commissioned by the Planning Department, concluded that the production of 100 market rate rental units generates 19.44 lower income households and a total of 33.66 households if direct, indirect, and induced impacts are counted in the analysis. [These conclusions were made in 2007, well before housing prices began their steep upward trajectory. Today, new “market rate” two bedroom apartments rented in the Mission begin at about \$6,000 per month – requiring an annual household income of \$240,000.] The 19.44 and 33.66 figures would be even higher using today’s rents. With the proposed 12% affordable housing, there is a shortfall of at least 21.66 units per hundred market rate units produced. One is forced to ask: where will they live and how will they get to work? and what is the impact on air quality and transportation? These questions should be addressed by the Department.

In light of the Calle 24 Cultural District and the Mission Action Plan 2020, the issue of gentrification of the neighborhood must be considered. The economic reality of “market rate” means that the proposed 141 non-affordable units will not be occupied by Mission residents, but by affluent, San Franciscans and non-San Franciscans. In the context of a Latino neighborhood, this is by definition gentrification, and, as stated previously, the Mission is already at an advanced stage of gentrification. The impact of 141 gentrifying households in the Calle 24 Latino Cultural District should likewise be addressed by the Department.

The project’s low affordability, is inconsistent with the Eastern Neighborhoods Plan and the Mission Neighborhood Plan, both of which set for the following policy priorities: 1) preservation of PDR uses and 2) production of a “significant amount” of affordable housing. The EIR for the Eastern Neighborhoods Plan had to have been made with the assumption that the Plan would substantially address the RHNA set by the Association of Bay Area Governments.

Melinda Hue
Doug Vu
San Francisco Planning Department
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Page Three

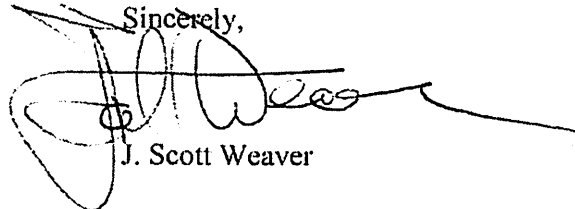
However, to date, implementation of these priorities has been a complete failure. Not only has there been excessive conversion of PDR uses, but the Mission's affordable housing production has been less than one fifth of ABAG's RHNA.

Accordingly, there is significant new information that was not anticipated at the time the Programmatic EIR was prepared. This includes, but is not limited to: 1) The continuing imbalance of affordable/unaffordable housing (as reflected in the recent Housing Balance Report). An underlying assumption of the Mission Plan was that there would be "significant" affordable housing production. 2) The steep rise in housing prices and the resultant introduction of extensive luxury housing and retail space in the Mission. 3) The increasing pressures to produce affordable housing due to the overproduction of "market rate" housing. 4) The fact that the project is within the Calle 24 Latino Cultural District, 5) The excessive conversion of PDR uses, 6) The failure of the City to produce affordable housing in the Mission since the Eastern Neighborhoods Plan took effect. 7) The Mission's advanced stage of gentrification.

There has been no assessment of the loss of jobs in the Mission due to the PDR conversion. The Mission has one of the highest levels of unemployment in the City. Additionally, there should be study of traffic and other impacts resulting from moving existing jobs to a location outside of the Mission.

Traffic and parking are also a significant issue. The project site is one half block away from Cesar Chavez Street, a major thoroughfare used by commuters going to or from Highways 101, 280 and Bayshore Boulevard. South Van Ness Avenue is also a major thoroughfare for those traveling in a northerly or southerly direction. The addition of 160 new households will significantly increase traffic along these corridors, and exacerbate parking in the neighborhood. The Department should also consider alternative measures for mitigation of these impacts.

Please keep me informed of the progress of your study of the above concerns.

Sincerely,

J. Scott Weaver

Jsw:sme

cc. Calle 24 Latino Cultural District



SAN FRANCISCO PLANNING DEPARTMENT

1650 Mission Street, Suite 400 • San Francisco, CA 94103 • Fax (415) 558-6409

NOTICE OF PUBLIC HEARING

Hearing Date: **Thursday, April 21, 2016**
Time: **Not before 12:00 PM (noon)**
Location: **City Hall, 1 Dr. Carlton B. Goodlett Place, Room 400**
Case Type: **Conditional Use Authorization/Planned Unit Development**
Hearing Body: **Planning Commission**

PROPERTY INFORMATION		APPLICATION INFORMATION	
Project Address:	1515 South Van Ness (aka 3251 26 th Street)	Case No.:	2014.1020CUA
Cross Street(s):	26 th & Cesar Chavez Streets	Building Permit:	N/A
Block /Lot No.:	6571/001, 001A & 008	Applicant:	Peter Schellinger
Zoning District(s):	Mission NCT / 55-X & 65-X	Telephone:	(415) 975-4982
Area Plan:	Mission Area Plan	E-Mail:	Peter.Schellinger@lennar.com
PROJECT DESCRIPTION			
<p>Request for CONDITIONAL USE AUTHORIZATION (CUA) and PLANNED UNIT DEVELOPMENT (PUD) pursuant to Planning Code Sections 121.1, 303 and 304 for the demolition of an existing 31,680 sq. ft. industrial building and construction of a five- to six-story, 55- to 65-foot tall, 180,277 sq. ft., mixed-use building that includes up to 157 dwelling units, 5,241 sq. ft. of ground floor commercial space, 16,441 sq. ft. of open space, 81 underground automobile parking and 150 Class 1 bicycle parking spaces. Under the PUD, the Project is seeking modifications from the rear yard, permitted obstructions and exposure requirements pursuant to Planning Code Sections 134, 136 and 140, respectively.</p> <p>A Planning Commission approval at the public hearing would constitute the Approval Action for the project for the purposes of CEQA, pursuant to San Francisco Administrative Code Section 31.04(h).</p>			
ADDITIONAL INFORMATION			
<p>ARCHITECTURAL PLANS: If you are interested in viewing the plans for the proposed project please contact the planner listed below. The plans and Department recommendation of the proposed project will be available one week prior to the hearing through the Planning Commission agenda at: http://www.sf-planning.org or by request at the Planning Department office located at 1650 Mission Street, 4th Floor.</p> <p>Members of the public are not required to provide personal identifying information when they communicate with the Commission or the Department. All written or oral communications, including submitted personal contact information, may be made available to the public for inspection and copying upon request and may appear on the Department's website or in other public documents.</p>			
<p>FOR MORE INFORMATION, PLEASE CONTACT PLANNING DEPARTMENT STAFF: Planner: Doug Vu Telephone: (415) 575-9120 E-Mail: Doug.Vu@sfgov.org</p>			

中文詢問請電: (415) 575-9010

Para información en Español llamar al: (415) 575-9010

GENERAL INFORMATION ABOUT PROCEDURES

HEARING INFORMATION

You are receiving this notice because you are either a property owner or resident that is adjacent to the proposed project or are an interested party on record with the Planning Department. **You are not required to take any action. For more information regarding the proposed work, or to express concerns about the project, please contact the Applicant or Planner listed on this notice as soon as possible.** Additionally, you may wish to discuss the project with your neighbors and/or neighborhood association as they may already be aware of the project.

Persons who are unable to attend the public hearing may submit written comments regarding this application to the Planner listed on the front of this notice, Planning Department, 1650 Mission Street, Suite 400, San Francisco, CA 94103, by 5:00 pm the day before the hearing. These comments will be made a part of the official public record and will be brought to the attention of the person or persons conducting the public hearing.

Comments that cannot be delivered by 5:00 pm the day before the hearing may be taken directly to the hearing at the location listed on the front of this notice. Comments received at 1650 Mission Street after the deadline will be placed in the project file, but may not be brought to the attention of the Planning Commission at the public hearing.

BUILDING PERMIT APPLICATION INFORMATION

Pursuant to Planning Code Section 311 or 312, the Building Permit Application for this proposal may also be subject to a 30-day notification of property owners and residents within 150-feet of the subject property. **This notice covers the Section 311 or 312 notification requirements, if required.**

APPEAL INFORMATION

An appeal of the approval (or denial) of a **Conditional Use application** and/or building permit application associated with the Conditional Use application may be made to the **Board of Supervisors within 30 calendar days** after the date of action by the Planning Commission pursuant to the provisions of Section 308.1(b). Appeals must be submitted in person at the Board's office at 1 Dr. Carlton B. Goodlett Place, Room 244. For further information about appeals to the Board of Supervisors, including current fees, contact the Clerk of the Board of Supervisors at (415) 554-5184.

An appeal of the approval (or denial) of a **Building Permit Application** by the Planning Commission may be made to the **Board of Appeals within 15 calendar days** after the building permit is issued (or denied) by the Director of the Department of Building Inspection. Appeals must be submitted in person at the Board's office at 1650 Mission Street, 3rd Floor, Room 304. For further information about appeals to the Board of Appeals, including current fees, contact the Board of Appeals at (415) 575-6880.

Pursuant to California Government Code Section 65009, if you challenge, in court, the decision of an entitlement or permit, the issues raised shall be limited to those raised in the public hearing or in written correspondence delivered to the Planning Commission prior to, or at, the public hearing.

ENVIRONMENTAL REVIEW

This project has undergone preliminary review pursuant to California Environmental Quality Act (CEQA). If, as part of this process, the Department's Environmental Review Officer has deemed this project to be exempt from further environmental review, an exemption determination has been prepared and can be obtained through the Exemption Map, on-line, at www.sfplanning.org. An appeal of the decision to exempt the proposed project from CEQA may be made to the Board of Supervisors within 30 calendar days after the project approval action identified on the determination. The procedures for filing an appeal of an exemption determination are available from the Clerk of the Board at City Hall, Room 244, or by calling (415) 554-5184.

Under CEQA, in a later court challenge, a litigant may be limited to raising only those issues previously raised at a hearing on the project or in written correspondence delivered to the Board of Supervisors, Planning Commission, Planning Department or other City board, commission or department at, or prior to, such hearing, or as part of the appeal hearing process on the CEQA decision.

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Mission Action Plan 2020

Planning Commission Update
May 05 2016



Today's Agenda

- I. Background
- II. MAP2020 Process & Community Engagement
- III. Draft Solutions
- IV. Next steps

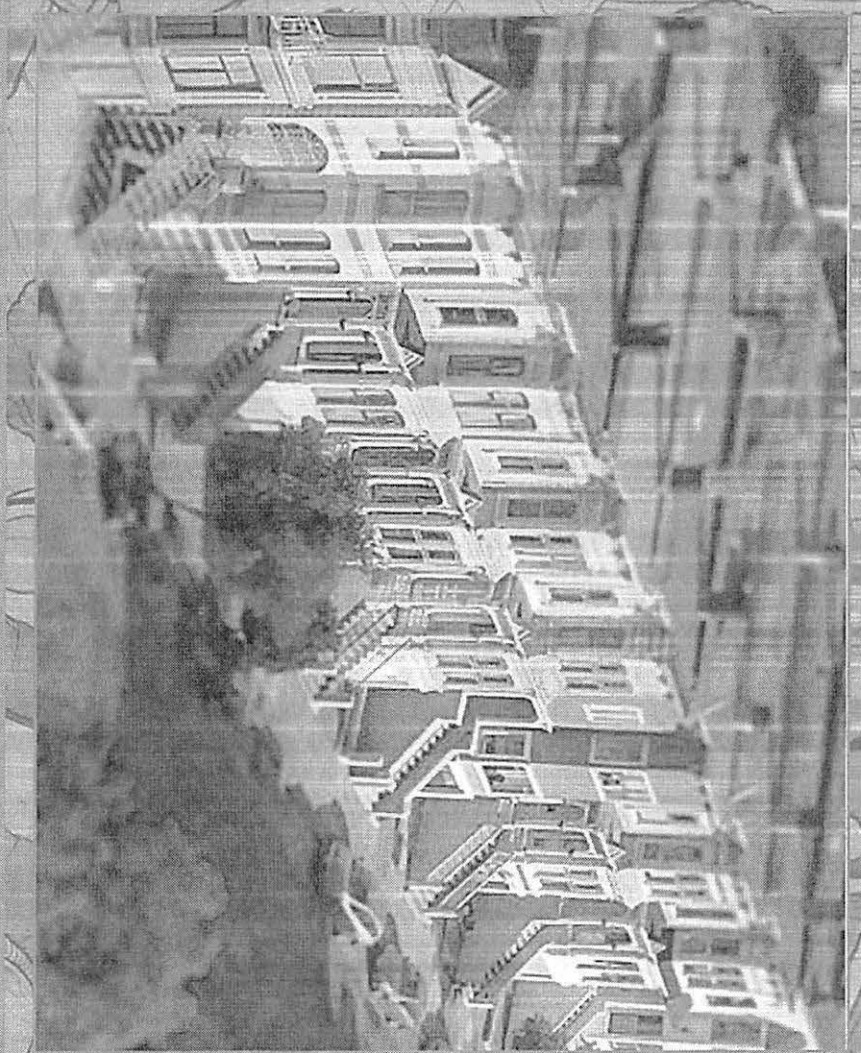


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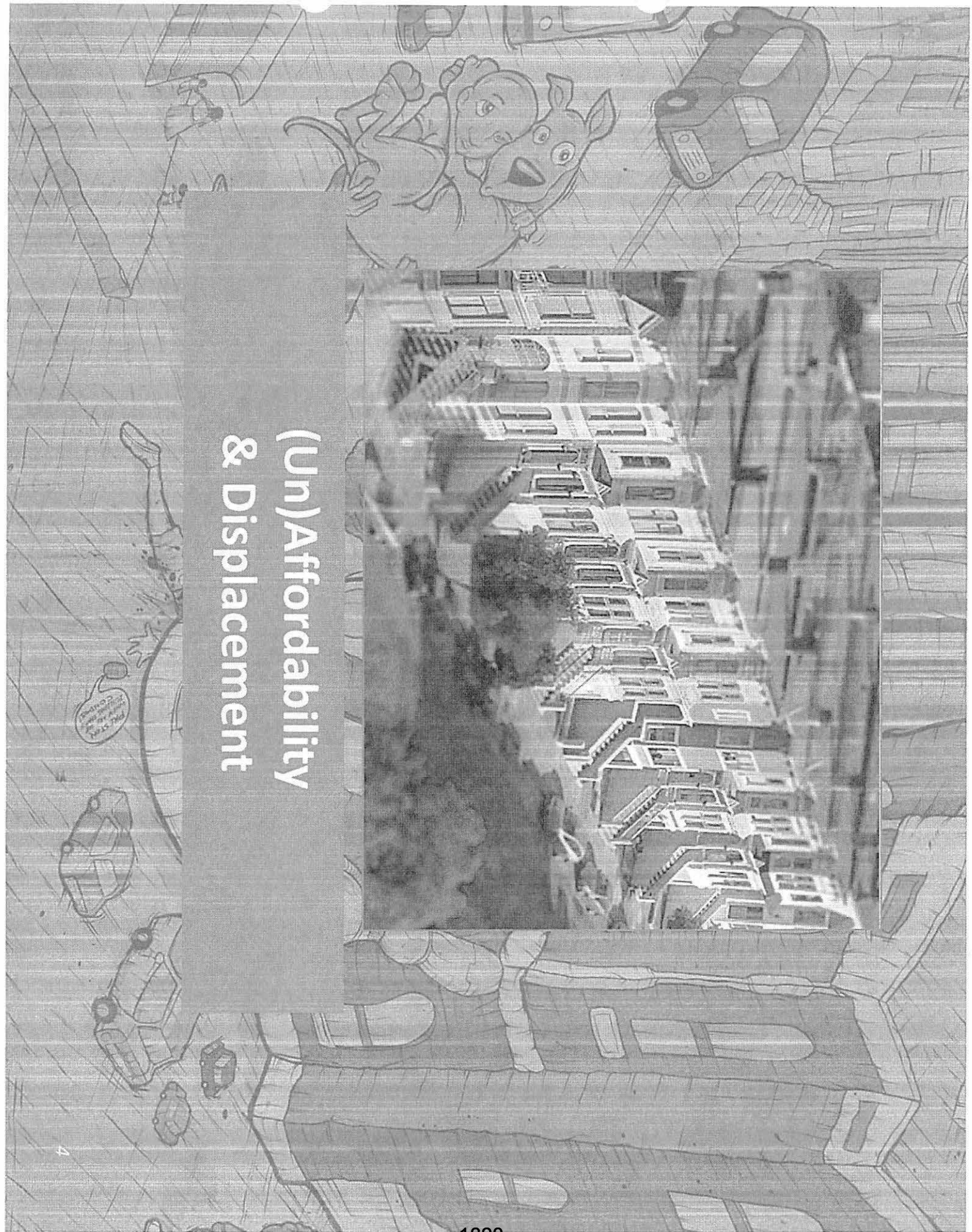


Background

Why are we here?

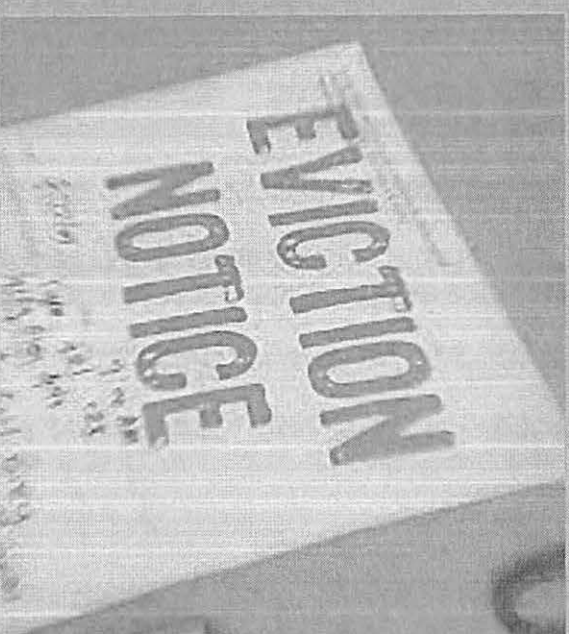


**(Un)Affordability
& Displacement**

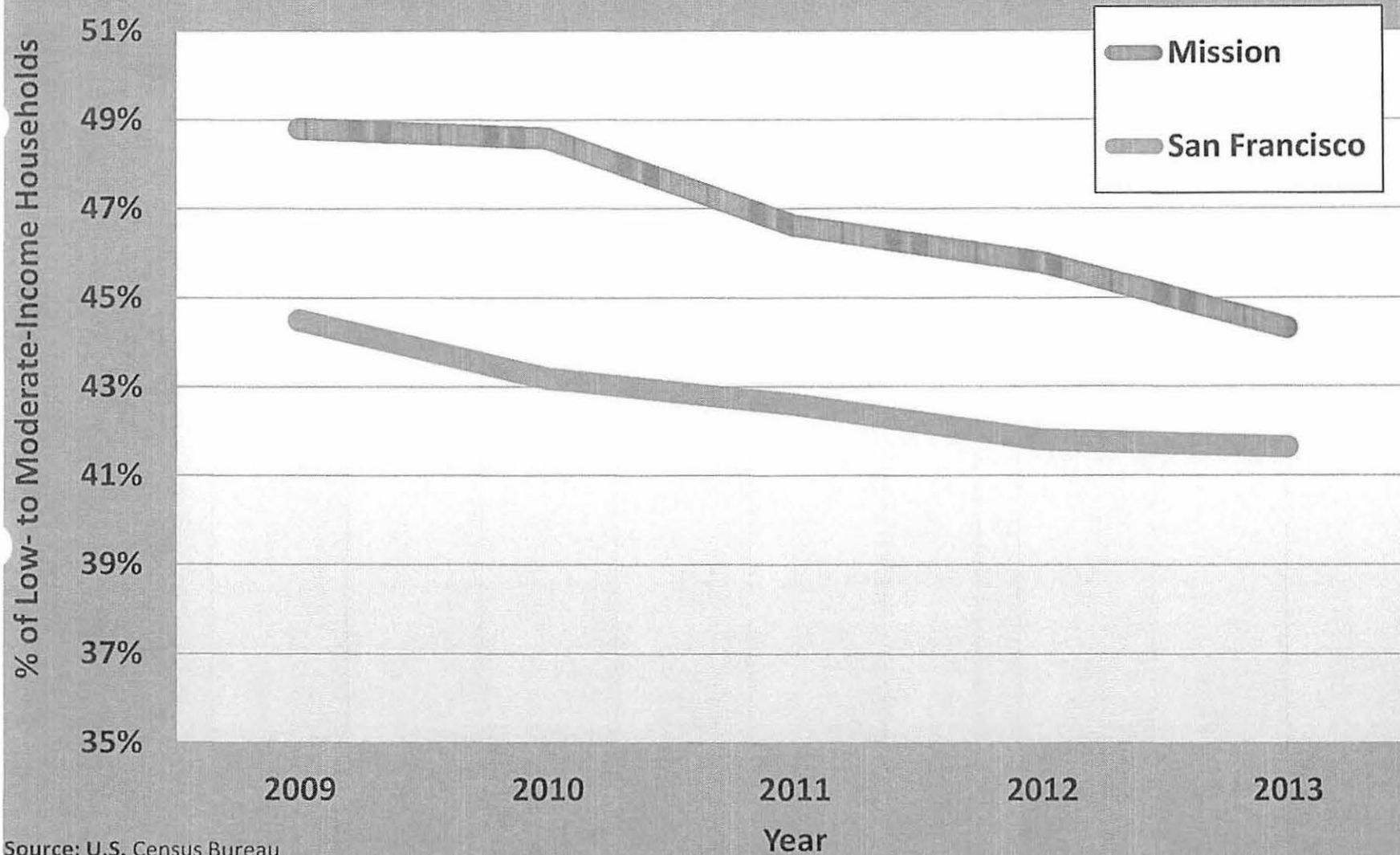


Displacement & Loss

- Loss of approximately 650 low- to moderate-income households from 2009-2014 (those making above 200% of AMI grew).
- 1,174 Latinos left the neighborhood between 2010-13 declining to 38.5 percent of the population.
 - 50 % of the population in 2000.
- 989 eviction notices issued between 2009-2014.
- Homeless count in D9 (2013): 507.

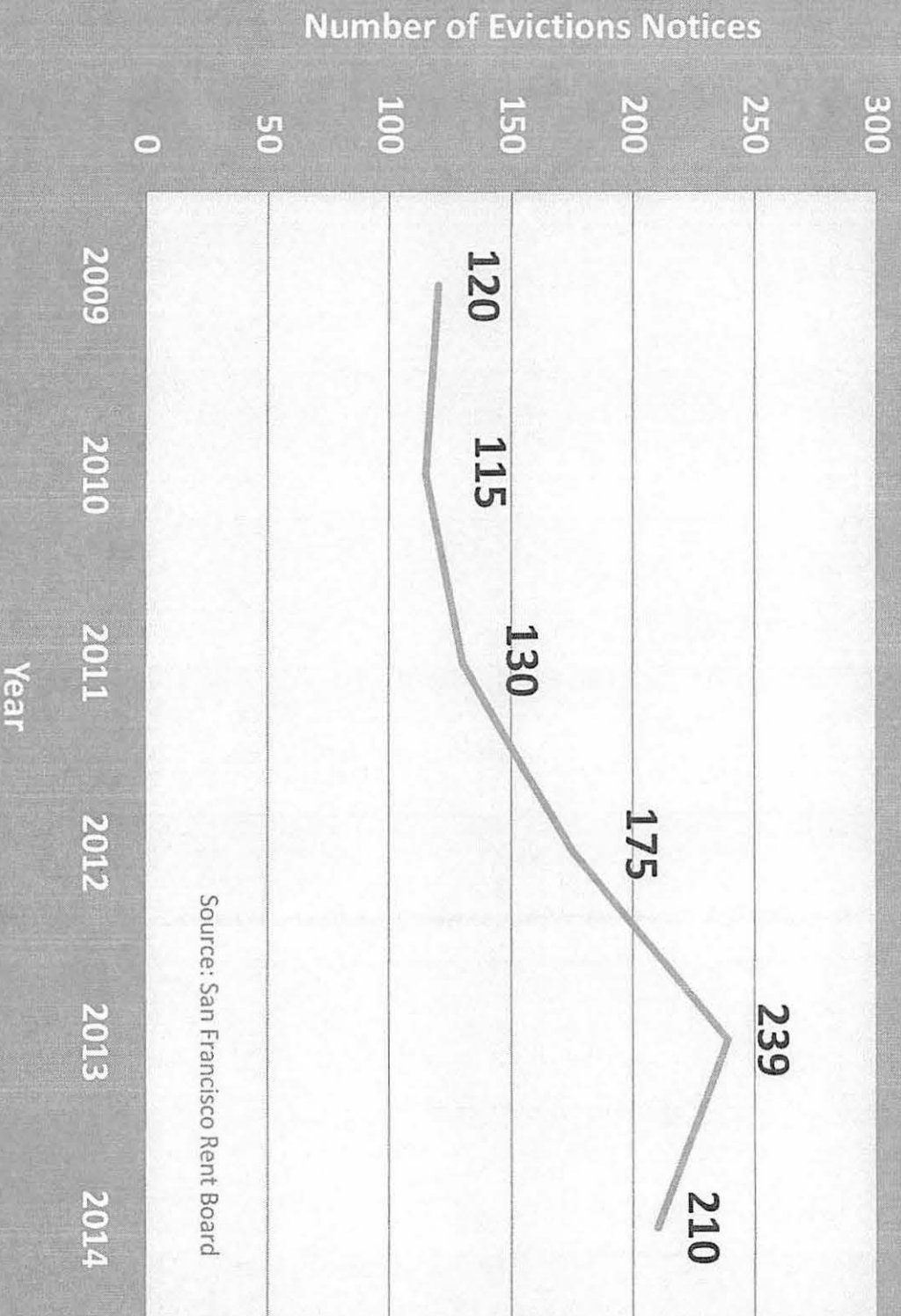


The Mission is losing low to moderate income households faster than San Francisco as a whole

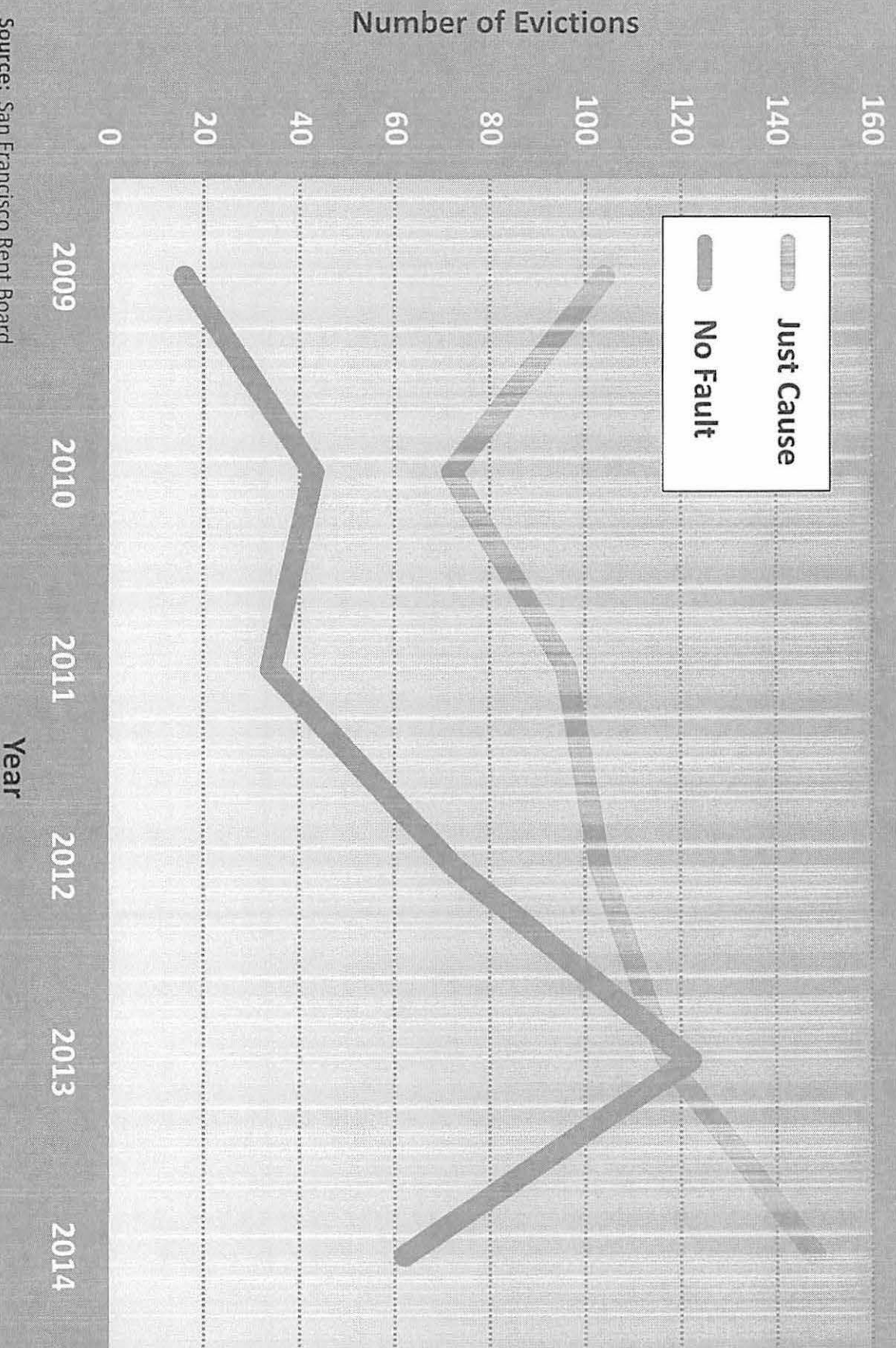


Source: U.S. Census Bureau

Evictions Filed in the Mission



The number of Just Cause and No Fault eviction notices filed in the Mission have increased by 42% and 288%.



Residential Hotels (SROs)



- 47 private SROs in the Mission, most along Mission Street – roughly 1,196 rooms
- Until now, these units have been protected by law, and have rent control for tenants who reside there for more than 30 days.
- Tenants are now being displaced (through eviction or attrition) as hotels are converted into tech-worker dormitories. E.g. The Sierra Hotel at 20th & Mission.

Affordable Housing Prospects & Need

Affordable Housing Production (2009-14) & Pipeline

- Slightly under 200 units in 100% affordable projects
- 36 inclusionary units complete
- Pipeline: 426 units (inclusionary pipeline TBD 150-300 units)

Market-Rate Housing Production (2009-14) & Pipeline

- Approx. 500 complete
- Pipeline: 1,700-2,000 units (inclusionary TBD 12-25% range depending on file date)

Approx. 80 rent-controlled units / year lost (through Ellis or other)

Renters & rent burden:

- 72% of families are renters
- 42% of households pay more than 30% of income in rent
- 18% pay more than 50% in rent
- 8% live in overcrowded conditions

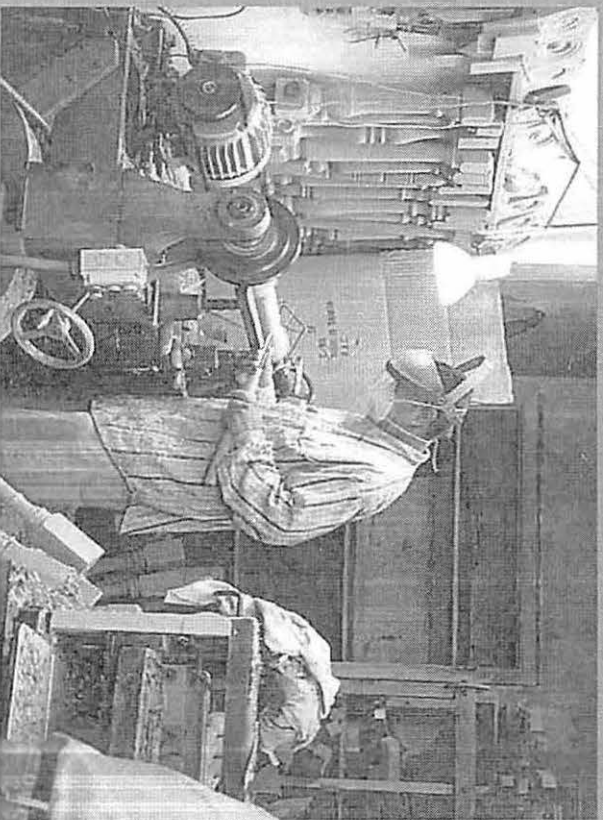


Businesses, Arts & Nonprofits/Services



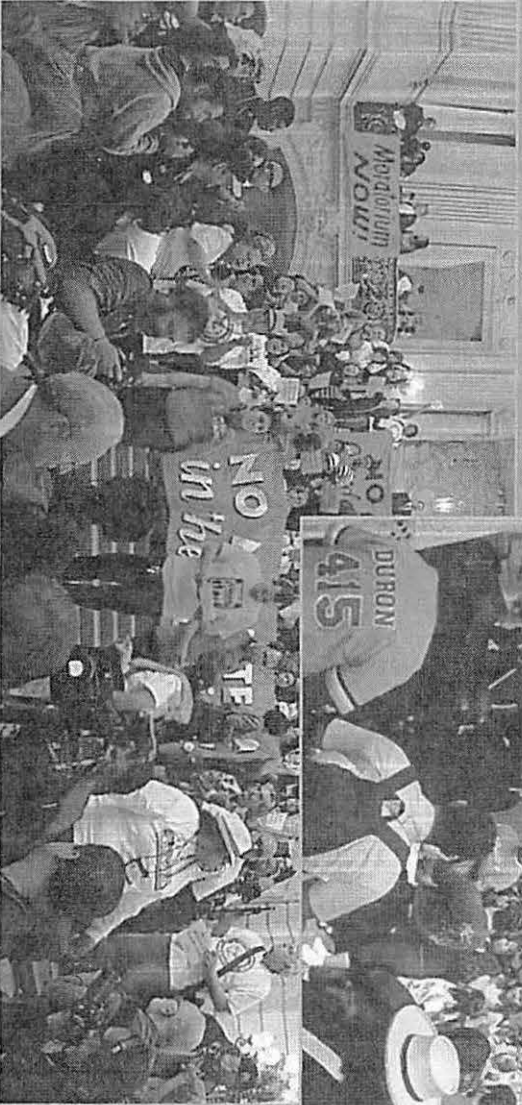
- Small businesses, arts organizations and nonprofits are closing due to short-term or month-to-month lease renewals, which often double or triple their rents.
- Over the last 10 years, Mission Street alone has seen changes of use from general retail to food and beverage establishments – typically high-end restaurants and cafes.

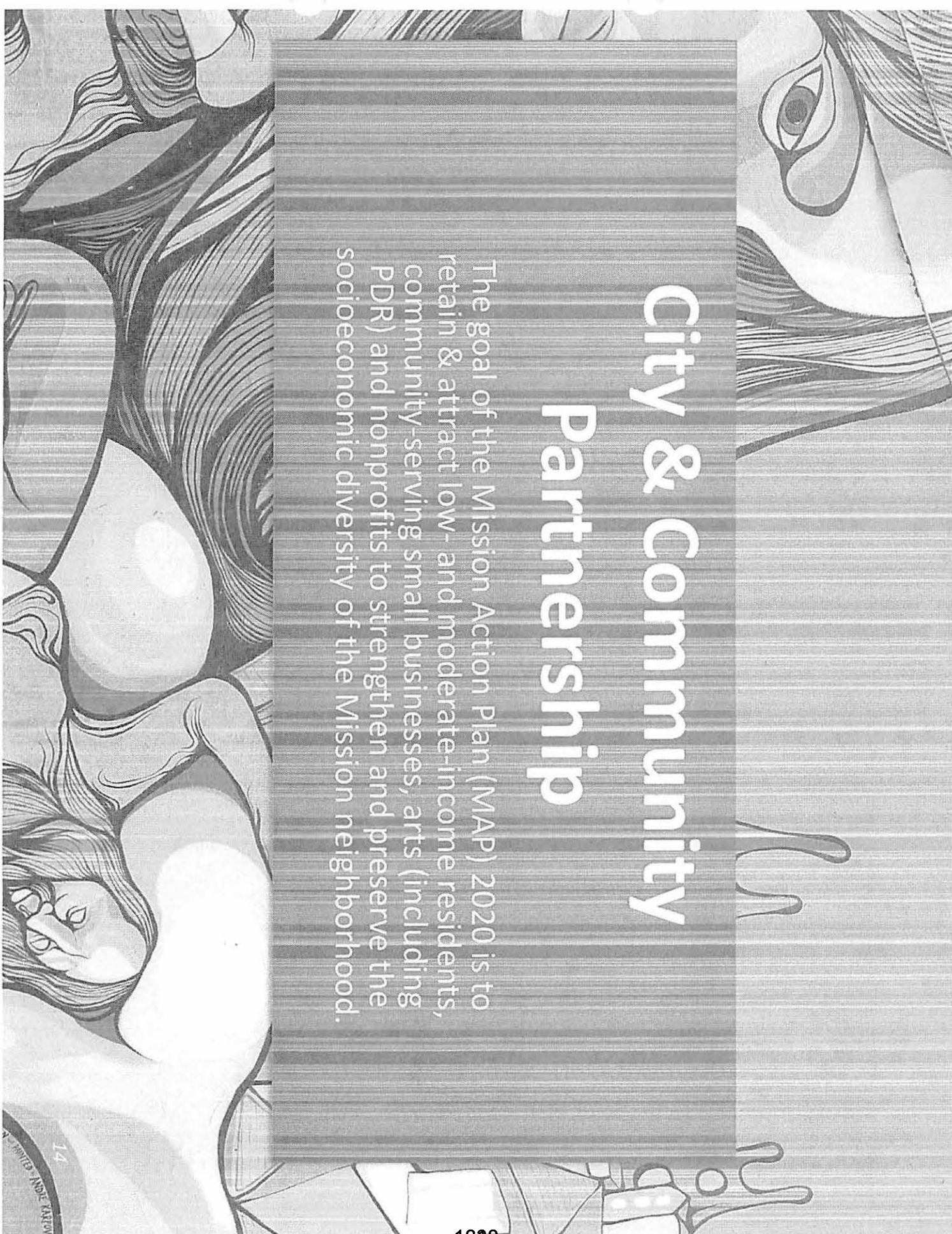
Loss of Blue Collar Businesses & Space



- Light-industrial space (for businesses such as car repair, food manufacturing, printmaking) is still being encroached by illegal uses.
- Demand for light-industrial space has increased.
- Pace of light-industrial space loss outside of 'protected' zones projected in the Mission Area Plan has been faster than anticipated.

Response in the Community to the Crisis





City & Community Partnership

The goal of the Mission Action Plan (MAP) 2020 is to retain & attract low- and moderate-income residents, community-serving small businesses, arts (including PDR) and nonprofits to strengthen and preserve the socioeconomic diversity of the Mission neighborhood.

MAP2020 Objectives

Protect tenants and preserve existing rent-controlled housing and SROs.

Maintain the socio-economic diversity of the neighborhood.

Increase job opportunities and career paths for the community.

Stem the loss of community businesses, cultural resources and social services.

Retain and promote Production, Distribution and Repair (PDR) and other high-paying jobs.

Build more 100 percent affordable units.

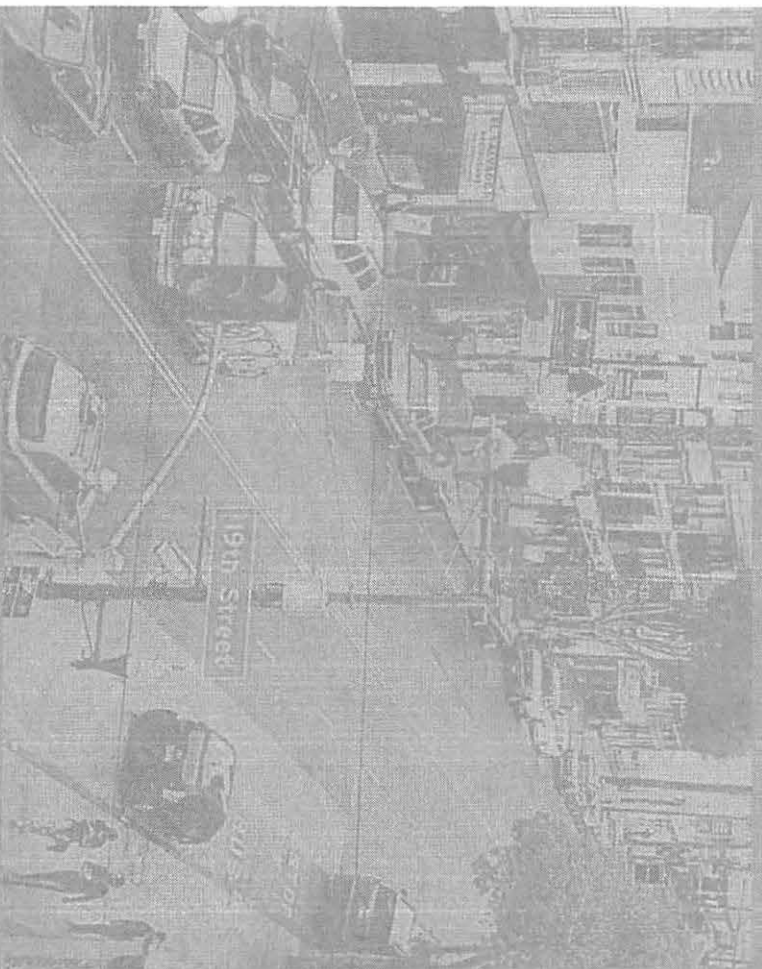
MAP2020 Process



- Build on & learn from past efforts
- Establish new collaborative model:
 - A joint Plan vs. separate Plans
 - Mission Area Plan
 - People's Plan
 - Working groups with community & City co-leads
 - Emphasis on understanding each parties' needs and constraints
 - Emphasis on social equity and the impact of the crisis on those most disadvantaged

Solution Categories

- Tenant Protections
- Housing Preservation
- Housing Production
- SROs
- Homelessness (new topic)
- Economic Development
 - Arts
 - Small businesses, incl. PDR
 - Nonprofits
- Community Planning
- Funding



LOOKING BACK: Accomplishments to Date



- Neighborhood preference legislation.
- Increased resources for legal representation for tenants.
- Expedited 100 percent affordable sites (more than 300 units).
- Acquired an additional affordable site – 490 South Van Ness.
- Dedicated funding for the Mission in the Bond.

LOOKING BACK: Accomplishments to Date

- Interim controls: Placed higher scrutiny for market-rate projects.
- Launched a nonprofit and creative-space displacement program, with \$4.5 million in funding.
- Increased resources for PDR enforcement and technical assistance.
- Related effort: Calle 24 and Legacy Business.

Community Engagement & Outreach to Date

- Working group meetings – with experts
- Focus groups – SRO residents, youth, by topic, etc.
- Presentations at individual organizations / coalitions as requested (PODER, United to Save the Mission, SPUR, SFHAC, SFBARF, etc.)
- Meetings with project sponsors
- April 2015 & April 2016 community meetings

April 06, 2016 Community Meeting Priorities



- Continue site acquisition for new affordable housing (family, single-parent, senior, homeless)
- Preserve rent-controlled units
- Increase supportive services (to SRO & homeless individuals) to prevent homelessness
- Increase tenant outreach (bilingual)
- Expand services for housing access
- Minimize evictions / increase legal representation
- Relocation & lease negotiation assistance for businesses, arts, and nonprofits
- Promote community-serving uses in new development (childcare, small businesses, PDR, arts)
- Enhance community/staff education and increase community participation in project review

Further Sample Solutions under Consideration

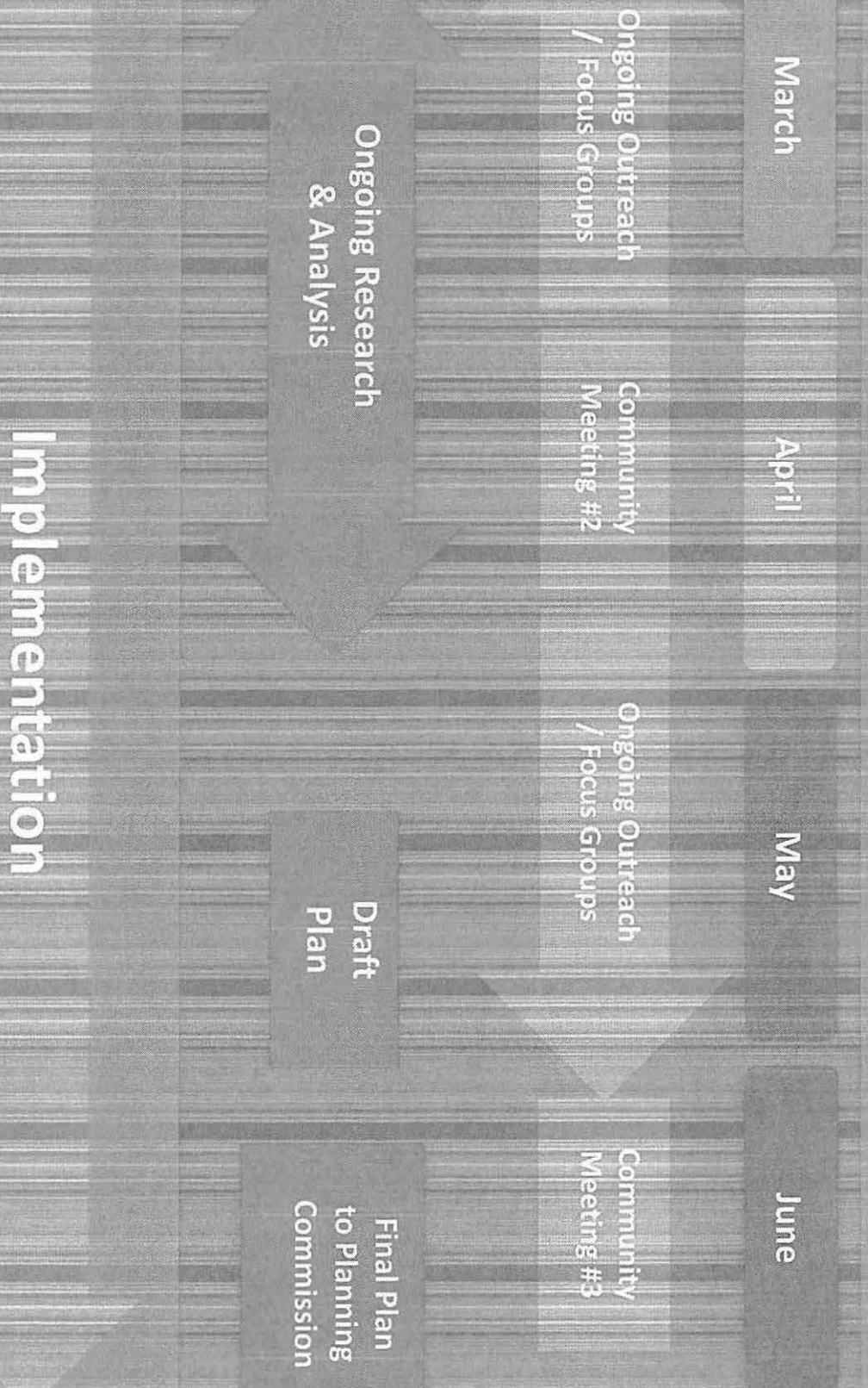
WHAT	POTENTIAL IMPACT ¹	WHO	WHEN ²	HOW MUCH ³	HOW & STATUS
Services that facilitate residents access to housing, such as <u>application assistance and outreach</u>	Large - broad tenant community	MOHCD	Short	\$\$	Program - not underway
Culturally responsive strategies that provide tenant <u>counseling & community education</u>	Large - broad tenant community	MOHCD	Short	\$	Program & Funding - underway
All <u>legal representation</u> (tenant counseling & legal fund)	Med to Large - depends on # of cases	MOHCD	Short	\$\$	Funding - underway
Site (public, nonprofit, private) acquisition to build <u>new 100% affordable housing</u>	Small / Incremental - depends on # of units per building	MOHCD	ongoing	\$\$\$ - \$\$\$\$	Funding - underway / existing program
Continue programs and replenish <u>funds for existing rent-controlled buildings</u> (Small Sites & larger buildings)	Small / incremental - depends on # of units (but retains existing tenants)	MOHCD	ongoing	\$\$\$ - \$\$\$\$	Funding - underway / existing program
<u>Enforcement staffing</u> (for various - residential hotels, housing, PDR/light-industrials, evictions, etc)	Medium - # depends on cases	DBI, Planning, Rent Board, others	short	\$-\$\$	Staffing - underway
<u>Education</u> in Planning, Community & Legislative Issues for City staff and community)	Large - broader community	Planning and community led.	short	\$\$	Program - not underway
<u>Improvements to process for reviewing development projects</u> for community to engage early in the process	Med - depends on # of projects & significance	Planning	Short	\$	Process improvement - underway
Other? _____					

-00616-



Next Steps

Remaining MAP 2020 Project Timeline & Next Steps



Key Dates

Planning Commission hearings:

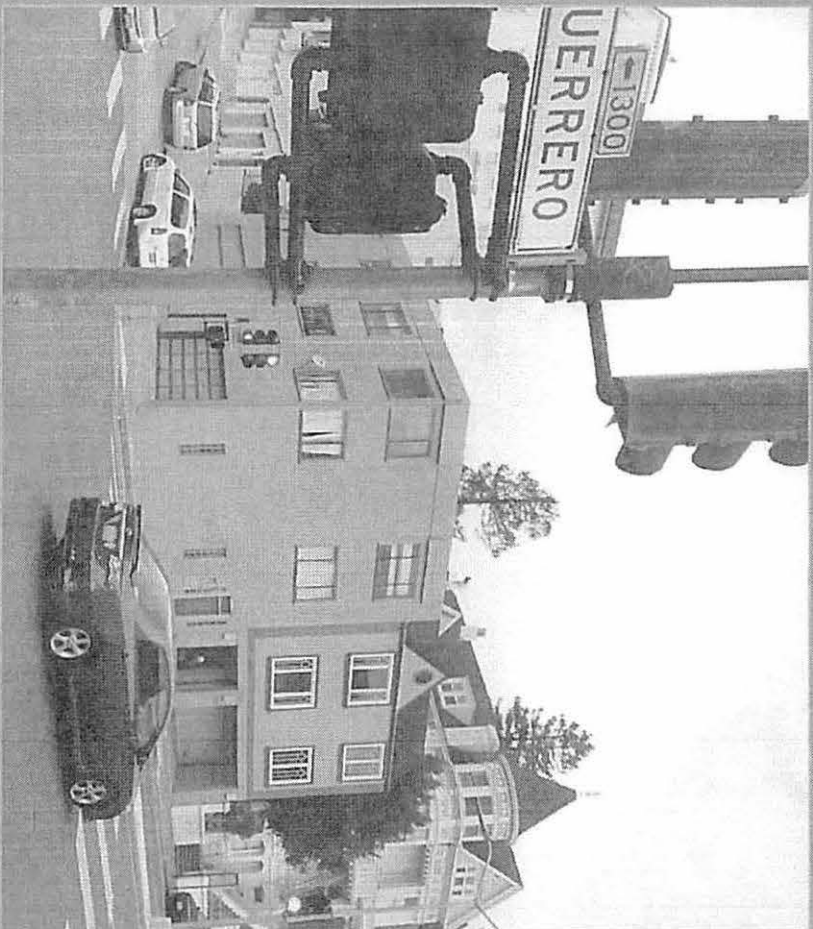
- May 5 (today)
- June 2 (informational)
- June 23 (final action)

Additional Community Engagement:

- Carnival SF: May 28/29 (details TBD)
- Final Community Meeting: June 15 (details TBD)



Questions?





Mission

AREA PLAN



An Area Plan of the General Plan of the City and County of San Francisco

DECEMBER 2008 | **ADOPTED VERSION**

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SUMMARY OF OBJECTIVES

LAND USE

OBJECTIVE 1.1

STRENGTHEN THE MISSION'S EXISTING MIXED USE CHARACTER, WHILE MAINTAINING THE NEIGHBORHOOD AS A PLACE TO LIVE AND WORK

OBJECTIVE 1.2

IN AREAS OF THE MISSION WHERE HOUSING AND MIXED USE IS ENCOURAGED, MAXIMIZE DEVELOPMENT POTENTIAL IN KEEPING WITH NEIGHBORHOOD CHARACTER

OBJECTIVE 1.3

INSTITUTE FLEXIBLE "LEGAL NONCONFORMING USE" PROVISIONS TO ENSURE A CONTINUED MIX OF USES IN THE MISSION

OBJECTIVE 1.4

SUPPORT A ROLE FOR "KNOWLEDGE SECTOR" BUSINESSES IN APPROPRIATE PORTIONS OF THE MISSION

OBJECTIVE 1.5

MINIMIZE THE IMPACT OF NOISE ON AFFECTED AREAS AND ENSURE GENERAL PLAN NOISE REQUIREMENTS ARE MET

OBJECTIVE 1.6

IMPROVE INDOOR AIR QUALITY FOR SENSITIVE LAND USES IN THE MISSION

OBJECTIVE 1.7

RETAIN THE MISSION'S ROLE AS AN IMPORTANT LOCATION FOR PRODUCTION, DISTRIBUTION, AND REPAIR (PDR) ACTIVITIES

OBJECTIVE 1.8

MAINTAIN AND STRENGTHEN THE MISSION'S NEIGHBORHOOD COMMERCIAL AREAS

HOUSING

OBJECTIVE 2.1

ENSURE THAT A SIGNIFICANT PERCENTAGE OF NEW HOUSING CREATED IN THE MISSION IS AFFORDABLE TO PEOPLE WITH A WIDE RANGE OF INCOMES

OBJECTIVE 2.2

RETAIN AND IMPROVE EXISTING HOUSING AFFORDABLE TO PEOPLE OF ALL INCOMES

OBJECTIVE 2.3

ENSURE THAT NEW RESIDENTIAL DEVELOPMENTS SATISFY AN ARRAY OF HOUSING NEEDS WITH RESPECT TO TENURE, UNIT MIX AND COMMUNITY SERVICES

OBJECTIVE 2.4

LOWER THE COST OF THE PRODUCTION OF HOUSING

OBJECTIVE 2.5

PROMOTE HEALTH THROUGH RESIDENTIAL DEVELOPMENT DESIGN AND LOCATION

OBJECTIVE 2.6

CONTINUE AND EXPAND THE CITY'S EFFORTS TO INCREASE PERMANENTLY AFFORDABLE HOUSING PRODUCTION AND AVAILABILITY

BUILT FORM

OBJECTIVE 3.1

PROMOTE AN URBAN FORM THAT REINFORCES THE MISSION'S DISTINCTIVE PLACE IN THE CITY'S LARGER FORM AND STRENGTHENS ITS PHYSICAL FABRIC AND CHARACTER

OBJECTIVE 3.2

PROMOTE AN URBAN FORM AND ARCHITECTURAL CHARACTER THAT SUPPORTS WALKING AND SUSTAINS A DIVERSE, ACTIVE AND SAFE PUBLIC REALM

OBJECTIVE 3.3

PROMOTE THE ENVIRONMENTAL SUSTAINABILITY, ECOLOGICAL FUNCTIONING AND THE OVERALL QUALITY OF THE NATURAL ENVIRONMENT IN THE PLAN AREA

TRANSPORTATION

OBJECTIVE 4.1

IMPROVE PUBLIC TRANSIT TO BETTER SERVE EXISTING AND NEW DEVELOPMENT IN THE MISSION

OBJECTIVE 4.2

INCREASE TRANSIT RIDERSHIP BY MAKING IT MORE COMFORTABLE AND EASY TO USE

OBJECTIVE 4.3

ESTABLISH PARKING POLICIES THAT IMPROVE THE QUALITY OF NEIGHBORHOODS AND REDUCE CONGESTION AND PRIVATE VEHICLE TRIPS BY ENCOURAGING TRAVEL BY NON-AUTO MODES

OBJECTIVE 4.4

SUPPORT THE CIRCULATION NEEDS OF EXISTING AND NEW PDR USES IN THE MISSION

OBJECTIVE 4.5

CONSIDER THE STREET NETWORK IN THE MISSION AS A CITY RESOURCE ESSENTIAL TO MULTI-MODAL MOVEMENT AND PUBLIC OPEN SPACE

OBJECTIVE 4.6

SUPPORT WALKING AS A KEY TRANSPORTATION MODE BY IMPROVING PEDESTRIAN CIRCULATION WITHIN THE MISSION AND TO OTHER PARTS OF THE CITY

OBJECTIVE 4.7

IMPROVE AND EXPAND INFRASTRUCTURE FOR BICYCLING AS AN IMPORTANT MODE OF TRANSPORTATION

OBJECTIVE 4.8

ENCOURAGE ALTERNATIVES TO CAR OWNERSHIP AND THE REDUCTION OF PRIVATE VEHICLE TRIPS

OBJECTIVE 4.9

FACILITATE MOVEMENT OF AUTOMOBILES BY MANAGING CONGESTION AND OTHER NEGATIVE IMPACTS OF VEHICLE TRAFFIC

OBJECTIVE 4.10

DEVELOP A COMPREHENSIVE FUNDING PLAN FOR TRANSPORTATION IMPROVEMENTS

STREETS AND OPEN SPACE

OBJECTIVE 5.1

PROVIDE PUBLIC PARKS AND OPEN SPACES THAT MEET THE NEEDS OF RESIDENTS, WORKERS AND VISITORS

OBJECTIVE 5.2

ENSURE THAT NEW DEVELOPMENT INCLUDES HIGH QUALITY PRIVATE OPEN SPACE

OBJECTIVE 5.3

CREATE A NETWORK OF GREEN STREETS THAT CONNECTS OPEN SPACES AND IMPROVES THE WALKABILITY, AESTHETICS AND ECOLOGICAL SUSTAINABILITY OF THE NEIGHBORHOOD

OBJECTIVE 5.4

THE OPEN SPACE SYSTEM SHOULD BOTH BEAUTIFY THE NEIGHBORHOOD AND STRENGTHEN THE ENVIRONMENT

OBJECTIVE 5.5

ENSURE THAT EXISTING OPEN SPACE, RECREATION AND PARK FACILITIES ARE WELL MAINTAINED

ECONOMIC DEVELOPMENT

OBJECTIVE 6.1

SUPPORT THE ECONOMIC WELLBEING OF A VARIETY OF BUSINESSES IN THE EASTERN NEIGHBORHOODS

OBJECTIVE 6.2

INCREASE ECONOMIC SECURITY FOR WORKERS BY PROVIDING ACCESS TO SOUGHT-AFTER JOB SKILLS

COMMUNITY FACILITIES

OBJECTIVE 7.1

PROVIDE ESSENTIAL COMMUNITY SERVICES AND FACILITIES

OBJECTIVE 7.2

ENSURE CONTINUED SUPPORT FOR HUMAN SERVICE PROVIDERS THROUGHOUT THE EASTERN NEIGHBORHOODS

OBJECTIVE 7.3

REINFORCE THE IMPORTANCE OF THE MISSION AS THE CENTER OF LATINO LIFE IN SAN FRANCISCO

HISTORIC PRESERVATION

OBJECTIVE 8.1

IDENTIFY AND EVALUATE HISTORIC AND CULTURAL RESOURCES WITHIN THE MISSION PLAN AREA

OBJECTIVE 8.2

PROTECT, PRESERVE, AND REUSE HISTORIC RESOURCES WITHIN THE MISSION PLAN AREA

OBJECTIVE 8.3

ENSURE THAT HISTORIC PRESERVATION CONCERNS CONTINUE TO BE AN INTEGRAL PART OF THE ONGOING PLANNING PROCESSES FOR THE MISSION PLAN AREA AS THEY EVOLVE OVER TIME

OBJECTIVE 8.4

PROMOTE THE PRINCIPLES OF SUSTAINABILITY FOR THE BUILT ENVIRONMENT THROUGH THE INHERENTLY "GREEN" STRATEGY OF HISTORIC PRESERVATION

OBJECTIVE 8.5

PROVIDE PRESERVATION INCENTIVES, GUIDANCE, AND LEADERSHIP WITHIN THE MISSION PLAN AREA

OBJECTIVE 8.6

FOSTER PUBLIC AWARENESS AND APPRECIATION OF HISTORIC AND CULTURAL RESOURCES WITHIN THE MISSION PLAN AREA

Eastern Neighborhoods Community Plans ADDITIONAL FIDELITYMENTS

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 Department of Public Health
 Department of Public Works
 Division of Emergency Services
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With the Following Consultants to the Planning Department
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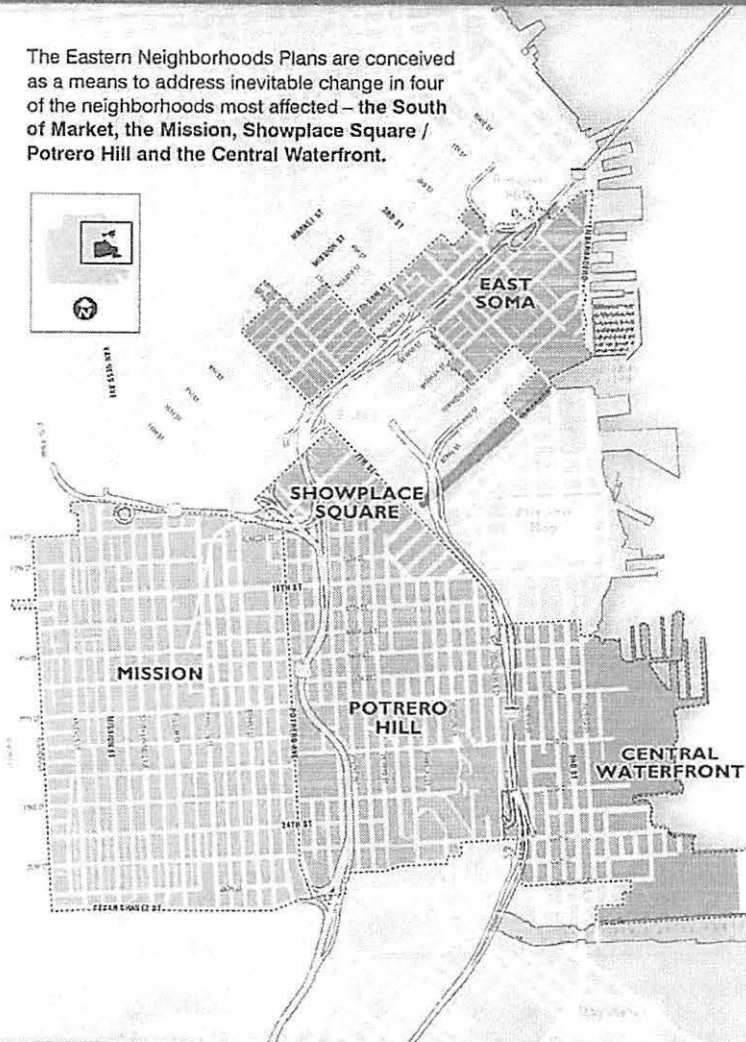
The Planning Department would also like to acknowledge the efforts of community organizations and the thousands of community members who have worked with us over the years to develop the Eastern Neighborhoods Community Plans.

For Information on the Eastern Neighborhoods Area Plans, visit:
<http://easternneighborhoods.sfplanning.org>

PREFACE

THE EASTERN NEIGHBORHOODS PLANS

The Eastern Neighborhoods Plans are conceived as a means to address inevitable change in four of the neighborhoods most affected – the South of Market, the Mission, Showplace Square / Potrero Hill and the Central Waterfront.



Planning for Change

San Francisco is a special place because of the way in which it has always balanced preservation with change. Our neighborhoods have changed with the times, but they have always kept something of their unique character – an essence of San Francisco that doesn't look or feel like anywhere else. In the late 20th and early 21st century, the city's eastern bayfront has been the epicenter for change, and for all the pressures, debates and concern that its prospect entails. From the South of Market to Visitacion Valley, traditionally industrial areas have begun transforming. Housing, offices, and the shops and services which cater to them have been springing up next to industrial businesses. Wealthier residents have begun to move into neighborhoods traditionally inhabited by the working class. Residents, community activists and business owners have all recognized the need for rational planning to resolve these conflicts and stabilize these neighborhoods into the future.





Twin Policy Dilemmas:

Stabilizing the Industrial Lands and Providing Affordable Housing

At their core, the Eastern Neighborhoods Plans try to accomplish two key policy goals:

- 1) They attempt to ensure a stable future for Production, Distribution and Repair (PDR) businesses in the city, mainly by reserving a certain amount of land for this purpose; and
- 2) they strive to provide a significant amount of new housing affordable to low, moderate and middle income families and individuals, along with "complete neighborhoods" that provide appropriate amenities for these new residents.

Stabilizing the Industrial Lands

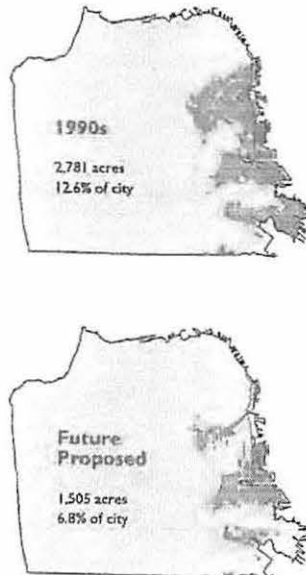
At one time, land zoned for industrial uses covered almost the entire eastern bayfront of San Francisco, from the southern county line to well north of Market Street. As the city's economy has transformed over time, away from traditional manufacturing and "smoke-stack"

industry toward tourism, service and "knowledge-based" functions, the city's industrial lands have shrunk steadily.

By the 1990s, land zoned for industrial uses stood at about 12% of the city's total usable land (i.e. not including parks and streets). This period was one of strong economic growth in which the city gained thousands of new jobs and residents. As a result, capital, business and building activity surged into the industrial and residential Eastern Neighborhoods, south of downtown. While this wealth brought needed resources, it also created conflicts around the use of land. San Francisco's industrial zoning has from the beginning been very permissive – allowing residences, offices and other uses, in addition to industrial businesses. Old and new residents, established industrial businesses and new, non-industrial business ventures all vied for building space and more affordable land in the Eastern Neighborhoods. It became clear over time, that non-industrial land uses – mainly



Industrially-Zoned Land in San Francisco



housing and offices that can pay far more for land – would make significant inroads on industrially zoned land in the Eastern Neighborhoods.

Also during this period, a new, non-industrial future was charted for several significant portions of the city's industrial lands. These included Mission Bay (slated for new housing, a University of California research campus and other research and development space), the Hunters Point Shipyard (new housing, commercial and sports facilities) and the Schlage Lock site (slated for new housing, open space and retail).

Faced with the removal of these areas from industrial zoning and the increasing competition for land in the remaining industrial areas, the Planning Department began a process to identify how much land was needed in the city for continuing industrial use and determine how to stabilize that land into the future. Recognizing that industrial land in the city was being used for many functions that didn't fall under traditional manufacturing "smokestack" categories, the term "Production, Distribution and Repair" (PDR) was coined to refer to the wide variety of activities that needed cheaper land and larger spaces to function.

The analysis process, carried out over several years, included a number of components: Community discussions about the future of industrial lands in the city, analysis of the value of PDR businesses to the city's economy and workforce, analysis of the needs of PDR businesses to prosper, and analysis of the land supply available to support PDR businesses. (See page viii under *For Further Reading* for a list of studies and publications dealing with these subjects.)

These studies concluded that there is indeed a future for PDR businesses in the city. These businesses contribute to the city's economy – by providing stable and well paying jobs for the 50% of San Franciscans without college degrees, and by supporting various sectors of the city's economy. The analysis also concludes that many types of PDR businesses could thrive in San Francisco given the right conditions. Chief among these conditions is a secure supply of land and building space, buffered from incompatible land uses and free of competing users with higher ability to pay for land.

Providing Affordable Housing

San Francisco has an ongoing affordable housing crisis. In 2007, the median income for a family of four in the city is about \$86,000. Yet it requires twice that income to be able to afford the median priced dwelling suitable for a family that size. Only an estimated 10% of households in the city can afford a median-priced home.

What is PDR?

The Planning Department has adopted the term "Production, Distribution and Repair" or "PDR" to refer to the very wide variety of activities which have traditionally occurred and still occur in our industrially zoned areas. PDR businesses and workers prepare our food and print our books; produce the sounds and images for our movies; take people to the airport; arrange flowers and set theatrical stages; build houses and offices; pick up our mail and garbage. PDR and related activities include arts activities, performance spaces, furniture wholesaling, and design activities. In general, PDR activities, occurring with little notice and largely in the Eastern Neighborhoods, provide critical support to the drivers of San Francisco's economy, including the tourist industry, high tech industry and financial and legal services, to name a few. PDR businesses also tend to provide stable and well-paying jobs for the 50% of San Francisco residents who do not have a college degree.

Why do PDR businesses need protection through zoning? There are several reasons why San Francisco, like many other large U.S. cities, is considering providing protection for PDR activities through zoning changes in some areas.



1) Competition for land: San Francisco has very limited land available and because current zoning permits almost any activity in an industrial zone, residential and office uses, which can afford to pay far more to buy land, have been gradually displacing PDR activities.

2) Land use conflicts: Some (though certainly not all) PDR businesses use large trucks, stay open late, make noise or emit odors. As residences and offices locate adjacent to these PDR businesses more frequently, conflicts arise, sometimes forcing the PDR businesses to curtail operations or even leave the city.

Current and future residents of limited means are likely to need assistance to continue to live in San Francisco. Many future San Francisco workers will be earning below 80% of the area's median income. Sales clerks and secretaries, as well as technical professionals and bank executives, must be able to live here. San Francisco must also house the firefighters, policemen, teachers, and health, recreation and primary care providers needed to support the city's population. Even construction workers who build new houses need housing they can afford.

The General Plan's Housing Element tells us that San Francisco needs to build over 2,700 new units a year to meet its share of the region's projected housing demand. At least 40% of this new housing construction should be affordable to low and very low income households, and 32% affordable to households of moderate means.

In order to succeed in meeting the city's housing objectives, three major pre-requisites must be met:

- An adequate supply of land must be identified;
- Regulatory and other impediments must be removed and incentives added; and
- Adequate financing must be available for both private and non-profit housing development.

What is "affordable housing"?

"Affordable housing" refers simply to apartments or condominiums that are priced to be affordable to individuals and families earning anywhere from about 30% to about 120% of the city's median income (or about \$30,000 to \$114,000 for a family of four). Because affordable housing sells or rents for less than the amount required to cover its costs, it must be subsidized. This subsidy can come in the form of government funding, or through requirements that developers designate a certain percentage of new units they build as affordable.

For Further Reading

EPS Report: Supply/Demand Study for Production, Distribution, and Repair (PDR) in San Francisco's Eastern Neighborhoods (April, 2005)

Community Planning in the Eastern Neighborhoods Rezoning Options Workbook Draft (2003)

Profiles of Community Planning Areas (2002)

Industrial Land in San Francisco: Understanding Production, Distribution, and Repair (2002)

All of these documents are available to download on the Eastern Neighborhoods web site:
<http://easternneighborhoods.sfplanning.org>

As the discussions continued around where and how to preserve some of the city's industrial lands, it became increasingly clear that the dialogue needed to be expanded to include the subject of how to supply a significant amount of affordable housing in formerly industrial areas where a transition to housing and mixed-use would occur.

The Eastern Neighborhoods Plans: A Response to the Twin Policy Dilemmas

The Eastern Neighborhoods Plans were developed over several years, with the participation of thousands of community members and other stakeholders. They embody a series of strategies for responding to the need to preserve some industrial land in the city while also providing increased levels of affordable housing. The following Key Principles inform all the objectives and policies contained in the Plans:

People and Neighborhoods:

- 1) Encourage new housing at appropriate locations and make it as affordable as possible to a range of city residents
- 2) Plan for transportation, open space, community facilities and other critical elements of complete neighborhoods

The Economy and Jobs:

- 3) Reserve sufficient space for production, distribution and repair activities, in order to support the city's economy and provide good jobs for residents
- 4) Take steps to provide space for new industries that bring innovation and flexibility to the city's economy

The Eastern Neighborhoods Plans are structured as Area Plans in the city's General Plan. Each consists of eight chapters. The first two – *Land Use* and *Housing* – set out fundamental objectives and policies around stabilizing the use of land and providing affordable housing. The following six chapters – *Built Form, Transportation, Streets and Open Space, Economic Development, Historic Preservation, Community Facilities* – all provide the background and support for ensuring that we plan complete neighborhoods.

The Area Plans are accompanied by an Implementation Document which lays out the program of community improvements, a funding strategy to realize those improvements and directs administration of a public benefits program.

INTRODUCTION

MISSION

The Mission is a neighborhood of strong character and a sense of community developed over decades. This area is home to almost 60,000 people, with Latinos comprising over half the population. The Mission is bounded by Guerrero to the west, Potrero to the east, Division to the north and Cesar Chavez to the south.

In addition to providing more than 23,000 jobs for the city of San Francisco, the Mission also provides a place for almost 60,000 residents to live, many in households substantially larger and poorer than those found elsewhere in the City. There are about 17,000 units of housing in the Mission mixed with commercial, industrial, retail and other uses. This mix of uses makes it possible for many residents to live and work in the same general area.

Retail is a significant business type in the Mission. Mission and 24th Streets in particular offer a variety of shops and services including many small grocery stores, beauty shops and restaurants that serve the local neighborhood and reflect the Latino population. There are about 900 stores and restaurants in the Mission, employing nearly 5,000 people.



Retail however, does not employ as many people as Production Distribution and Repair (PDR) activities. PDR businesses, concentrated in the northeast Mission, provide jobs for about 12,000 people, making PDR businesses the largest employers in the Mission. These businesses support San Francisco's service and tourist industry and are comprised of everything from furniture makers, sound and video recording studios, wholesale distributors, auto repair shops, plumbing supply stores, lumber yards, and photography studios, to the large PG&E and Muni facilities.

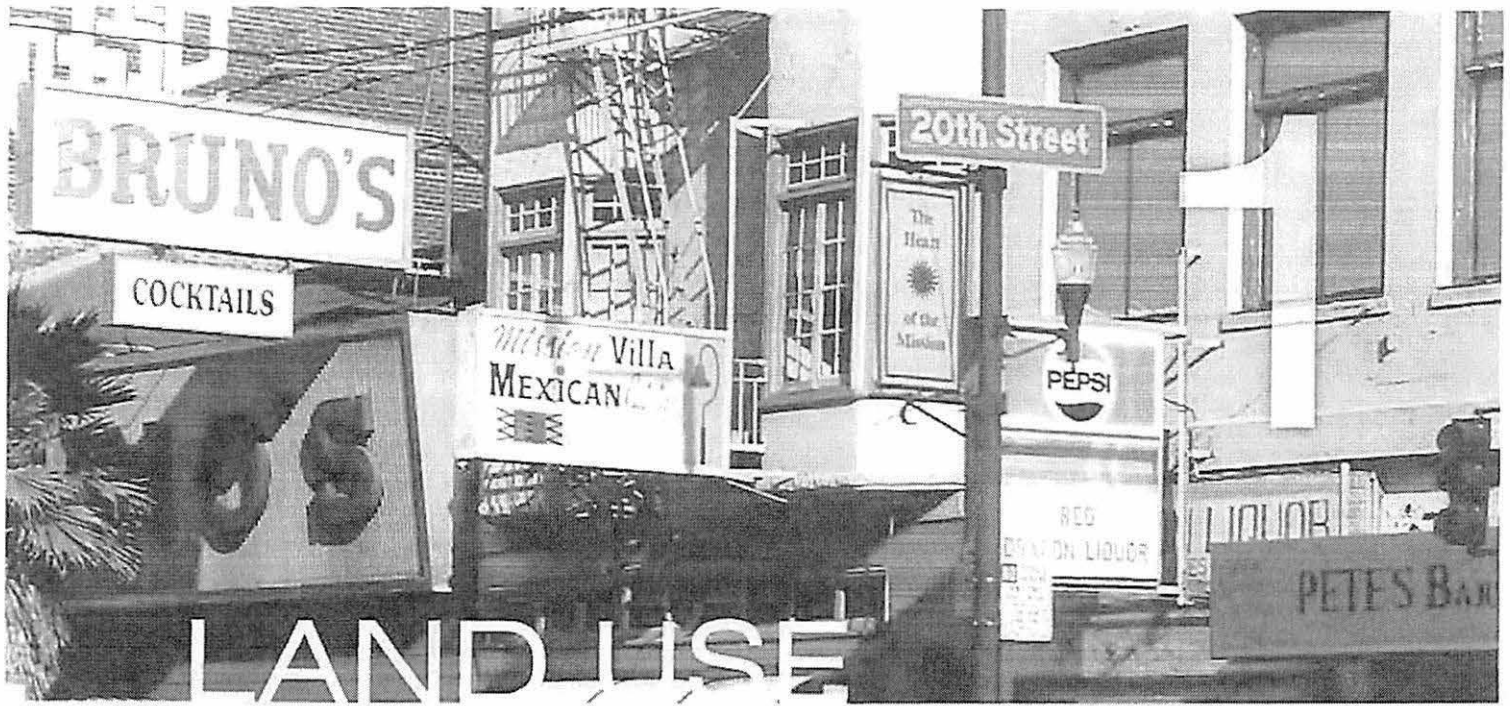
The Mission is known for its rich culture. It hosts annual public celebrations such as "Carnaval", "Cinco

de Mayo” and “Encuentro del Canto Popular” and houses a variety of community and cultural resources including Centro del Pueblo, the Mission Cultural Center, the Mission Economic Development Association, ODC, Cell Space, PODER, Saint Peters Housing, Dolores Street Community Services, the Bay Area Video Coalition, The Mission News and El Tecolote newspaper. Perhaps the most visible cultural resource however, are the many murals found throughout the area. These themed illustrations on the sides of buildings provide an historic and cultural context for residents and visitors alike.

Overall, the Mission has a well-developed neighborhood infrastructure, easy access to shops and restaurants, an architecturally rich and varied housing stock, rich cultural resources, and excellent transit access. Traditionally a reservoir of affordable housing relatively accessible to recent immigrants and artists, housing affordability in the Mission has significantly declined in the past decade as condominium conversions have removed affordable rental housing and evicted low-income residents and families. Moreover, new housing has been largely unaffordable to existing residents, and constructed on land formerly occupied by PDR businesses.

In addition to the Eastern Neighborhoods-wide goals outlined above, the following community-driven goals were developed specifically for the Mission, over the course of many public workshops:

- Preserve diversity and vitality of the Mission
- Increase the amount of affordable housing
- Preserve and enhance the existing Production, Distribution and Repair businesses
- Preserve and enhance the unique character of the Mission’s distinct commercial areas
- Promote alternative means of transportation to reduce traffic and auto use
- Improve and develop additional community facilities and open space
- Minimize displacement



LAND USE

This section presents the vision for the use of land in the Mission. It identifies activities that are important to protect or encourage and establishes their pattern in the neighborhood. This pattern is based on the need to increase opportunities for new housing development, particularly affordable housing, retain space for production, distribution and repair (PDR) activities, protect established residential areas, and build on the vibrant neighborhood commercial areas around Mission, Valencia and 24th Streets. Where and how these activities occur is critical to ensuring that future neighborhood change contributes positively to the city as well as the area's vitality, fostering the Mission as a place to live and work.

To ensure the Mission remains a center for immigrants, artists, and innovation, the established land use pattern should be reinforced. This means protecting established areas of residential, commercial and PDR, and ensuring that areas that have become mixed-use over time develop in such a way that they contribute positively to the neighborhood. A place for living and working also means a place where affordably priced housing is made available, a diverse array of jobs is protected, and where goods and services are oriented to serve the needs of the community. For the Mission to continue to function in this way, land must be designated for such uses and controlled in a more careful fashion.

OBJECTIVE 1.1

STRENGTHEN THE MISSION'S EXISTING MIXED USE CHARACTER, WHILE MAINTAINING THE NEIGHBORHOOD AS A PLACE TO LIVE AND WORK

Much of the Mission is mixed-use in character. Neighborhood commercial areas such as Mission, Valencia, and 24th Streets support a variety of activities, including shops and services, housing, small offices, and PDR businesses. Residential areas contain some small corner stores and other neighborhood-serving uses. The Northeast Mission is home to a unique mixture of activities which includes many important and successful PDR businesses, as well as offices, housing, retail and other uses. This mix of uses contributes to the vitality of the Mission and should be retained.

The challenge in the Mission is to strengthen the neighborhood's mixed-use character, while taking clear steps to protect and preserve PDR businesses, which provide jobs and services essential for the city. This Plan's approach to land use controls in the Mission includes the following key elements:

- Maintain existing zoning controls for the low and medium density residential areas in the southeast part of the Mission
- Generally maintain existing neighborhood commercial zoning in the Mission and Valencia Corridors, including portions of 16th Street, but recognize the good transit service available here by eliminating density limits and parking minimum requirements.
- Eliminate density limits and minimum parking controls in some residential areas of the Mission which are close to Mission Street transit.
- In some parts of the Northeast Mission Industrial Zone, establish new controls that protect PDR businesses by prohibiting new residential development and limiting new office and retail development.
- In other parts of the Northeast Mission Industrial Zone, establish new controls that allow mixed-income residential development, while limiting new office and retail development.

The policies to address the objective above are as follows:

POLICY 1.1.1

Revise land use controls in some portions of the Northeast Mission Industrial Zone to stabilize and promote PDR activities, as well as the arts, by prohibiting construction of new housing and limiting the amount of office and retail uses that can be introduced. Also place limitations on heavier industrial activities which may not be appropriate for the Mission

POLICY 1.1.2

Revise land use controls in portions of the Northeast Mission Industrial Zone outside the core industrial area to create new mixed use areas, allowing mixed income housing as a principal use, as well as limited amounts of retail, office, and research and development uses, while protecting against the wholesale displacement of PDR uses.

POLICY 1.1.3

Maintain the successful Mission Street, 24th Street, and Valencia Street Neighborhood Commercial districts; recognize the proximity to good transit service by eliminating residential density limits and minimum parking requirements.

POLICY 1.1.4

In higher density residential areas of the Mission, recognize proximity to good transit service by eliminating density limits and minimum parking requirements; permit small neighborhood-serving retail.

POLICY 1.1.5

In lower density residential areas of the Mission, generally further from good transit service, maintain existing residential controls.

POLICY 1.1.6

Permit and encourage small and moderate size retail establishments in neighborhood commercial areas of the Mission, while allowing larger retail in the formerly industrial areas when part of a mixed-use development.

POLICY 1.1.7

Permit and encourage greater retail uses on the ground floor on parcels that front 16th Street to take advantage of transit service and encourage more mixed uses, while protecting against the wholesale displacement of PDR uses.

POLICY 1.1.8

While continuing to protect traditional PDR functions that need large, inexpensive spaces to operate, also recognize that the nature of PDR businesses is evolving gradually so that their production and distribution activities are becoming more integrated physically with their research, design and administrative functions.

POLICY 1.1.9

Maximize active ground floor uses that open to the BART plazas in any redevelopment of the parcels surrounding the plazas.

POLICY 1.1.10

While continuing to protect traditional PDR functions that need large, inexpensive spaces to operate, also recognize that the nature of PDR businesses is evolving gradually so that their production and distribution activities are becoming more integrated physically with their research, design and administrative functions.

OBJECTIVE 1.2

IN AREAS OF THE MISSION WHERE HOUSING AND MIXED-USE IS ENCOURAGED, MAXIMIZE DEVELOPMENT POTENTIAL IN KEEPING WITH NEIGHBORHOOD CHARACTER

It is important that new housing be developed in appropriate areas, that it be compatible with its surroundings, and that it satisfy community housing needs. Locating housing in neighborhood commercial areas with good transit, as well as in some portions of former industrial areas, allows new development to capitalize on existing infrastructure. By increasing development potential on some parcels, reducing parking requirements, and replacing existing unit density controls with "bedroom mix" controls that require a portion of new units to be larger and more family-friendly, more housing of the appropriate type can be encouraged.

Strong building design controls, discussed further in the Built Form chapter of this Plan, should ensure that these new buildings are designed to be compatible with their surroundings. Building facades should be broken up, development above a certain height should be set back on small residential alleys to allow light and air, and active ground floors should be required.

The policies to address the objective above are as follows:

POLICY 1.2.1

Ensure that in-fill housing development is compatible with its surroundings.

POLICY 1.2.2

For new construction, and as part of major expansion of existing buildings in neighborhood commercial districts, require ground floor commercial uses in new housing development. In other mixed-use districts encourage housing over commercial or PDR where appropriate.

POLICY 1.2.3

In general, where residential development is permitted, control residential density through building height and bulk guidelines and bedroom mix requirements.

POLICY 1.2.4

Identify portions of the Mission where it would be appropriate to increase maximum heights for residential development.

OBJECTIVE 1.3**INSTITUTE FLEXIBLE "LEGAL NONCONFORMING USE" PROVISIONS
TO ENSURE A CONTINUED MIX OF USES IN THE MISSION**

A notable characteristic of the Mission is that even in its industrial areas, there exists a unique and varied mix of offices, retail, housing and other uses, in addition to PDR businesses. The intent of the Plan is to create successful mixed areas where PDR uses can exist and compete well with other uses in the future.

To ensure that the Mission's unique mix remains in place, existing office and retail establishments in the Mission's mixed-use and PDR districts should be allowed to stay legally, as long as they were legally established in the first place. Property owners whose office and retail tenants leave should be allowed to replace them with similar tenants.

Existing legal nonconforming use rules already provide substantial protections to certain types of establishments that pre-date the proposed rezoning. For example, in areas where limitations will be imposed under new zoning on retail and office uses, existing office and retail uses that do not comply with this limitation would be able to remain, provided they were legally established in the first place.

However, existing nonconforming rules do not apply to housing where it is prohibited outright. Because new zoning will create such districts, the nonconforming use provisions in the Planning Code should be modified in order to allow for the continuance of existing housing in areas where housing will no longer be permitted under the new zoning.

The policies as well as implementing actions to address the objective above are as follows:

POLICY 1.3.1

Continue existing, legal nonconforming rules, which permit pre-existing establishments to remain legally even if they no longer conform to new zoning provisions, as long as the use was legally established in the first place.

POLICY 1.3.2

Provide flexibility for legal housing units to continue in districts where housing is no longer permitted.

POLICY 1.3.3

Recognize desirable existing uses in the former industrial areas which would no longer be permitted by the new zoning, and afford them appropriate opportunities to establish a continuing legal presence.

OBJECTIVE 1.4**SUPPORT A ROLE FOR "KNOWLEDGE SECTOR" BUSINESSES IN APPROPRIATE PORTIONS OF THE MISSION**

The "Knowledge Sector" consists of businesses that create economic value through the knowledge they generate and provide for their customers. These include businesses involved in financial services, professional services, information technology, publishing, digital media, multimedia, life sciences (including biotechnology), and environmental products and technologies. The Knowledge Sector contributes to the city's economy through the high wages these industries generally pay, creating multiplier effects for local-serving businesses in San Francisco, and generating payroll taxes for the city. Although these industries generally require greater levels of training and education than PDR workers typically possess, they may in the future be able to provide a greater number of quality jobs for some San Franciscans without a four-year college degree, provided appropriate workforce development programs are put in place.

From a land use perspective, the Knowledge Sector utilizes a variety of types of space. Depending on the particular needs of a company, this may include buildings for offices, research and development (R&D), and manufacturing. Mixed-use and industrial land in the Mission benefits from lower rents and less intensive development than other parts of the city. These characteristics may allow for the location of manufacturing and R&D components of the Knowledge Sector, as well as provide some "Class B" office space suitable for Knowledge Sector companies which cannot afford or would prefer not to be located downtown. These uses could be supported in the following manner:

- The PDR component of the Knowledge Sector could locate throughout the Mixed-Use and PDR districts of the Mission.
- The office component of the Knowledge Sector should be directed towards space above the ground floor in buildings in the Mission's Mixed Use and PDR districts. The amount of office space in these buildings should be controlled, in order to support the continued viability of some PDR uses above the ground floor.
- R&D uses range from office-only to a mixture of office and production and testing activities. To the degree that these uses are office-only, they should be subject the same controls as office uses. The more industrially-oriented R&D uses could be located throughout the Mixed Use and PDR districts of the Mission, though the office component would be subject to office controls.

The policies to address the objective above are as follows:

POLICY 1.4.1

Continue to permit manufacturing uses that support the Knowledge Sector in the Mixed Use and PDR districts of the Mission.

POLICY 1.4.2

Allow Knowledge Sector office-type uses in portions of the Mission where it is appropriate.

POLICY 1.4.3

Identify portions of the Mission where it would be appropriate to allow research and development uses that support the Knowledge Sector.

OBJECTIVE 1.5

MINIMIZE THE IMPACT OF NOISE ON AFFECTED AREAS AND ENSURE GENERAL PLAN NOISE REQUIREMENTS ARE MET.

Noise, or unwanted sound, is an inherent component of urban living. While environmental noise can pose a threat to mental and physical health, potential health impacts can be avoided or reduced through sound land use planning. The careful analysis and siting of new land uses can help to ensure land use compatibility, particularly in zones which allow a diverse range of land uses. Traffic is the most important source of environmental noise in San Francisco. Commercial land uses also generate noise from mechanical ventilation and cooling systems, and through freight movement. Sound control technologies are available to both insulate sensitive uses and contain unwanted sound from noisy uses. The use of good urban design can help to ensure that noise does not impede access and enjoyment of public space.

The policies to address the objective above are as follows:

POLICY 1.5.1

Reduce potential land use conflicts by providing accurate background noise-level data for planning.

POLICY 1.5.2

Reduce potential land use conflicts by carefully considering the location and design of both noise generating uses and sensitive uses in the Mission.

OBJECTIVE 1.6**IMPROVE INDOOR AIR QUALITY FOR SENSITIVE LAND USES IN THE MISSION**

Exposure to air pollutants can pose serious health problems, particularly for children, seniors and those with heart and lung diseases. Sound land use planning aims to reduce air pollution emissions by co-locating complementary land uses, which helps to decrease automobile traffic and encourage walkability and by avoiding land use-air quality conflicts that can result in exposure to air pollutants. While there are numerous social, environmental and economic benefits associated with integrating land use and transportation, there is also a potential risk of exposing residents to poor indoor air quality when infill residential developments are located in close proximity to air pollution sources, including traffic sources such as freeways or major streets. Epidemiologic studies have consistently demonstrated that children and adults living in proximity to busy roadways have poorer health outcomes, including higher rates of asthma disease and morbidity and impaired lung development. Given increasing demands for housing, particularly affordable housing, and the limited amount of available and suitable land for housing in San Francisco, it is important that the review process for proposed development projects incorporate analysis and mitigation of air quality conflicts, particularly with respect to sensitive land uses such as housing, schools, daycare and medical facilities.

POLICY 1.6.1

Minimize exposure to air pollutants from existing traffic sources for new residential developments, schools, daycare and medical facilities.

OBJECTIVE 1.7**RETAIN THE MISSION'S ROLE AS AN IMPORTANT LOCATION FOR PRODUCTION, DISTRIBUTION AND REPAIR (PDR) ACTIVITIES.**

It is important for the health and diversity of the city's economy and population that production, distribution and repair (PDR) activities find adequate and competitive space in San Francisco. PDR jobs constitute a significant portion of all jobs in the Mission. These jobs tend to pay above average wages, provide jobs for residents of all education levels, and offer good opportunities for advancement. However, they usually lease business space and are therefore subject to displacement. This is particularly important in the Mission as average household sizes tend to be larger and incomes lower than the rest of the city. Also, half of Mission residents are foreign born with two-thirds coming from Latin America and Mexico. Half of all Mission residents are of Latino heritage. About 45 percent of Mission residents speak Spanish at home. PDR businesses provide accessible jobs to many of these residents.

PDR is also a valuable export industry. PDR businesses that design or manufacture products in San Francisco often do so because of advantages unique to being located in the city. These export industries present an opportunity to grow particular PDR sectors, strengthening and diversifying our local economy. PDR also supports the competitiveness of knowledge industries by providing critical business services that need to be close, timely and often times are highly specialized.

Many PDR businesses form clusters, including arts activities, that are unique to San Francisco and provide services and employment for local residents. Establishing space for PDR activities that is protected from encroachment by other uses responds to existing policy set forth in the city's General Plan, particularly the Commerce and Industry Element, which includes the following pertinent policies:

- Seek to retain existing commercial and industrial activity and to attract new such activity to the city (Objective 2, Policy 1)
- Promote the attraction, retention, and expansion of commercial and industrial firms which provide employment improvement opportunities for unskilled and semi-skilled workers (Objective 3, Policy 1)
- Avoid public actions that displace existing viable industrial firms (Objective 4, Policy 3)
- When Displacement does occur, attempt to relocate desired firms within the city (Objective 4, Policy 4)
- Avoid encroachment of incompatible land uses on viable industrial activity (Objective 4, Policy 5)
- Maintain an adequate supply of space appropriate to the needs of incubator industries (Objective 4, Policy 11)

Generally, establishing areas for PDR businesses achieves the following:

1. Stabilizes activities that are susceptible to displacement including arts activities.
2. Stabilizes areas that contain concentrations of "blue collar", unskilled and semi-skilled jobs.
3. Helps to ensure the availability of jobs across all economic sectors, providing a wide range of employment opportunities for San Francisco's diverse population.

4. Ensures that there is space for activities important to meeting the city's everyday needs.
5. Ensures that there is space for businesses that support the city's wider economy and health.
6. Ensures that there is space for new business sectors to emerge, which helps San Francisco to maintain its role as a regional center.
7. Fosters a diverse economy, which helps to ensure the city's long-term economic vibrancy.

The policies as well as implementing actions to address the objective above are as follows:

POLICY 1.7.1

In areas designated for PDR, protect the stock of existing buildings used by, or appropriate for, PDR businesses by restricting conversions of industrial buildings to other building types and discouraging the demolition of sound PDR buildings.

POLICY 1.7.2

Ensure that any future rezoning of areas within PDR districts is proposed within the context of periodic evaluation of the city's needs for PDR space.

PDR districts proposed in this Plan were established to acknowledge and protect existing clusters of PDR activity and to provide an appropriate land supply to accommodate the city's need for PDR businesses into the foreseeable future. Land use needs change over time, but case-by-case rezoning of individual parcels or groups of parcels within larger PDR districts would disrupt the integrity of the districts. Proposed rezoning should only be considered in the context of an evaluation and monitoring report of the Eastern Neighborhoods Plans, to be conducted by the Planning Department at five-year intervals.

POLICY 1.7.3

Require development of flexible buildings with generous floor-to-ceiling heights, large floor plates, and other features that will allow the structure to support various businesses.

Flexibly designed buildings with high floor to ceiling heights best accommodate the PDR businesses of today and tomorrow. Such spaces, equipped with roll-up doors or other large apertures, for example, facilitate the movement of goods and supplies.

Mission Generalized Zoning Districts

ADOPTED - August 2008

Sixteen Street Parcels

Allow more land use flexibility in this area. Encourage greater retail use on the ground floor of parcels in this area to take advantage of transit service and encourage more mixed uses, while protecting against the wholesale displacement of PDR uses.

Northeast Mission

Maintain the unique, mixed character of the Northeast Mission Industrial Zone. Protect PDR in some blocks by prohibiting residential development and limiting office and retail. Encourage housing and mixed use in other blocks, while enforcing mixed income housing rules for new residential development. Prohibit heavier industrial use in this area.

Mission-Valencia Corridor

On Mission and Valencia, encourage transit oriented neighborhood commercial with housing and/or small offices above. Relax density and parking requirements to acknowledge good transit service here. Along other major streets, encourage medium density residential development with limited neighborhood serving retail. Along small streets and alleys encourage low to medium density residential, in scale with these smaller spaces.

24th Street

Maintain the neighborhood commercial character of this smaller scale commercial street.

South Mission

Maintain the low to medium residential character of this area.

OBJECTIVE 1.8

MAINTAIN AND STRENGTHEN THE MISSION'S NEIGHBORHOOD COMMERCIAL AREAS

Mission Street is well served by Muni and has two BART stations, at 16th and 24th streets. Directing new development along neighborhood commercial streets in the area, such as Mission and Valencia streets, increases their vitality as neighborhood commercial areas and takes advantage of existing transit infrastructure. A tremendous amount of this vitality is due to the unique character of the Mission's neighborhood commercial areas, and that character should be encouraged and protected. Uses that are not community or neighborhood-serving should be managed in order to promote neighborhood serving and family-oriented businesses. To ensure compatibility with the existing scale of these areas, large lot development and lot mergers and business sizes should be carefully controlled. Because new zoning will allow for additional development capacity, more affordable housing should be required to address the needs of area residents and families.

The existing Mission alcoholic beverage controls, restricting new bars and liquor stores, cover most of the Mission district. However in sections of Mission Street adult entertainment and tourist hotels are currently permitted with conditional use approval. To promote more community serving businesses in the Mission, these uses should be prohibited in neighborhood commercial areas.

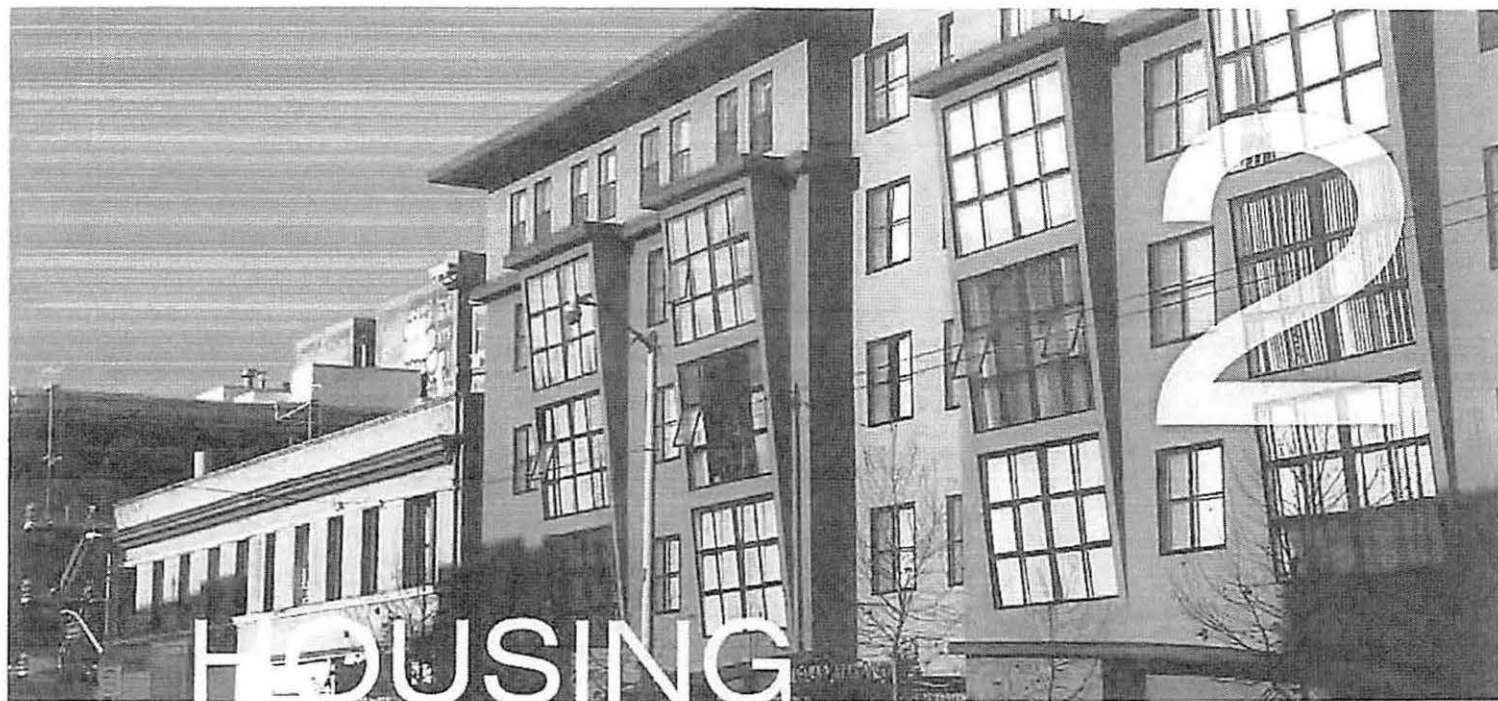
The policies to address the objective outlined above are as follows:

POLICY 1.8.1

Direct new mixed-use residential development to the Mission's neighborhood commercial districts to take advantage of the transit and services available in those areas.

POLICY 1.8.2

Ensure that the Mission's neighborhood commercial districts continue to serve the needs of residents, including immigrant and low-income households.



HOUSING

Historically the Mission has been a valuable source of affordable housing for immigrants and families. There are about 60,000 people living in the Mission district, about half of whom are foreign born, mostly from Central America and Mexico. Median household incomes are lower and household sizes about 30% larger in the Mission than the city as a whole, and this is particularly true for Latino households which, according to the 2000 census, have a median household size of 3.8 and a median household income of \$44,500. For the entire Mission, the median household size is 3 and the median income is \$48,227, whereas the citywide median household size is 2.3 and the median income is \$55,200. Although new housing continues to be constructed in the Mission, the majority of this housing is market-rate, owner-occupied and generally unaffordable to existing residents and families.

The production of affordable housing is one of the main goals of the Mission Area plan, in order to provide housing for neighborhood residents and others who are overburdened by their housing costs. "Affordable housing" refers simply to apartments or condominiums that are priced so as not to financially burden a household – housing costs that do not prevent individuals or families of any income level from affording other necessities of life, such as food, clothing, transportation and medical care. While the City has established affordability limits for individuals and families earning anywhere from about 30% to about 120% of the city's median income, even families beyond that threshold have difficulty affording housing in San Francisco.

What constitutes an affordable rent or mortgage is more specifically defined locally as a proportion of annual income for individuals and families. Households are categorized by income as very low-, low-, and moderate-income households based on their relation to the median income. (Median income is the level at which exactly half of the City's households are above and half are below.) According to the Mayor's Office of Housing, the median income for 2007 for a household with four members in San Francisco was \$80,319. Yet the substantial majority of market-rate homes for sale in San Francisco are priced out of the reach of low- and moderate-income households - less than 10% of households in the City can afford a median-priced home.

The City's Inclusionary Affordable Housing Program is one existing method by which the City produces several Below-Market-rate (BMR) units to families and individuals' earning below what is required to afford market prices. Under the amended 2006 Ordinance, market-rate developments of five units or more are required to include a mandatory fifteen percent of the project's total units as BMRs, which are affordable to low and moderate-income buyers (for rentals, people earning below 60 percent of median; for ownership units, people earning between 80 and 120 percent of median). Alternatively, developments may select an equivalent option of off-site development or payment of in-lieu fee.

However, this program only covers those earning up to 120 percent of median income, which in 2007 was \$96,400 for a household of four. Yet even families earning more than this have difficulty affording housing in San Francisco. Almost 30 percent of its households fall in the bracket of moderate and middle incomes. Housing for working households remains one of the City's greatest needs.

The Mission Area Plan strives to meet six key objectives surrounding housing production and retention:

1. The Plan strives to construct new housing affordable to people with a wide range of incomes via the rezoning of some of the City's industrial lands. It assists households at low- and very low-incomes through inclusionary and land dedication strategies. It aims to help people making above the 120% of median-income threshold for inclusionary housing but below the amount required to afford market-rate units, through "middle-income" development options.
2. The Plan strives to retain and improve existing housing, in recognition of the fact that sound existing housing is one of the most valuable sources of housing the City has.
3. The Plan ensures that residential development meets not only the affordability needs, but the other needs- unit size, number of bedrooms, community services and neighborhood amenities - to create a high quality of life for all individuals and families in the Eastern Neighborhoods.

4. The Plan aims to lower the costs of housing production to translate into lower-priced units, by increasing development capacity, enabling cost-effective construction and by recognizing that “time is money” in reducing unnecessary processes.
5. The Plan aims to promote health and well-being for residents, through well-designed, environmentally friendly neighborhoods and units.
6. The Plan aims to continue the City’s ongoing efforts to increase affordable housing and production, through increased funding available for affordable housing through City, state, federal and other sources.

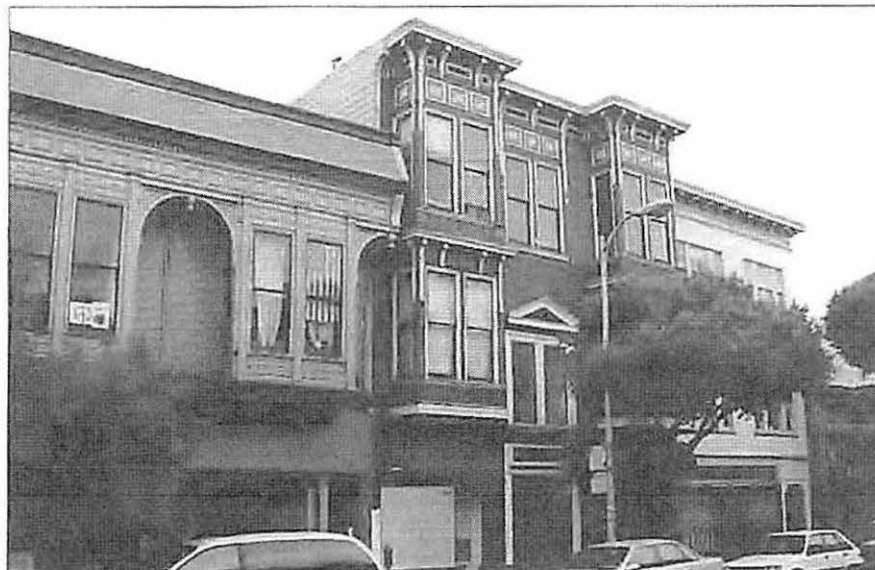
OBJECTIVE 2.1

ENSURE THAT A SIGNIFICANT PERCENTAGE OF NEW HOUSING CREATED IN THE MISSION IS AFFORDABLE TO PEOPLE WITH A WIDE RANGE OF INCOMES

The City of San Francisco has produced a significant number of market-rate units in the last five years, yet still has many units to produce at low, moderate and middle incomes if it is to meet the spectrum of need identified in the Housing Element of the General Plan. San Francisco’s Housing Element establishes the Plan Area, as well as the entirety of the Eastern Neighborhoods, as a target area in which to develop new housing to meet San Francisco’s identified housing targets in the category of low-, moderate- and middle-income units. A portion of the industrial lands of the Eastern Neighborhoods – areas formerly zoned for C-M, M-1, and M-2 , but not required to meet current PDR needs - offer an opportunity to zone areas to meet these identified categories of need.

In order to facilitate the housing production percentage targets identified in the Housing Element, this plan sets forth new zoning districts on formerly industrial lands that enable the production of the type of housing San Francisco needs. In these new zoning districts, affordable housing would be permitted as of right. However, not all sites will be appropriate for the development of 100% affordable housing projects, or are available for development.

In the area of the Mission generally known as the “Northeast Mission Industrial Zone” (NEMIZ) housing is permitted by conditional use according to the underlying industrial zoning. In recent years housing development has been restricted here by a series of interim policies from the Planning Commission and Board of Supervisors. Under the “mixed-income” housing requirements, in the formerly industrial zones, where market-rate housing was previously restricted, would be modified to allow developers a range of options to meet affordability needs. Those wishing to develop market-rate housing would be able to do so only under the following requirements:



1. Provide a high percentage of units affordable to very low-, low-, or moderate-income households on-site (through superinclusionary requirements, above and beyond the City's Inclusionary Program) in a mixed-income project.
2. Dedicate land for the development of 100% affordable housing, available to very low- and low-income households.
3. Provide moderately affordable units on-site, as housing available to middle income households - those making below 150% of the median income.

Site developability in these areas will be increased by removal of density controls and in some cases through increased heights, to address the City's most pressing housing needs.

Single Resident Occupancy (SRO) units – defined by the Planning Code as units consisting of no more than one room at a maximum of 350 square feet - represent an important source of affordable housing in the Mission, representing about 9% of its housing stock. (There are an estimated 457 SRO Hotels in San Francisco with over 20,000 residential units, with most located in the Mission, Tenderloin, Chinatown, and South of Market). SRO units have generally been considered part of the city's stock of affordable housing, and as such, City law prohibits conversion of SROs to tourist hotels. SROs serve as an affordable housing option for elderly, disabled, and single-person households, and in recognition of this, the Plan adopts several new policies to make sure they remain a source of continued affordability. Therefore, SROs are permitted as a category of housing available to moderate, middle-income and low income households. In recognition of the fact that SROs serve small households, the Plan

exempts SRO developments from meeting unit-mix requirements. In recognition of the fact that SROs truly are living spaces, and to prevent the kind of substandard living environments that can result from reduced rear yards and open spaces, this Plan requires that SROs adhere to the same rear yard and exposure requirements as other types of residential uses. Finally, the Plan calls for sale and rental prices of SROs to be monitored regularly to ensure that SROs truly remain a source of affordable housing, and that policies promoting them should continue.



The policies to address the objective above are as follows:

POLICY 2.1.1

Require developers in some formally industrial areas to contribute towards the City's very low-, low-, moderate- and middle-income needs as identified in the Housing Element of the General Plan.

POLICY 2.1.2

Provide land and funding for the construction of new housing affordable to very low- and low-income households.

POLICY 2.1.3

Provide units that are affordable to households at moderate and "middle incomes" – working households earning above traditional below-market-rate thresholds but still well below what is needed to buy a market-priced home, with restrictions to ensure affordability continues.

POLICY 2.1.4

Allow single-resident occupancy hotels (SROs) and "efficiency" units to continue to be an affordable type of dwelling option, and recognize their role as an appropriate source of housing for small households.

OBJECTIVE 2.2

RETAIN AND IMPROVE EXISTING HOUSING AFFORDABLE TO PEOPLE OF ALL INCOMES

The existing housing stock is the City's major source of relatively affordable housing. The Eastern Neighborhoods' older and rent-controlled housing has been a long-standing resource for the City's lower and middle income families. Priority should be given to the retention of existing units as a primary means to provide affordable housing.

Demolition of sound existing housing should be limited, as residential demolitions and conversions can result in the loss of affordable housing. The General Plan discourages residential demolitions, except where they would result in replacement housing equal to or exceeding that which is to be demolished. The Planning Code and Commission already maintain policies that generally require conditional use authorization or



discretionary review wherever demolition is proposed. In the Eastern Neighborhoods, policies should continue requirements for review of demolition of multi-unit buildings. A permit to demolish a residence cannot be issued until the replacement structure is approved. When approving such a demolition permit and the subsequent replacement structure, the Commission should review levels of affordability and tenure type (e.g. rental or for-sale) of the units being lost, and seek replacement projects whose units replaced meet a parallel need within the City. The goal of any change in existing housing stock should be to ensure that the net addition of new housing to the area offsets the loss of affordable housing by requiring the replacement of existing housing units at equivalent prices.

The rehabilitation and maintenance of the housing stock is also a cost-effective and efficient means of insuring a safe, decent housing stock. A number of cities have addressed this issue through housing rehabilitation programs that restore and stabilize units already occupied by low-income households. While the City does have programs to finance housing rehabilitation costs for low-income homeowners, it could expand this program to reach large-scale, multi-unit buildings. Throughout the project area, the City could work to acquire and renovate existing low-cost housing, to ensure its long-term affordability.

The policies to address the objective above are as follows:

POLICY 2.2.1

Adopt Citywide demolition policies that discourage demolition of sound housing, and encourage replacement of affordable units.

POLICY 2.2.2

Preserve viability of existing rental units.

POLICY 2.2.3

Consider acquisition of existing housing for rehabilitation and dedication as permanently affordable housing.

POLICY 2.2.4

Ensure that at-risk tenants, including low-income families, seniors, and people with disabilities, are not evicted without adequate protection.

OBJECTIVE 2.3

ENSURE THAT NEW RESIDENTIAL DEVELOPMENTS SATISFY AN ARRAY OF HOUSING NEEDS WITH RESPECT TO TENURE, UNIT MIX AND COMMUNITY SERVICES.

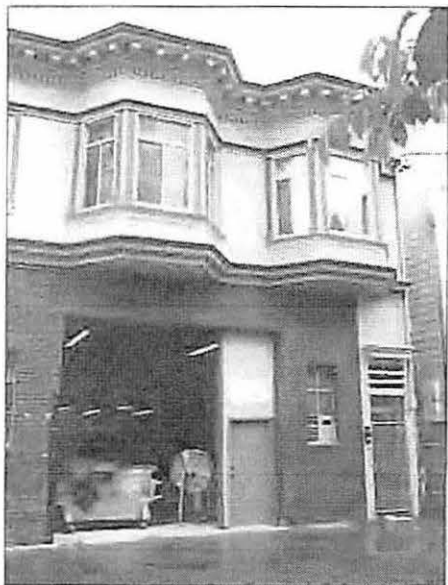
According to the Eastern Neighborhoods Socioeconomic Rezoning Impacts analysis, the Mission has a high concentration of family households relative to the rest of the city and even to other areas in the Eastern Neighborhoods. Close to 50 percent of all households in the Mission are family households, over 22 percent are households with children, and just fewer than 20 percent of the total population in the Mission are children under 18 years of age.

Household size also tends to be greater in the Mission, with households with four or more people constituting a large percentage – 20 percent of households – while the share of housing units with one bedroom or no bedrooms is above 50 percent of all units in the area. Therefore, the Mission, which claims more than half of the Eastern Neighborhoods housing stock, shows the greatest mismatch between housing type and housing need. Overcrowding, defined by the U.S. Census bureau as more than one person per room, and severe overcrowding (more than 1.5 persons per room) is also greatest - over 6 percent overcrowded and 15 percent severe - in the Mission.

The need for housing in the Mission covers the full range of tenure type (ownership versus rental) and unit mix (small versus large units). While there is a market for housing at a range of unit types, recent housing construction has focused on the production of smaller, ownership units. Policies in this plan are aimed to correcting this imbalance, in order to better serve families and renters. The Housing Element of the city's General Plan recognizes that rental housing is often more affordable than for-sale housing, and existing city policies regulate the demolition and conversion of rental housing to other forms of occupancy. New development in the Mission area should ensure that rental opportunity is available for new residents as well.

To try to achieve more family friendly housing, the Plan makes several recommendations. New development will be required to include a significant percentage of units with two or more bedrooms (SROs and senior housing will be exempted from this requirement). Family-friendly design should incorporate design elements such as housing with private entrances, on-site open space at grade and accessible from the unit, inclusion of other play spaces such as wide, safe sidewalks, on-site amenities such as children's recreation rooms or day-care. The Planning Department can also encourage family units by drafting family-friendly guidelines to guide its construction, and by promoting projects which include multi-bedroom housing located in close proximity to schools, day-care centers, parks and neighborhood retail. Projects that met such guidelines could be provided faster processing time, including streamlined processing.

One of the key priorities of the Mayor's Office of Housing is expanding the stock of family, rental housing, with particular emphasis on very low and extremely low-income families. The Plan encourages the Mayor's Office to maintain this priority in funding



100% affordable housing developments that provide safe, secure housing with multiple bedrooms and family-oriented amenities such as play areas and low-cost child care.

In addition to the type of housing constructed, it is important to consider the services and amenities available to residents – transit, parks, child care, library services, and other community facilities. Many parts of the Eastern Neighborhoods are already underserved in many of these categories; and the lower income, family-oriented households of these neighborhoods, more than any other demographic, have a need for these services. The Plan aims to improve the neighborhoods, and to meet the needs that new residential units in the Eastern Neighborhoods will create, including increased demands on the area's street network, limited open spaces, community facilities and services. New development will be required to contribute towards improvements that mitigate their impacts. The resulting community infrastructure, constructed through these funds and through other public funding, will benefit all residents in the area.

The public benefits funds generated will support improvements to community infrastructure, including parks, transit, child care, libraries, and other community facilities needed by all new residents, but particularly needed by lower-income residents and families. Often, affordable housing exists in areas with poor neighborhood quality of life, poor access to transit and unreliable neighborhood services; yet the lower income households, more than any other demographic, have a need for these services. The public benefit policies intended to mitigate new development's impacts will, in cooperation with other public funding, ensure that not only new housing, but also existing affordable housing, receives the community infrastructure a good neighborhood needs.

The policies to address the objective above are as follows:

POLICY 2.3.1

Target the provision of affordable units for families.

POLICY 2.3.2

Prioritize the development of affordable family housing, both rental and ownership, particularly along transit corridors and adjacent to community amenities.

POLICY 2.3.3

Require that a significant number of units in new developments have two or more bedrooms, except Senior Housing and SRO developments unless all Below Market Rate units are two or more bedrooms.

POLICY 2.3.4

Encourage the creation of family supportive services, such as childcare facilities, parks and recreation, or other facilities, in affordable housing or mixed-use developments.

POLICY 2.3.5

Explore a range of revenue-generating tools including impact fees, public funds and grants, assessment districts, and other private funding sources, to fund community and neighborhood improvements.

POLICY 2.3.6

Establish an impact fee to be allocated towards an Eastern Neighborhoods Public Benefit Fund to mitigate the impacts of new development on transit, pedestrian, bicycle, and street improvements, park and recreational facilities, and community facilities such as libraries, child care and other neighborhood services in the area.

OBJECTIVE 2.4**LOWER THE COST OF THE PRODUCTION OF HOUSING**

There is a demonstrated need to reduce the overall cost of housing development and therefore reduce rental rates and purchase prices. Revising some requirements associated with housing development and expediting processing can help lower costs. The city's current minimum parking requirement, for example, is a significant barrier to the production of housing, especially affordable housing. In much of the housing built under current parking requirements, the cost of parking is included in the cost of owning or renting a home, requiring households to pay for parking whether or not they need it. As part of an overall effort to increase housing affordability in the Plan Area, costs for parking should be separated from the cost of housing and, if provided, offered optionally.

There are a number of design and construction techniques that can make housing "affordable by design" – efficiently designed, less costly to construct, and therefore less costly to rent or purchase. For example, forgoing structured parking can significantly reduce construction costs. Thus, as part of this Plan, parking requirements will be revised to allow, but not require parking. This provision will allow developers to build a reasonable amount of parking if desired and if feasible while meeting the Plan's built form guidelines. Small infill projects, senior housing projects or other projects that may desire to provide fewer parking spaces would have the flexibility to do so. Also, conventionally framed low-rise construction is less costly than high-rise construction requiring steel and concrete. City actions including modifying zoning and building code requirements to enable less costly construction, as well as encouraging smaller room sizes and units that include fewer amenities or have low-cost finishes while not yielding on design and quality requirements can facilitate these techniques.



Finally, the approval process for housing can be simplified, to reduce costs associated with long, protracted approval periods. Discretionary processes such as Conditional Use authorizations, and mandatory (i.e. non community initiated) Discretionary Review, should be limited as much as possible while still ensuring adequate community review. Provisions within CEQA should be used to enable exemptions or reduced review, including reduced traffic analysis requirement for urban infill residential projects.

The policies to address the objective above are as follows:

POLICY 2.4.1

Require developers to separate the cost of parking from the cost of housing in both for sale and rental developments.

POLICY 2.4.2

Revise residential parking requirements so that structured or off-street parking is permitted up to specified maximum amounts in certain districts, but it is not required.

POLICY 2.4.3

Encourage construction of units that are "affordable by design."

POLICY 2.4.4

Facilitate housing production by simplifying the approval process wherever possible.

OBJECTIVE 2.5

PROMOTE HEALTH THROUGH RESIDENTIAL DEVELOPMENT DESIGN AND LOCATION

Well-planned neighborhoods - those with adequate and good quality housing; access to public transit, schools, and parks; safe routes for pedestrians and bicyclists; employment for residents; and unpolluted air, soil, and water - are healthy neighborhoods. Quality living environments in such neighborhoods have been demonstrated to have an impact on respiratory and cardiovascular health, reduce incidents of injuries, improve physical fitness, and improve social capital, by creating healthy social networks and support systems.

Housing in the plan area should be designed to meet the physical, social and psychological needs of all and in particular, of families with children. Housing should also be designed to meet high standards for health and the environment. Green structures which use natural systems have better lighting, temperature control, improved ventila-

tion and indoor air-quality which contribute to reduced asthma, colds, flu and absenteeism. Also, health-based building guidelines can help with health and safety issues such as injury & fall prevention; pest prevention; and general sanitation.

To promote health at the neighborhood level, the San Francisco Department of Public Health has facilitated the multi-stakeholder Eastern Neighborhoods Community Health Impact Assessment (ENCHIA) to produce a vision for a healthy San Francisco as well as health objectives, measures, and indicators. The Department of Public Health (DPH) has worked with the Planning Department and other city agencies to assess the impacts, both positive and negative, of new development, and many aspects of this plan reflect those efforts.

The policies are as follows:

POLICY 2.5.1

Consider how the production of new housing can improve the conditions required for health of San Francisco residents.

POLICY 2.5.2

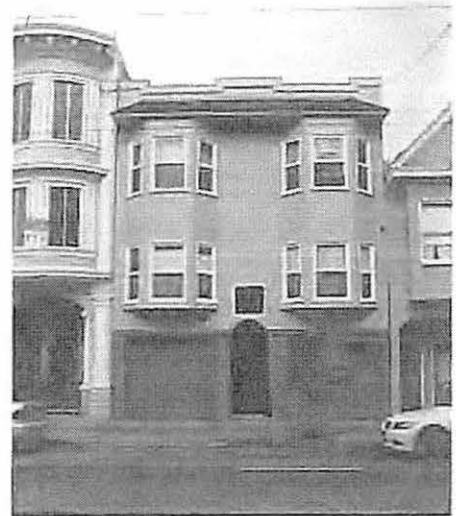
Develop affordable family housing in areas where families can safely walk to schools, parks, retail, and other services.

POLICY 2.5.3

Require new development to meet minimum levels of "green" construction.

POLICY 2.5.4

Provide design guidance for the construction of healthy neighborhoods and buildings.



OBJECTIVE 2.6

CONTINUE AND EXPAND THE CITY'S EFFORTS TO INCREASE PERMANENTLY AFFORDABLE HOUSING PRODUCTION AND AVAILABILITY

The City already has programs in place to increase access and production of affordable housing, primarily through the Mayor's Office of Housing. These existing programs, such as the inclusionary housing program, should be promoted and strengthened where economically feasible. Current city programs such as the second mortgage loans, first-time homebuyer, and down payment assistance programs should be promoted and expanded. To encourage private renovation of existing housing by low-income homeowners, programs that provide low-cost credit and subsidies to homeowners for the repair of code violations and target such subsidies to low-income households,

especially families and seniors, should be initiated. And new models that reduce housing costs, such as limited equity models, location efficient mortgages and community land trusts, should be explored. Finally, programs, incentives and funding to increase housing production outside of the Mayor's Office of Housing should be pursued, such as developer-supported housing initiatives, for-profit and non-profit developer partnerships as well as employer subsidies for workforce housing.

In addition, there are a number of Citywide policies that can be modified to recognize population needs and growth. Units that are nonconforming or illegal, such as accessory units or housing in nonresidential structures, are often sources of affordable housing, and the City should continue to explore ways of legalizing such units. One prime example is live-work units, which as nonconforming units are limited in expansion. The City could enable live/work units to conforming status as a residential unit, provided they meet planning and building code requirements for residential space and pay retroactive residential development fees, e.g. school fees, as well as new impact fees that are proposed as part of this area plan. Finally, the City should work outside of the planning process to support affordable housing through citywide initiatives, such as housing redevelopment programs, and employer subsidies for workforce housing.

The City should continue to work for increased funding towards its programs, utilizing outside sources such as state and regional grant funding as well as new localized sources. Property transfer taxes, tax increment, and City prioritization all offer potential dedicated funding streams that can provide needed revenue to the continued need for affordable housing.

POLICY 2.6.1

Continue and strengthen innovative programs that help to make both rental and ownership housing more affordable and available.

POLICY 2.6.2

Explore housing policy changes at the citywide level that preserve and augment the stock of existing rental and ownership housing.

POLICY 2.6.3

Research and pursue innovative revenue sources for the construction of affordable housing, such as tax increment financing, or other dedicated City funds.



BUILT FORM

The many cultures, land uses, architectural styles, street grids and street types that exist within the Mission neighborhood define its character and set it apart from other areas of San Francisco. Indeed it is the coexistence and commingling, at times chaotic, of all these different elements that attracts most residents to the Mission. Urban design is central to defining how such a diverse physical and social environment is able to function, and will determine whether new additions contribute to, or detract from, the neighborhood's essential character.

The main purpose of this chapter is to strengthen the current character of the neighborhood, while allowing new development to positively contribute in an original way to the quality of life of residents, visitors and workers. The three main elements addressed here are height, architectural design and the role of new development in supporting a more ecologically sustainable urban environment. The policies and guidelines in this chapter will help to harmonize the old and the new. Where it is appropriate from an urban design and city building perspective, increase heights in those areas that are expected to see significant new development or that ought to have increased heights to support the city's public transit infrastructure. The design of streets and sidewalks, an equally critical element in creating sustainable and enjoyable neighborhoods, is addressed in the Street and Open Space chapter of this Plan.

OBJECTIVE 3.1

PROMOTE AN URBAN FORM THAT REINFORCES THE MISSION'S DISTINCTIVE PLACE IN THE CITY'S LARGER FORM AND STRENGTHENS ITS PHYSICAL FABRIC AND CHARACTER

The Mission is one of the city's most distinctive neighborhoods. To maintain this unique character in the face of new development we must ensure that buildings are of high-quality design and that they relate well to historic and surrounding structures. We must also ensure that new buildings enhance the quality of place and that ensure the neighborhood's long-term livability and a compelling relationship to the rest of the city.

Specific policies and design guidelines to address the objective above are as follows:

POLICY 3.1.1

Adopt heights that are appropriate for the Mission's location in the city, the prevailing street and block pattern, and the anticipated land uses, while preserving the character of its neighborhood enclaves.

POLICY 3.1.2

The design of new, mixed-use infill development in the Northeast Mission Industrial Zone (NEMIZ) should strengthen the area's industrial character through appropriate materials, massing, and setback.

The tight integration of light industrial, mixed-use and residential buildings makes the NEMIZ a unique area in the city. All new development needs to strengthen the area's traditional industrial character by choosing quality materials and finishes compatible with the existing fabric and by designing within a building envelope that is consistent with the surrounding context. New development should also recognize the building's responsibility to provide architecturally interesting ground floors that contribute to, and not detract from, the pedestrian experience.

POLICY 3.1.3

Relate the prevailing heights of buildings to street and alley width throughout the Plan Area.

Generally, the height of buildings is set to relate to street widths throughout the Plan Area. An important urban design tool in specific applications is to frame streets with buildings or cornice lines that roughly reflect the street's width. A core goal of the height districts is to create an urban form that will be intimate for the pedestrian, while improving opportunities for cost-effective housing and allowing for pedestrian-supportive ground floors.

POLICY 3.1.4

Heights should also reflect the importance of key streets in the city's overall urban pattern, such as Mission and Valencia streets, while re-

specting the lower scale development that typifies much of the established residential areas throughout the Plan Area.

Generally, the prevailing height of buildings is set to relate to street widths throughout the Plan Area. Height should also be used to emphasize key transit corridors and important activity centers. A primary intent of the height districts is to provide greater variety in scale and character while maximizing efficient building forms and enabling gracious ground floors.

The scale of development and the relationship between street width and building height offer an important orientation cue for users by indicating a street's relative importance in the hierarchy of streets, as well as its degree of formality. Taller buildings with more formal architecture should line streets that play an important role in the city's urban pattern.

POLICY 3.1.5

Respect public view corridors. Of particular interest are the east-west views to the Twin Peaks and Potrero Hill, south views to Bernal Hill, and several views towards the downtown.

San Francisco's natural topography provides important wayfinding cues for residents and visitors alike, and views towards the hills or the bay enable all users to orient themselves vis-à-vis natural landmarks. Further, the city's striking location between the ocean and the bay, and on either side of the ridgeline running down the peninsula, remains one of its defining characteristics and should be celebrated by the city's built form.

POLICY 3.1.6

New buildings should epitomize the best in contemporary architecture, but should do so with full awareness of, and respect for, the height, mass, articulation and materials of the best of the older buildings that surrounds them.

Infill development should always strive to be the best design of the times, but should do so by acknowledging and respecting the positive attributes of the older buildings around it. Therefore, the new should provide positive additions to the best of the old, and not merely replicate the older architecture styles.

POLICY 3.1.7

Attractively screen rooftop HVAC systems and other building utilities from view.

POLICY 3.1.8

New development should respect existing patterns of rear yard open space. Where an existing pattern of rear yard open space does not exist, new development on mixed-use-zoned parcels should have greater flexibility as to where open space can be located.

POLICY 3.1.9

Preserve notable landmarks and areas of historic, architectural or aesthetic value, and promote the preservation of other buildings and features that provide continuity with past development.

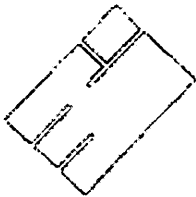
Important historic buildings cannot be replaced if destroyed. Their rich palette of materials and architectural styles imparts a unique identity to a neighborhood and provides valuable additions to the public realm. The Mission, as do the other inner-ring neighborhoods with an industrial past, demonstrates how adaptive reuse of historic buildings can provide a unique, identifiable, and highly enjoyed public place. Historic or otherwise notable buildings and districts should be celebrated, preserved in place, and not degraded in quality. See the Historic Preservation section of this area plan for specific preservation policies.

POLICY 3.1.10

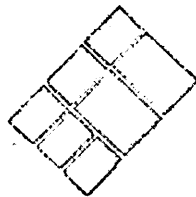
After results are obtained from the historic resources surveys, make necessary adjustments to these built form guidelines to ensure that new structures, particularly in historic districts, will be compatible with the surrounding historic context.

POLICY 3.1.11

Establish and require height limits along alleyways to create the intimate feeling of an urban room.



Introducing through-alleys is an important part of a dynamic pedestrian network along otherwise large blocks.



The alleyway network in the Mission offers residents and visitors the opportunity to walk through one of the most intimately-scaled environments in San Francisco. This feeling of intimacy is established by carefully balancing building height and setbacks so as to ensure a sense of enclosure, while not overwhelming the senses.

Heights at the property line along both sides of alleys should be limited. In general, building height at the property line must not exceed 1.25 times the width of the alley. Above this height, a minimum 10-foot setback is required to maintain the appropriate and desired scale.

POLICY 3.1.12

Establish and require height limits and upper story setbacks to maintain adequate light and air to sidewalks and frontages along alleys.

The narrowness of many of the Mission's alleyways requires that development along them be carefully sculpted to proper proportions and to ensure that adequate light and air reach them and the frontages along them.

In addition to the building height and setback requirements stated in Policy 3.1.10 above, the building height at the property line along the south side of east-west alleys, building

height must be setback so as to ensure a 45-degree sun access plane, as extended from the property line on the opposite side of the street to the top corner of each story.

Along both north-south and east-west alleyways, setbacks are not required for the first 60 linear feet of the alley from the adjoining major street, as measured from the property line along the major street, so as to allow a proper streetwall along that street.

POLICY 3.1.13

Architectural design should be used to highlight publicly important views generated by shifts in the street grid or the termination of a street at a T-intersection.

The evolution of the city's built fabric presents important opportunities to increase visual interest and create a special identity for the neighborhood. As one moves through the neighborhood, unexpectedly coming upon a view that terminates in a building designed to a higher standard generates an image unique to that place, while also helping to create a special connection to the built environment.

OBJECTIVE 3.2

PROMOTE AN URBAN FORM AND ARCHITECTURAL CHARACTER THAT SUPPORTS WALKING AND SUSTAINS A DIVERSE, ACTIVE AND SAFE PUBLIC REALM

Achieving an engaging public realm for the Mission is essential. While visual interest is key to a pedestrian friendly environment, current development practice does not always contribute positively to the pedestrian experience, and many contemporary developments detract from it. Seeing through windows to the activities within – be they retail, commercial, or PDR – imparts a sense of conviviality that blank walls or garage doors are unable to provide. Visually permeable street frontages offer an effective and engaging nexus between the public and private domains, enlivening the street, offering a sense of security and encouraging people to walk. Where there are residential uses, seeing the activities of living is key, represented by stoops, porches and entryways, planted areas, and the presence of windows that provide “eyes on the street.”

Specific policies and design guidelines to address the objective above are as follows:

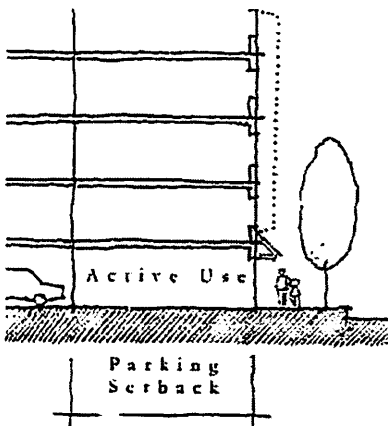
POLICY 3.2.1

Require high quality design of street-facing building exteriors.

- A. Provide strong, repeating vertical articulation on new buildings, especially those with large street frontages, to achieve the visual interest necessary to sustain pedestrian interest and activity. Avoid undifferentiated massing longer than 25 feet on residential streets or alleys, and 40 feet on all other streets. Such vertical articulation as this cannot be satisfactorily achieved by minor changes such as change of color alone.

- B. For vertically mixed-use buildings, changes in use should be visually differentiated through changes in material, scale, setback or other means, and not solely by color.
- C. Building openings and fenestration should represent the uses behind them, minimize visual clutter, harmonize with prevailing conditions, and provide architectural interest. Windows should have a minimum recess of 3 inches, generally should be oriented, and open, vertically, and the frames should not be made of vinyl.
- D. Use authentic, materials with a substantial appearance, including wood, masonry, ceramic tile, pre-cast concrete or integrated stucco. Avoid using inauthentic materials, in particular those that have the appearance of thin veneer or attachment, such as EIFS or tilt-up panels. If used, inauthentic materials should not be the dominant façade material, and should not be used for detailing or ornamentation.
- E. Brick, stone, tile, veneers or applied materials should terminate logically and strongly, such as by wrapping corners and terminating at architectural modulations, articulations, frames or other features, so that they don't appear superficially affixed to the façade.
- F. Blank or blind frontages at the ground floor are highly discouraged and should be minimized wherever possible. Where necessary, frontages used for utilities, storage, refuse collection and other activities should be integrated into the overall articulation and fenestration of the façade, or be masked by landscaping or other design features where active uses are not possible.
- G. Extended blank or blind frontages are not permitted along Transit Preferential Streets as defined in the General Plan, and within the 6th Street neighborhood commercial transit district, even if alternative street or alley frontage is not available.

At-grade parking must be wrapped with at least 15 feet of active uses, such as retail or PDR.



POLICY 3.2.2

Make ground floor retail and PDR uses as tall, roomy and permeable as possible.

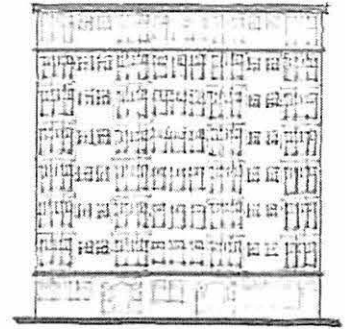
A. Maximize interior clear ceiling heights for ground floor retail or PDR uses. Where height districts end in five feet, such as 45', 55', 65', and 85', interior ground floor clear ceiling heights should maximize a fifteen foot envelope. This additional height will increase the flexibility of the space and improve its long-term viability.

B. Ground-level facades should be 75% transparent to permit a clear view inwards from the street and should not be tinted. Post construction alterations, such as retail displays, should not obscure the clear view.

POLICY 3.2.3

Minimize the visual impact of parking.

- A. Where off-street parking is provided, placing it underground should be encouraged wherever site conditions allow, and especially for development on lots exceeding 5,000 square feet. Underground parking should be consolidated for multiple properties, where opportunities arise, thereby reducing the average cost of construction and minimizing the number of curb cuts and garage entrances.
- B. At grade parking is strongly discouraged. Where at-grade parking is necessary, it should be wrapped with a minimum of 15 feet of active use, such as residential, retail, or PDR on both the primary and secondary street frontages, except for the minimum frontage required for fire doors and parking access.
- C. For development with no more than 20 units, parking access should be provided by a single door not exceeding 8 feet. Where lot dimensions require separate ingress and egress, individual doors and driveways should not exceed a width of eight feet and should be separated by one foot.
- D. For developments with more than 20 residential units but less than 100 residential units, individual doors and driveways should not exceed a width of 8 feet for ingress and 8 feet for egress, separated by one foot, and should not be widened to allow for off-street loading. Combined ingress and egress should not exceed 16 feet. More than one ingress and one egress or one combined ingress/egress access point should be discouraged.
- E. For developments with 100 residential units or more, individual doors and driveways should not exceed a width of 8 feet for ingress and 8 feet for egress for auto parking, separated by one foot, and 10 feet for ingress and 10 feet for egress for joint parking and loading. Based on the conditions above, a combined ingress and egress should not exceed 20 feet. More than one ingress and one egress or one combined ingress/egress access point should be discouraged.
- F. The number of curb cuts should be kept to an absolute minimum, with no more than one lane for ingress and one lane for egress, regardless of the total amount of parking proposed. Parking and loading should share access lanes, wherever possible, rather than requiring separate doors and driveways.
- G. Curb cuts are prohibited on Transit Priority Streets (TPS), along Valencia Street, and on 24th Street through the neighborhood retail district, even if alternative street or alley frontage is not available.
- H. Where a building has two frontages, parking entrances, loading docks, bays, and auxiliary service entrances should be accessed from secondary streets, and their visual impact on the neighborhood should be minimized.



Buildings should have a clear bottom, middle and top. The building exterior of floors with retail or PDR uses should be differentiated visually from residential floors.

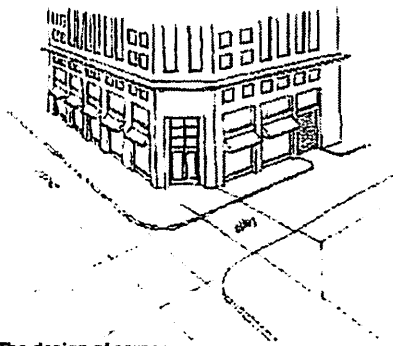


Parking infrastructure should not be noticeable from the street. The above building shows how insubstantial materials and observable parking infrastructure can degrade the pedestrian experience on the street.

POLICY 3.2.4

Strengthen the relationship between a building and its fronting sidewalk.

- A. Blank and blind walls at the ground floor are highly discouraged and should be minimized. Building frontage should not be used for utilities, storage, and refuse collection wherever possible; where this function must be on the street, landscaping and other well-integrated design features shall be used to enhance the street frontage.
- B. Ground-floor units should be primarily accessed directly from the public way, and not through common corridors or lobbies. Upper story units should connect to a lobby entry that opens directly onto the public way. Where possible, units should not be accessed only from an interior courtyard.
- C. The individual entrances to ground-floor units should be set back 3-5 feet but no more than 10 feet from the street-fronting property line, and should be at least 18 inches, and ideally 3 feet, above sidewalk level.
- D. All setback areas should maximize landscaping opportunities.
- E. Utility vaults and access panels should be placed in driveway curb cuts so as to prevent blank building frontages and to ensure that sidewalk planting opportunities for street trees and landscaping are not limited.
- F. Physically intimidating security measures such as window grills or spiked gates should be avoided; security concerns should be addressed by creating well-lit, well-used streets and active residential frontages that encourage "eyes on the street."



The design of corner buildings should relate to the civic significance of intersections.

POLICY 3.2.5

Building form should celebrate corner locations.

- A. In use, design and entry, orient buildings towards corners.
- B. Major entrances should be located at corners, but primary residential entrances can be located away from the corner to prevent congestion.
- C. Architectural features and detailing including towers, bays, and copulas at the corner are strongly encouraged.

POLICY 3.2.6

Sidewalks abutting new developments should be constructed in accordance with locally appropriate guidelines based on established best practices in streetscape design.

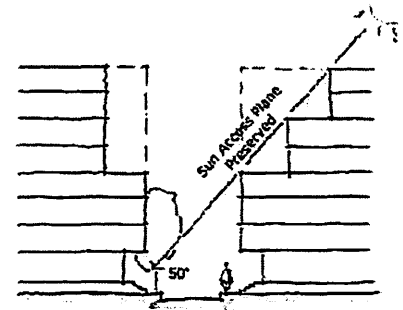
In dense neighborhoods such as the Mission, streets can provide important and valued additions to the open space network, offering pleasurable and enjoyable connections for people between larger open spaces.

San Francisco's Better Streets Plan will provide guidance on how to improve the overall urban design quality, aesthetic character, and ecological function of the city's streets while maintaining the safe and efficient use for all modes of transportation.

POLICY 3.2.7

Strengthen the pedestrian network by extending alleyways to adjacent streets or alleyways wherever possible, or by providing new publicly accessible mid-block rights of way.

- A. Developments on properties with 200 or more feet of street frontage on a block face longer than 400 feet should provide a minimum 20-foot-wide publicly accessible mid-block right of way and access easement for the entire depth of the property, connecting to existing streets or alleys.
- B. Developments on properties with 200 feet or more, but less than 300 feet of street frontage should be encouraged to provide a minimum 20-foot wide publicly accessible easement where doing so would reconnect an alley with an adjacent street or another alley.
- C. Developments on properties with 100 feet or more, but less than 200 feet of street frontage in the middle one-third of a block face longer than 400 feet where the adjacent property has the potential to do likewise, should be encouraged to provide a minimum 10-foot-wide publicly accessible mid-block right of way and access easement for the entire depth of the property, connecting to existing streets or alleys.



Maintaining a pleasurable pedestrian environment along the street is an important element of the plan.

POLICY 3.2.8

Recognize the distinctive Mission murals and expand the opportunities for new murals as well as other public art by providing space such as visible and publicly accessible walls in new construction adjacent to or near the murals to allow for these art traditions to thrive and continue, and by ensuring new construction does not obstruct, demolish, damage or otherwise diminish the Mission murals and other public art.

POLICY 3.2.9

Preserve sunlight access to BART plazas.

OBJECTIVE 3.3

PROMOTE THE ENVIRONMENTAL SUSTAINABILITY, ECOLOGICAL FUNCTIONING AND THE OVERALL QUALITY OF THE NATURAL ENVIRONMENT IN THE PLAN AREA

Given the reality of global climate change, it is essential that cities, and development within those cities, limit their individual and collective ecological footprints. Using sustainable building materials, minimizing energy consumption, decreasing storm water runoff, filtering air pollution and providing natural habitat are ways in which cities and buildings can better integrate themselves with the natural systems of the landscape. These efforts have the immediate accessory benefits of improving the overall aesthetic character of neighborhoods by encouraging greening and usable public spaces and reducing exposure to environmental pollutants.

Specific policies and design guidelines to address the objective above are as follows:

POLICY 3.3.1

Require new development to adhere to a new performance-based ecological evaluation tool to improve the amount and quality of green landscaping.

The San Francisco Planning Department, in consultation with the Public Utilities Commission, is in the process of developing a green factor. The green factor will be a performance-based planning tool that requires all new development to meet a defined standard for on-site water infiltration, and offers developers substantial flexibility in meeting the standard. A similar green factor has been implemented in Seattle, WA, as well as in numerous European cities, and has proven to be a cost-effective tool, both to strengthen the environmental sustainability of each site, and to improve the aesthetic quality of the neighborhood. The Planning Department will provide a worksheet to calculate a proposed development's green factor score.

POLICY 3.3.2

Discourage new surface parking lots and explore ways to encourage retrofitting existing surface parking lots and off-street loading areas to minimize negative effects on microclimate and stormwater infiltration. The city's Stormwater Master Plan, upon completion, will provide guidance on how best to adhere to these guidelines.

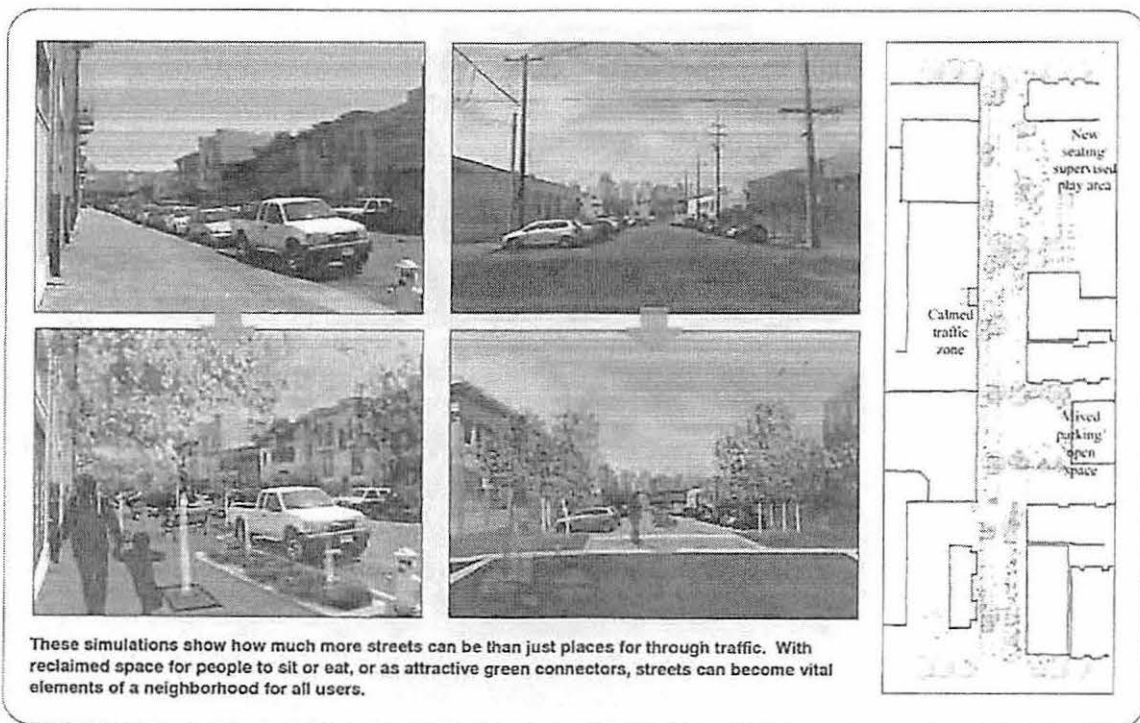
POLICY 3.3.3

Enhance the connection between building form and ecological sustainability by promoting use of renewable energy, energy-efficient building envelopes, passive heating and cooling, and sustainable materials.

POLICY 3.3.5

Compliance with strict environmental efficiency standards for new buildings is strongly encouraged.

The positive relationship between building sustainability, urban form, and the public realm has become increasingly understood as these buildings become more commonplace in cities around the world. Instead of turning inwards and creating a distinct and disconnected internal environment, sustainable buildings look outward at their surroundings as they allow in natural light and air. In so doing, they relate to the public domain through architectural creativity and visual interest, as open, visible windows provide a communicative interchange between those inside and outside the building. In an area where creative solutions to open space, public amenity, and visual interest are of special need, sustainable building strategies that enhance the public realm and enhance ecological sustainability are to be encouraged.





TRANSPORTATION

The Mission District's compact built environment and its varied mix of uses make walking, bicycling and public transit attractive, high-demand transportation modes. Abundant transit options (local and regional), vibrant, pedestrian-scale commercial corridors (Mission Street, Valencia Street and 24th Street) and a popular network of bicycle lanes and routes make the Mission a great neighborhood to get around in without a car. The vision for an improved transportation system within the Mission District includes improvements for all modes, especially pedestrians and transit. Efforts to improve transit speed, reliability and the safety of pedestrians and bicyclists should not obstruct the loading and circulation needs of vehicles supporting the Mission's PDR business activities.

OBJECTIVE 4.1

IMPROVE PUBLIC TRANSIT TO BETTER SERVE EXISTING AND NEW DEVELOPMENT IN THE MISSION

The Mission's several Muni lines and two BART stations make it an important local and regional transit hub. Commuters, residents and visitors from San Francisco and throughout the Bay Area pour in and out of the BART Stations at both 16th Street and 24th Street each morning and evening. Muni's 14 and 49 buses which run along Mission Street carry almost 40,000 riders every day. The 48, 22, 33, and 9 bus lines also serve the Plan Area. Enhancements to existing transit service that improve speed

Note: The following Transportation objectives and policies relate specifically to the transportation system. Objectives and policies related to physical street design can be found in the Streets and Open Space chapter.



and reliability should be made to reinforce the neighborhood's existing transit orientation.

Mission Street, 16th Street and Potrero Avenue stand out as desirable corridors to be considered for high-level transit improvements. These streets are called out in the San Francisco Municipal Transportation Agency's (SFMTA) *A Vision for Rapid Transit in San Francisco* (2002) as corridors important to long-range transit planning. New bus rapid transit (BRT) service, transit signal priority, transit-only lanes, and/or lengthened distances between stops are some tools that should be explored further.

The role of 16th Street as a key east-west transit corridor continues to grow as new development in the Eastern Neighborhoods and Mission Bay takes shape. Sixteenth Street is the only street that provides a continuous uninterrupted connection between the Mission, Showplace Square, Mission Bay and the eastern waterfront. It is also provides a critical link between local (Muni Third Street Light Rail) and regional transit (16th Street BART). The planned rerouting of the #22 bus down the full length of 16th Street to Mission Bay will help establish a major cross-town route in this developing area. Transit improvements for the 16th Street corridor are needed to accommodate increased transit service and to ensure transit vehicles are not crippled by congestion. Collaborative planning between city agencies, BART, businesses and large land holders like UCSF is necessary to design a transit corridor that prioritizes transit while serving the diverse land uses along the corridor. Transit improvements on 16th Street will also benefit the existing PDR businesses and employees found in the area that are expected to stay and grow.

SFMTA



Beginning in 2008, the SFMTA, Planning Department and the San Francisco County Transportation Authority (SFCTA) will commence a comprehensive Eastern Neighborhoods Transportation Implementation Planning Study (EN TRIPS) to further explore the feasibility of the options described above, determine which projects are needed, how they should be designed and how they can be funded. A key input to this will be SFMTA's "Transit Effectiveness Project" (TEP), the first comprehensive study of the Muni system since the late 1970s. The TEP aims to promote overall performance and long-term financial stability through faster, more reliable transportation choices and cost-effective operating practices. The TEP recommendations focus on improving transit service, speed and reliability and should be implemented as soon as possible within the Mission area.

The policies to address the objective above are as follows:

POLICY 4.1.1

Commit resources to an analysis of the street grid, the transportation impacts of new zoning, and mobility needs in the Mission / Eastern Neigh-

borhoods to develop a plan that prioritizes transit while addressing needs of all modes (transit, vehicle traffic, bicyclists, pedestrians).

This policy refers to the Eastern Neighborhoods Transportation Implementation Planning Study described above:

POLICY 4.1.2

Decrease transit travel time and improve reliability through a variety of means, such as transit-only lanes, transit signal priority, transit “queue jumps,” lengthening of spacing between stops, and establishment of limited or express service.

POLICY 4.1.3

Implement the service recommendations of the Transit Effectiveness Project (TEP).

POLICY 4.1.4

Reduce existing curb cuts where possible and restrict new curb cuts to prevent vehicular conflicts with transit on important transit and neighborhood commercial streets .

Curb cuts should be reduced on key neighborhood commercial, pedestrian, and transit streets, where it is important to maintain continuous active ground floor activity, reduce transit delay and variability, and protect pedestrian movement and retail viability such as Mission, Valencia, 16th and 24th Streets. This is critical measure to reduce congestion and conflicts with pedestrian and transit movement along Transit Preferential Streets, particularly where transit vehicles do not run in protected dedicated rights-of-way and are vulnerable to disruption and delay.

POLICY 4.1.5

Ensure Muni’s storage and maintenance facility needs are met to serve increased transit demand and provide enhanced service.

POLICY 4.1.6

Enhance existing public transit service linking the Mission to downtown and BART.

POLICY 4.1.7

Balance competing land use and transportation-related priorities for 16th Street in the Mission to improve transit speed and reliability.

As a core PDR area served by a major transit route (Muni’s #22 bus), 16th Street and neighboring parcels illustrate the conflicts between the competing policy goals of improving transit and preserving PDR businesses. PDR land uses in the Mission and Showplace Square should be preserved to support the critical business activity they provide. However, PDR-related truck traffic, loading and circulation needs can slow transit vehicles. Further planning and design work is needed to make 16th Street a better transit street by mitigating the impacts of surrounding land uses. For example,

off-street truck loading requirements and transit-signal priority can improve 16th Street for transit while continuing to support the neighboring PDR land uses.

POLICY 4.1.8

Study the possibility of creating a "premium" transit service such as Bus Rapid Transit or implementing high-level transit preferential treatments for segments of Mission Street, 16th Street and Potrero Avenue.

Additional transit vehicles will be needed to serve new development in the Eastern Neighborhoods. The capacity of existing storage and maintenance facilities should be expanded and new facilities constructed to support growth in the Eastern Neighborhoods.

OBJECTIVE 4.2

INCREASE TRANSIT RIDERSHIP BY MAKING IT MORE COMFORTABLE AND EASY TO USE

A transit rider's experience is largely impacted by the quality of environment in and around the stops and stations where they start or end their transit trips. Transit stops can be made more attractive and comfortable for riders through installation of bus bulbs, shelters, additional seating, lighting, and landscaping. Pedestrian safety should also be prioritized near transit through the installation and maintenance of signs, crosswalks, pedestrian signals and other appropriate measures. Quality passenger information such as maps directing riders to major destinations, and accurate real-time transit information should be provided. Key transit stops with high passenger volumes or where transfers occur should be prioritized for enhanced amenities. In the Mission, these key stops may include 16th Street and Mission, 24th Street and Mission, 16th street and Potrero Avenue among others.

The policies to address the objective above are as follows:

POLICY 4.2.1

Improve the safety and quality of streets, stops and stations used by transit passengers.

POLICY 4.2.2

Provide comprehensive and real-time passenger information, both on vehicles and at stops and stations.

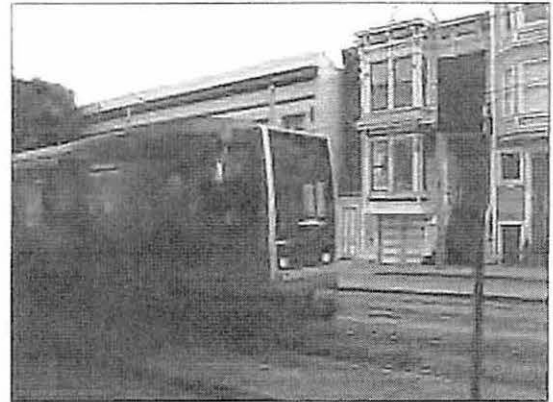
OBJECTIVE 4.3

ESTABLISH PARKING POLICIES THAT IMPROVE THE QUALITY OF NEIGHBORHOODS AND REDUCE CONGESTION AND PRIVATE VEHICLE TRIPS BY ENCOURAGING TRAVEL BY NON-AUTO MODES

The Mission's dense concentration of housing along with its vibrant mix of restaurants, neighborhood services, shopping and nightlife all generate a high demand for parking. Determining how existing and new parking is managed in the Mission is essential to achieving a range of community goals including reduced congestion and private vehicle trips, improved transit, successful commercial areas, housing production and affordability, and attractive urban design.

Elimination of minimum off-street parking requirements in new residential and commercial developments, while continuing to permit reasonable amounts of parking if desired, allows developers more flexibility in how they choose to use scarce developable space. In developments where space permits or where expected residents would particularly desire to own cars, parking can be provided, while in transit intensive areas, or where expected residents would not need cars (senior developments for example) parking would not be required. Space previously dedicated to parking in residential developments can be made available for additional housing units. With no parking minimums and therefore no need for individual drive-in parking spaces, new residential and commercial developments can explore more efficient methods of providing parking such as mechanical parking lifts, tandem or valet parking.

"Unbundling" parking from housing costs can reduce the cost of housing and make it more affordable to people without automobiles. The cost of parking is often aggregated in rents and purchase prices. This forces people to pay for parking without choice and without consideration of need or the many alternatives to driving available in the Mission. This could be avoided by requiring that parking be separated from residential or commercial rents, allowing people to make conscious decisions about parking and auto ownership.



Proper management of public parking, both on-street and in garages is critical. Currently, on-street parking is difficult to find in many parts of the city. Loose regulation and relatively inexpensive rates increase demand and decrease turnover of parking spaces. This shifts demand away from public transit and other modes, increases congestion and encourages long term on-street parking by employees and commuters. To support the needs of businesses and create successful commercial areas, on-street parking spaces should be managed to favor short-term shoppers, visitors, and loading. In residential areas, curbside parking should be managed to favor residents, while allocating any additional spaces for short-term visitors to the area. Recent research has proposed a number of ways to use market-based pricing and other innovative management techniques to improve availability of on-street parking while also increasing the revenue stream to the city. These methods are currently under study and should be applied in this area.

In accordance with Section 8A.113 of Proposition E (2000), new public parking facilities can only be constructed if the revenue earned from a new parking garage will be sufficient to cover construction and operating costs without the need for a subsidy. New development built with reduced parking could accommodate parking needs of drivers through innovative shared parking arrangements like a "community parking garage." Located outside of neighborhood commercial and small scale residential areas, such a facility would consolidate parking amongst a range of users (commercial and residential) while contributing to the neighborhood with an active ground floor featuring opportunities for neighborhood services and retail.

The policies as well as implementing actions to address the objective outlined above are as follows:

POLICY 4.3.1

For new residential development, provide flexibility by eliminating minimum off-street parking requirements and establishing reasonable parking caps.

POLICY 4.3.2

For new non-residential development, provide flexibility by eliminating minimum off-street parking requirements and establishing caps generally equal to the previous minimum requirements. For office uses, parking should be limited relative to transit accessibility.

POLICY 4.3.3

Make the cost of parking visible to users, by requiring parking to be rented, leased or sold separately from residential and commercial space for all new major development.

POLICY 4.3.4

Encourage, or require where appropriate, innovative parking arrangements that make efficient use of space, particularly where cars will not be used on a daily basis.

POLICY 4.3.5

Permit construction of new parking garages in Mixed Use districts only if they are part of shared parking arrangements that efficiently use space, are appropriately designed, and reduce the overall need for off-street parking in the area.

POLICY 4.3.6

Reconsider and revise the way that on-street parking is managed in both commercial and residential districts in order to more efficiently use street parking space and increase turnover and parking availability.

The San Francisco County Transportation Authority is conducting the On-Street Parking Management and Pricing Study to evaluate a variety of improved management techniques for on-street parking and recommend which should be put into effect in San Francisco.

OBJECTIVE 4.4**SUPPORT THE CIRCULATION NEEDS OF EXISTING AND NEW PDR USES IN THE MISSION**

A significant share of deliveries to PDR and other businesses in the Mission are performed within the street space. Where curbside freight loading space is not available, delivery vehicles double-park, blocking major thoroughfares like Mission Street, slowing transit and creating potential hazards for pedestrians, bicyclists and automobiles. The City should evaluate the existing on-street curb-designation for delivery vehicles and improve daytime enforcement to increase turnover. Where necessary, curbside freight loading spaces should be increased. During evenings and weekends, curbside freight loading spaces should be made available for visitor and customer parking. In new non-residential developments, adequate loading spaces internal to the development should be required to minimize conflicts with other street users like pedestrians, bicyclists and transit vehicles.

**POLICY 4.4.1**

Provide an adequate amount of short-term, on-street curbside freight loading spaces in PDR areas of the Mission.

POLICY 4.4.2

Continue to require off-street facilities for freight loading and service vehicles in new large non-residential developments.

POLICY 4.4.3

In areas with a significant number of PDR establishments, design streets to serve the needs and access requirements of trucks while maintaining a safe pedestrian environment.

OBJECTIVE 4.5**CONSIDER THE STREET NETWORK IN THE MISSION AS A CITY RESOURCE ESSENTIAL TO MULTI-MODAL MOVEMENT AND PUBLIC OPEN SPACE**

Not only are streets essential for movement, but they are a major component of the city's public realm and open space network. The Mission's streets and sidewalks move people and goods as well as provide places to sit, talk and stroll. Past sale of streets or rights-of-way to accommodate private development has impeded connectivity and mobility in some parts of San Francisco. Future closure and sale of city streets to private development should be discouraged unless it is determined excess roadway or reconfiguration of specific intersection geometries will achieve significant public benefits such as increased traffic safety, pedestrian safety, more reliable transit service

or public open space. New developments on large lots must consider alleys to break up the scale of the building and allow greater street connectivity.

POLICY 4.5.1

Maintain a strong presumption against the vacation or sale of streets or alleys except in cases where significant public benefits can be achieved.

POLICY 4.5.2

As part of a development project's open space requirement, require publicly-accessible alleys that break up the scale of large developments and allow additional access to buildings in the project.

(See also the Built Form chapter in this Plan, where there is more in-depth discussion on alleyways and publicly accessible mid-block rights of way.)

OBJECTIVE 4.6

SUPPORT WALKING AS A KEY TRANSPORTATION MODE BY IMPROVING PEDESTRIAN CIRCULATION WITHIN THE MISSION AND TO OTHER PARTS OF THE CITY

The Mission's primary commercial corridors - Mission, Valencia and 24th Streets – are crowded with pedestrians. Storefront retail, street level art and murals, good transit, well-marked crosswalks, and pedestrian signals all support a strong walking environment. However, conflicts with vehicles continue to present pedestrian safety concerns in the neighborhood. Opportunities exist to further improve pedestrian safety and accessibility in the Mission.

Several studies related to pedestrian improvements in the Mission have been completed or are in the planning stages. Recommendations from the *Southeast Mission Pedestrian Safety Plan* produced by SFMTA and the Department of Public Health should be implemented. In addition, the Planning Department is working with the SFMTA to develop the *Mission Public Realm Plan* and *Better Streets Plan* to ensure the Mission's streets are designed to promote pedestrian comfort and safety. The planned widening of Valencia Street's sidewalks should also be seen through to completion. In 2008, the Planning Department will be leading a planning process for the redesign of Cesar Chavez Street to make the street function better for pedestrians, bicyclists and transit.

Where possible, the city should implement high-visibility crosswalks, pedestrian signal heads with countdown timers, corner bulbouts, median refuge islands, or other pedestrian improvements. In specific areas with known higher rates of pedestrian-collisions, developers should be encouraged to carry out context specific planning and design on building projects to improve pedestrian safety.

The policies to address the objective above are as follows:

POLICY 4.6.1

Implement recommendations from the Mission Public Realm Plan, Southeast Mission Pedestrian Safety Plan and established street design

(See also the Streets and Open Space chapter in this Plan, where there is more in-depth discussion on the physical design of streets.)

standards and guidelines to make the pedestrian environment safer and more comfortable for walk trips.

POLICY 4.6.2

Prioritize pedestrian safety improvements at intersections and in areas with historically high frequencies of pedestrian injury collisions.

POLICY 4.6.3

Improve pedestrian access to major transit stops and stations such as the 16th and 24th Street BART Stations.

OBJECTIVE 4.7

IMPROVE AND EXPAND INFRASTRUCTURE FOR BICYCLING AS AN IMPORTANT MODE OF TRANSPORTATION

The Mission's existing bicycle infrastructure and relatively flat terrain create an attractive bicycling environment. The Valencia and Harrison Street bicycle lanes are busy with bicyclists during commute times and throughout the day. These lanes provide good north-south bicycle connections, but the Mission lacks strong east-west bicycle facilities. Improvements are planned to strengthen east-west connections. The SFMTA currently has improvements planned for Cesar Chavez and 17th Streets. Bicycle lanes and shared lane markings ("sharrows") on select segments of these streets will be installed once the San Francisco Bicycle Plan achieves environmental clearance. In addition, increased bicycle parking throughout the Mission especially in commercial areas and near BART is needed to accommodate the ever increasing number of bicyclists. Recent citywide zoning code amendments require bicycle parking for all new developments. The proposed Mission Creek Bikeway presents the opportunity for a future landscaped bicycle path from the Mission District to Mission Bay. Bikeway plans should be further examined, especially issues surrounding cost and implementation.

The policies to address the objective above are as follows:

POLICY 4.7.1

Provide a continuous network of safe, convenient and attractive bicycle facilities connecting the Mission to the citywide bicycle network and conforming to the San Francisco Bicycle Plan.

POLICY 4.7.2

Provide secure, accessible and abundant bicycle parking, particularly at transit stations, within shopping areas and at concentrations of employment.

POLICY 4.7.3

Explore feasibility of the Mission Creek Bikeway project.

OBJECTIVE 4.8

ENCOURAGE ALTERNATIVES TO CAR OWNERSHIP AND THE REDUCTION OF PRIVATE VEHICLE TRIPS

In addition to investments in our transportation infrastructure, there are a variety of programmatic ways in which the City can encourage people to use alternative modes of travel. Car sharing and transportation demand management programs (TDM) are important tools to reduce congestion and limit parking demand.

Carsharing offers an affordable alternative to car ownership by allowing individuals the use of a car without the cost of ownership (gas, insurance, maintenance). Carsharing companies provide privately owned and maintained vehicles for short-term use by their members. Carshare members pay a flat hourly rate or monthly fee to use cars only when they need them (i.e. to run errands or make short trips).

The Mission already has a high concentration of car share vehicles, especially near the Mission and Valencia corridors. Recent zoning code changes require carshare spaces in new residential developments. Car sharing should continue to be encouraged in the Mission as part of new residential and commercial developments in support of parking policies and increased mobility of residents without automobiles.

"Transportation demand management" (TDM) programs that encourage residents and employees to walk, bike, take public transit or rideshare should be implemented in the Mission and throughout the Eastern Neighborhoods. Transportation Demand Management (TDM) combines marketing and incentive programs to reduce dependence on automobiles and encourage use of a range of transportation options. Cash-out policies (where employers provide cash instead of a free parking space), Commuter Checks and emergency ride home programs are some of the methods institutions and employers can utilize.

City College of San Francisco's new Valencia Street campus, among other large institutions and employers should be encouraged to develop programs that provide information and incentives to students and staff related to the many transportation alternatives nearby. Major residential developments (50+ units) should be required to provide transit passes to all residents as part of rent or homeowner association fees.

The policies to address the objective above are as follows:

POLICY 4.8.1

Continue to require car-sharing arrangements in new residential and commercial developments, as well as any new parking garages.

POLICY 4.8.2

Require large retail establishments, particularly supermarkets, to provide shuttle and delivery services to customers.

POLICY 4.8.3

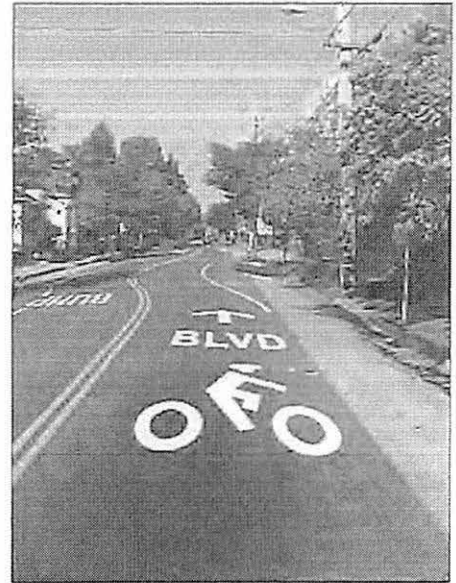
Develop a Transportation Demand Management (TDM) program for the Eastern Neighborhoods that provides information and incentives for employees, visitors and residents to use alternative transportation modes and travel times.

OBJECTIVE 4.9

FACILITATE MOVEMENT OF AUTOMOBILES BY MANAGING CONGESTION AND OTHER NEGATIVE IMPACTS OF VEHICLE TRAFFIC

Automobiles in the Mission navigate streets crowded with pedestrians, bicyclists and transit vehicles. Vehicle traffic should be accommodated without jeopardizing the safety of other street users. Traffic calming projects should be implemented to reduce speeding and improve safety, without introducing delay or reliability problems for transit. Guerrero Street and South Van Ness Avenue provide opportunities for traffic calming to balance neighborhood and pedestrian needs with auto traffic.

New technologies such as those being developed by the Department of Parking and Traffic's "SFGO" program should be pursued to reduce congestion, respond to current traffic conditions and move autos safely and efficiently.



The policies to address the objective above are as follows:

POLICY 4.9.1

Introduce traffic calming measures where warranted to improve pedestrian safety and comfort, reduce speeding and traffic spillover from arterial streets onto residential streets and alleyways.

POLICY 4.9.2

Decrease auto congestion through implementation of Intelligent Traffic Management Systems (ITMS) strategies such as progressive metering of traffic signals and the SFMTA "SFGO" program.

OBJECTIVE 4.10

DEVELOP A COMPREHENSIVE FUNDING PLAN FOR TRANSPORTATION IMPROVEMENTS

New development in the Mission and throughout the Eastern Neighborhoods will exert significant strain on the area's existing transportation infrastructure. The City must develop new funding sources and a funding plan to ensure needed improvements are made.

Transportation improvements are costly. While federal, state, regional and local grant sources are available to partially defray the cost of transportation capital projects, they are not sufficient to meet transportation needs identified by the community. Streets and transportation improvements (pedestrian, bicycle, and transit) will require a significant portion of the funding generated through the Eastern Neighborhoods Public Benefits Program. Because funds from this program will also be needed to support a number of other community improvements beside transportation, it will be important to identify additional sources of funding.

POLICY 4.10.1

As part of the Eastern Neighborhoods Public Benefits Program, pursue funding for transit, pedestrian, bicycle and auto improvements through developer impact fees, in-kind contributions, community facilities districts, dedication of tax revenues, and state or federal grant sources.



STREETS AND OPEN SPACE

The Mission has a deficiency of open spaces serving the neighborhood. Some portions of the Mission historically have been predominantly industrial, which has meant that many areas are not within walking distance to an existing park and many areas lack adequate places to recreate and relax. Moreover, the Mission has a concentration of family households with children -- almost 50% -- which is significantly higher than most neighborhoods in the city. With the addition of new residents, this deficiency will only be exacerbated. Thus, one of the primary objectives of this Plan is to provide more open space to serve both existing and new residents, workers and visitors. Analysis reveals that a total of about 4.3 acres of new space should be provided in this area to accommodate expected growth. This Plan proposes to provide this new open space by creating at least one substantial new park site in the Mission. In addition, the Plan proposes to encourage some of the private open space that will be required as part of development to be provided as public open space and to utilize our existing rights-of-way to provide pocket parks.

OBJECTIVE 5.1

PROVIDE PUBLIC PARKS AND OPEN SPACES THAT MEET THE NEEDS OF RESIDENTS, WORKERS AND VISITORS

In a built-out neighborhood such as this, finding sites for sizeable new parks is difficult. However, it is critical that at least one new substantial open space be provided as part

of this Plan. The Planning Department will continue working with the Recreation and Parks Department to identify a site in the Mission for a public park and will continue to work to acquire additional open spaces.



In order to provide this new open space, significant funding will need to be identified to acquire, develop, and maintain the space. One source of funds would be impact fees or direct contributions from new development. New residential development directly impacts the existing park sites with its influx of new residents, therefore new residential development will be required to either pay directly into a fund to acquire new open space.

Commercial development also directly impacts existing park sites, with workers, shoppers and others needing places to eat lunch and take a break outside. Existing requirements in the Mission for commercial development establish a minimum amount of open space to be provided on-site, or project sponsors may elect to pay an in-lieu fee. Because these fees are low, project sponsors often elect to pay the fee. This Plan proposes to maintain the current requirements for commercial development to provide adequate, usable open space, but increase the in-lieu fee if project sponsors choose not to provide this space. This in-lieu fee will be used to provide publicly accessible open space.

The policies to address the objective above are as follows:

POLICY 5.1.1

Identify opportunities to create new public parks and open spaces and provide at least one new public park or open space serving the Mission.

POLICY 5.1.2

Require new residential and commercial development to contribute to the creation of public open space.

OBJECTIVE 5.2

ENSURE THAT NEW DEVELOPMENT INCLUDES HIGH QUALITY, PRIVATE OPEN SPACE

In addition to the publicly accessible open space requirements, another tool for making the Mission greener is to require additional private open space. Currently, residential developments are required to provide open space accessible to residents. Because of its more industrial past, this requirement is currently much lower in the Northeast Mission than other parts of the Mission. This Plan increases the open space required as part of new developments to be similar to what is currently required in other neighborhoods that allow residential redevelopment.

Additionally, commercial development is currently required to provide open space in SoMa. These existing requirements establish a minimum amount of open space to be provided on-site, or project sponsors may elect to pay an in-lieu fee. Because these fees are low, project sponsors often elect to pay the fee. This plan proposes to reexamine the current requirements for commercial development in SoMa to provide adequate, usable open space, and it proposes to expand them and apply them to projects in the Mission.

In small-scale residential developments in this area, open space is provided as backyards. Currently many of the blocks, especially the alleys and neighborhood commercial streets of Mission and Valencia, have a rear yard pattern similar to many of the residential neighborhoods in the city. Taken together in the center of a block, these rear yards provide a sense of visual relief and access to open space in this part of the city. In areas where the existing pattern is one of rear yards, this pattern should be maintained. However, in areas where rear yards do not predominate, new residential developments should provide open space in a manner that best fits the characteristics of the particular site, while still ensuring high quality open space design.

The quality of the private open space is also being reexamined in the Mission District. Currently, open space is often provided as sterile hardscape atop a building's podium. By employing the new performance-based evaluation tool, discussed in greater detail in the Built Form section of this Area Plan, required open space will be made greener, more ecologically sustainable, and more enjoyable for residents.

The policies to address the objective above are as follows:

POLICY 5.2.1

Require new residential and mixed-use residential development to provide on-site, private open space designed to meet the needs of residents.

POLICY 5.2.2

Establish requirements for commercial development to provide on-site open space.

POLICY 5.2.3

Encourage private open space to be provided as common spaces for residents and workers of the building wherever possible.

POLICY 5.2.4

Encourage publicly accessible open space as part of new residential and commercial development.

POLICY 5.2.5

New development should respect existing patterns of rear yard open space. Where an existing pattern of rear yard open space does not exist, new development on mixed-use-zoned parcels has flexibility as to where open space can be located.

POLICY 5.2.6

Ensure quality open space is provided in flexible and creative ways, adding a well used, well-cared for amenity for residents of a highly urbanized neighborhood. Private open space should meet the following design guidelines: A. Designed to allow for a diversity of uses, including elements for children, as appropriate. B. Maximize sunlight exposure and protection from wind C. Adhere to the performance-based evaluation tool.

In new mixed-use developments, common, unenclosed residential open space areas can be provided as a rear yard, rooftop garden, central courtyard, balcony, or elsewhere on the lot or within the development so long as it is clearly accessible and usable by residents. Landscaping visible from the street is encouraged. Common spaces are encouraged over private spaces.

OBJECTIVE 5.3

CREATE A NETWORK OF GREEN STREETS THAT CONNECTS OPEN SPACES AND IMPROVES THE WALKABILITY, AESTHETICS AND ECOLOGICAL SUSTAINABILITY OF THE NEIGHBORHOOD.

In a built out neighborhood such as the Mission, acquiring sites for new large parks can be difficult. For this reason, in addition to the acquisition of at least one park site in the neighborhood, the Mission Area Plan proposes an open space network of “Green Connector” streets, with wider sidewalks, places to sit and enjoy, significant landscaping and gracious street trees that would provide linkages between larger open spaces and diffuse the recreational and aesthetic benefits of these spaces into the neighborhood.

Green Connector streets are proposed throughout the Mission to connect the Mission east to Potrero Hill and eventually the Bay as well as west to Dolores Park and Noe Valley. Although the specific locations will be addressed in the upcoming Mission Public Realm Plan, connections are desirable in the northern part of the Mission (e.g. 16th or 17th Streets), in the center of the Mission (e.g. 20th or 21st Streets) and through the southern part of the Mission (e.g. 24th, 25th or Cesar Chavez Streets). Additionally, north-south connections are being considered for Potrero Avenue (See Figure A3. Streets and Open Space Concept Map in the Appendix of this plan). Reconfiguring many of the Mission’s wide, heavily trafficked streets that currently satisfy the needs of private vehicles over the needs of pedestrians and cyclists would go far to create a more livable neighborhood for residents, workers, and visitors.

The Mission Area Plan calls for a fundamental rethinking of how the city designs and uses its streets. In addition to Green Connector streets, smaller streets and alleys can provide a welcomed respite from the busy activities along major streets. These alleyways are proposed to be converted into “living streets,” where through-traffic is calmed and paving and landscaping are designed to reflect what is envisioned as the

pedestrian primacy of these streets. (See Figure A3. Streets and Open Space Concept Map in the Appendix of this plan).

In dense neighborhoods such as the Mission District, it is increasingly clear that streets can and should provide important and valued additions to the open space network and aesthetic quality of the area. The design and maintenance of all other streets throughout the Plan Area should be guided by the forthcoming Better Streets Plan, a policy document that will provide direction on how to improve the overall urban design quality, aesthetic character, and ecological function of the city's streets while maintaining safe and efficient use for all modes of transportation. The Better Streets Plan will provide guidance for both public and private improvements to the streetscape. The Mission Area Plan, in addition to the Better Streets Plan, will generate amendments to the Planning Code to make more explicit the requirements of private developers to construct and maintain a more enjoyable, more beautiful pedestrian environment.

In addition to these general streetscape improvements along streets, specific design interventions should also be considered for major intersections. To better foster a sense of place and to improve the pedestrian experience, at important intersections, significant public space improvements - such as bulb-outs and landscaping treatments - should be focused at these intersections. Additionally, as described in the Built Form chapter of this Plan, specific effort should be paid to improving the quality, design, massing, and scale of corner buildings to better reflect the civic importance of major street intersections.

The Mission Area Plan also calls for two primary interventions that are aimed at connecting the Mission's open space network to that of the city as a whole. The first is a Civic Boulevard such as Folsom Street, connecting the emerging Transbay and Rincon Hill Areas, East and West SoMa, and the Mission District. A Civic Boulevard would be a green street linking public open spaces, cultural and social destinations, and transit connections. It would be heavily landscaped with a strong design aesthetic, with pocket parks, plazas, and with wide sidewalks and a distinctive lighting character. Through the Mission, Folsom street is a more residential in character than in SoMa and the improvements proposed would reflect this more residential character.

Second, primary pedestrian connections between neighborhoods are to be strengthened. Sixteenth, 24th, Mission, and Valencia Streets are currently designated pedestrian connectors between the Mission, SoMa, Upper Market, and the Castro. Potrero and South Van Ness should be added to this street classification. Primary pedestrian streets should aim to foster an enjoyable pedestrian environment, such as minimizing shade, maximizing sidewalk width, and providing agreeable pedestrian amenities such as lighting and street furniture.

The forthcoming Mission Public Realm plan will focus in detail on the Mission District's streets and public spaces. This Plan will define how best to define the street typologies found in the Mission, with the goals of reducing private vehicle primacy,

fostering walking, and strengthening economic vitality of neighborhood commercial streets. The Mission Public Realm Plan will serve as the implementing document for the streetscape improvements proposed in this Area Plan.

The policies to address the objective outlined above are as follows:

POLICY 5.3.1

Redesign underutilized portions of streets as public open spaces, including widened sidewalks or medians, curb bulb-outs, "living streets" or green connector streets.

POLICY 5.3.2

Maximize sidewalk landscaping, street trees and pedestrian scale street furnishing to the greatest extent feasible.

POLICY 5.3.3

Design the intersections of major streets to reflect their prominence as public spaces.

POLICY 5.3.4

Enhance the pedestrian environment by requiring new development to plant street trees along abutting sidewalks. When this is not feasible, plant trees on development sites or elsewhere in the Plan Area.

POLICY 5.3.5

Significant above grade infrastructure, such as freeways should be retrofitted with architectural lighting to foster pedestrian connections beneath.

POLICY 5.3.6

Where possible, transform unused freeway and rail rights-of-way into landscaped features that provide a pleasant and comforting route for pedestrians.

POLICY 5.3.7

Develop a comprehensive public realm plan for the Mission that reflects the differing needs of streets based upon their predominant land use, role in the transportation network, and building scale.

OBJECTIVE 5.4

**THE OPEN SPACE SYSTEM SHOULD BOTH BEAUTIFY THE
NEIGHBORHOOD AND STRENGTHEN THE ENVIRONMENT**

Open space not only provides places to recreate and relax, but also provides a means to strengthen the environmental quality of the neighborhood. As discussed in the Built Form chapter of this plan, one tool for greening private open spaces is the performance-based evaluation tool. This tool requires all new development to meet a defined standard for on-site water infiltration, and offers developers a large number of strategies to meet the standard.

Ecological sustainability is also a key goal in the development of public spaces. Some new public spaces will be created through the reclamation of the excess street right-of-ways throughout the Mission. Turning these concrete and impermeable surfaces into pocket parks and plantings will not only beautify the street, it will also provide greater on-site water filtration. Additionally, new public parks that are being acquired will consider incorporating ecological sustainability elements, such as bioswales and natural areas.

In addition to the on-site menu of options available to project sponsors as part of the performance-based evaluation tool, there are many additional measures that can create a better environment. Built out, urban areas such as San Francisco can improve existing water quality of our bays and oceans by encouraging more on-site infiltration. Pervious surfaces, such as parking lots, are one of the main causes of pollution flowing directly into these water resources and one of the easiest sources to make more permeable. Permeability allows the water to be filtered through the soil before reaching the bay or the ocean. An ongoing master planning process being conducted by the San Francisco's Public Utility Commission (PUC) will provide guidance on how best to mitigate stormwater flow into the city's sewers, for example, by designing surface parking and loading areas to infiltrate rainwater onsite, rather than sending it into the drain.

Uncovering long-buried creeks would also substantially change the environment of the Mission. Mission Creek once meandered from the base of Twin Peaks down to through the Mission and along Division to Mission Bay. Future consideration should be given to daylighting some elements of this historic streambed.

Public art can be a component of existing and proposed open spaces that enhance the spaces and relate them to the existing neighborhoods. For example, a rotating art public art exhibit such as the one at Victoria Manolo Draves Park adds a locally relevant cultural element to the new park.

The policies to address the objective above are as follows:

POLICY 5.4.1

Increase the environmental sustainability of the Mission's system of public and private open spaces by improving the ecological functioning of all open space.

POLICY 5.4.2

Explore ways to retrofit existing parking and paved areas to minimize negative impacts on microclimate and allow for storm water infiltration.

POLICY 5.4.3

Encourage public art in existing and proposed open spaces.

POLICY 5.4.4

Explore opportunities to uncover Mission Creek's historic channel through the Mission.

OBJECTIVE 5.5

ENSURE THAT EXISTING OPEN SPACE, RECREATION AND PARK FACILITIES ARE WELL MAINTAINED

Throughout the community planning process participants have given a high priority to maintaining and renovating existing park facilities. Maintenance needs will only become more apparent with the acquisition of a new park and as more open spaces such as green connector streets, living streets, and pocket parks are constructed. These types of spaces are often more complex and therefore generally more difficult to maintain on a per square foot basis than an open field, so the city should work to find space for maintenance equipment in the Mission area and to assure that maintenance funding and funding to renovate existing parks is provided with the development of these spaces.

This plan proposes to renovate at least one existing park by securing the funding through impact fees and other sources. Specifically in the Mission, the majority of the area's parks are in need of renovation including the Mission Playground (which is being prioritized for funds from the recently approved open space bond), Garfield Square, James Rolph Jr Playground, Juri Commons, Jose Coronado Playground, Franklin Square, Alioto Mini Park, and the Mission Recreation Center (See Figure A3. Streets and Open Space Concept Map in the Appendix of this plan). Parque Niños Unidos, Kidpower Park, and 24th and York mini park were recently renovated, so are not prioritized for renovation at this time, but over the life of the Plan renovation is anticipated for these parks as well. The Recreation and Parks Department (RPD) is now using, safe, durable and long lasting materials and are designing facilities appropriately for the intended uses and these efforts will result in fewer repairs, longer and

expanded usage periods and more reliable facilities. *New public parks and re-designs of existing public parks should maximize drought tolerant landscaping and minimize features that require regular irrigation. Native species are encouraged, where appropriate.*



There are also opportunities to more efficiently and creatively utilize existing facilities, such as school playgrounds, in the Mission. The Mayor's Office and the San Francisco Unified School District have recently begun a pilot program to open one school playground in each supervisorial district for use on weekends and select holidays. This program better utilizes our existing resources and the city should continue to work with the School District to expand this program.

The policies to address the objective above are as follows:

POLICY 5.5.1

Prioritize funds and staffing to better maintain existing parks and obtain additional funding for a new park and new open space facilities.

POLICY 5.5.2

Renovate run-down or outmoded park facilities to provide high quality, safe and long-lasting facilities. Identify at least one existing park or recreation facility in the Mission for renovation.

POLICY 5.5.3

Explore opportunities to use existing recreation facilities, such as school yards, more efficiently.



ECONOMIC DEVELOPMENT

Economic development should create sustainable prosperity for the residents, workers, and businesses of San Francisco. As described in the San Francisco Economic Strategy, such sustainable prosperity includes increasing job growth, wages and tax revenue, and small business development; while decreasing economic inequality and out-migration of businesses.

Attaining these goals involves determining the relationships that link government policy, industry competitiveness, and economic outcomes. From a government policy standpoint, these relationships are manifested in three ways:

- 1) by focusing on the land, through the City's land use strategy and zoning
- 2) by focusing on our businesses, through the City's business assistance programs
- 3) by focusing on our workers, through the City's workforce development programs and other mechanisms to promote economic self-sufficiency for workers.

This chapter will focus on objectives for supporting businesses and workers, while the land use-related economic development objectives are reflected in the Land Use chapter of this Plan.

OBJECTIVE 6.1**SUPPORT THE ECONOMIC WELLBEING OF A VARIETY OF BUSINESSES IN THE EASTERN NEIGHBORHOODS**

Business assistance forms a vital part of an overall strategy to help San Francisco's business sectors grow, compete and succeed. Business assistance is provided by a city or a non-profit organization and often broadly includes start-up assistance, ongoing technical assistance, assistance navigating city government processes, financial assistance, real estate and site selection assistance, assistance accessing workforce and incentive programs and assistance forming sector specific industry associations or organizations. In the Eastern Neighborhoods, there are three broadly defined industries: Physical Infrastructure, the Knowledge Sector, and the Small Business Sector.

The physical infrastructure sector includes production, distribution and repair (PDR) businesses that share key characteristics, such as the need for flexible, industrial space and their role in providing goods and services that support other primary industries in San Francisco (such as tourism, retail, high technology, and office-based industries). Providing business assistance to businesses in the physical infrastructure sector is important because these businesses are critical to the city's economy. Specifically:

- These jobs tend to pay above average wages, provide jobs for residents of all education levels and offer good opportunities for advancement.
- These businesses support our Knowledge Sectors by providing critical business services that need to be close, timely and often times are highly specialized.
- The products produced in this sector provide a valuable export industry in the city. Businesses that manufacture products in San Francisco often do so because of the city's unique combination of location, talent, and proximity to clients.

While protecting physical infrastructure businesses and other vulnerable uses, space should be provided in the Eastern Neighborhoods for "Knowledge Sector" businesses (See Land Use chapter). Broadly speaking, the Knowledge Sector describes businesses that create economic value because of the knowledge they possess and generate for their customers. Knowledge Sector business assistance is important because most Knowledge Sector industries have the highest fiscal impacts of any industry in the local economy. Specifically:

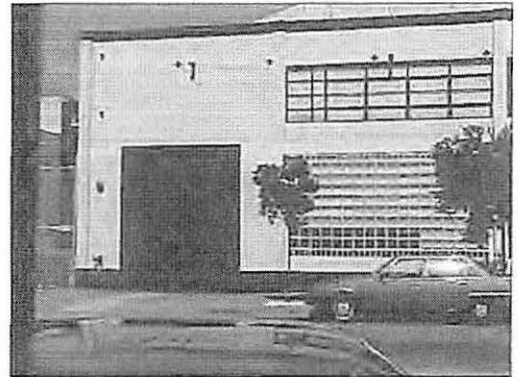
- Citywide, the Knowledge Sector provides the majority of San Francisco's high-wage jobs and can provide above-average paying jobs for workers without a four-year degree.
- The Knowledge Sector creates significant multiplier effects for local-serving businesses and City payroll taxes.

- The strength of the Knowledge Sector will play a large part in determining the trajectory of the entire City economy.

Small businesses are generally defined as businesses with a total workforce of 100 or fewer employees and include sole-proprietors who have no employees. Small business assistance is important because small businesses represent a significant and growing portion of the city economy. Specifically:

- Small businesses account for over 95% of the companies in San Francisco and one out of every three jobs.
- The growth in the number of small business has created an alternative to salaried employment for many San Francisco residents, and has the potential to address the city's high rates of asset poverty and economic insecurity.
- Small businesses that start in San Francisco tend to grow and expand in San Francisco, creating more jobs and revenue for the city.

Providing business assistance to PDR businesses, Knowledge Sector businesses and small businesses is important in achieving the broader economic and workforce objectives of the city as defined in the city's Economic Strategy. The high cost of doing business in San Francisco, and perceptions of an unfriendly business climate, are cited as barriers to business growth and economic development in the city. If the city is to retain PDR, Knowledge Sector and small businesses as they grow—and benefit from the greater range of jobs that large firms offer—then it must work to offer a competitive business climate. Business assistance services are a vital part of an overall strategy to strengthen the overall business climate and help these business sectors grow.



The policies to address the needs highlighted above are as follows:

POLICY 6.1.1

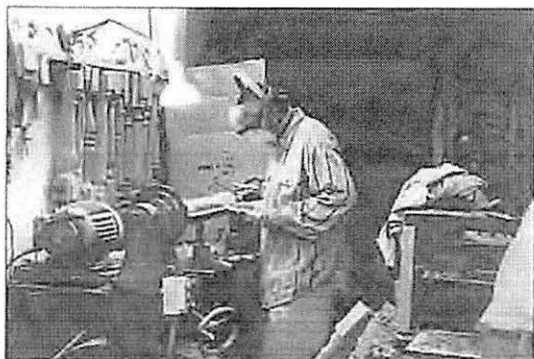
Provide business assistance for new and existing PDR businesses in the Eastern Neighborhoods.

POLICY 6.1.2

Provide business assistance for new and existing Knowledge Sector businesses in the Eastern Neighborhoods.

POLICY 6.1.3

Provide business assistance for new and existing small businesses in the Eastern Neighborhoods.

OBJECTIVE 6.2**INCREASE ECONOMIC SECURITY FOR WORKERS BY PROVIDING ACCESS TO SOUGHT-AFTER JOB SKILLS**

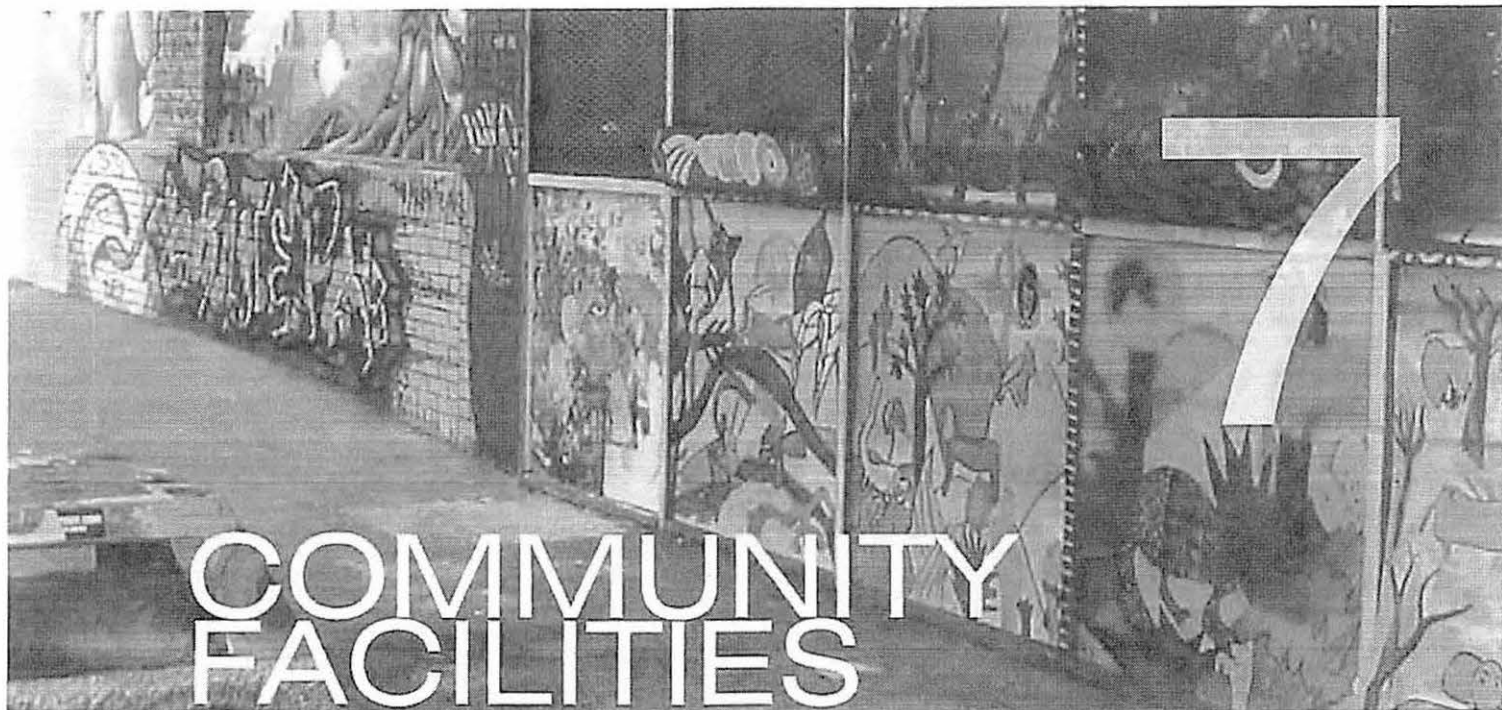
Workforce development efforts - including job preparation, occupational skills training, and other strategies - are designed to provide individuals with the skills and knowledge necessary to access and retain quality jobs in a competitive economy. Skills development is key to helping workers move toward economic self-sufficiency through jobs that are in demand in our local and regional economies. Supporting the development of job skills benefits individual workers and their families, and also benefits companies that do business in San Francisco.

Because of the complex and changing nature of our economy, it is important that our workforce development strategies are aligned with the needs of industry - matching job training with the skills needed by employers. This is the match that will ensure that all San Francisco residents - particularly those that are low-income and/or may experience barriers to employment - are prepared for jobs as a result of their training. The workforce success of all San Francisco residents is essential to sustainable economic development and reducing inequality in San Francisco.

Workforce development strategies will target a range of established and growing industries. These industries reflect the breadth of San Francisco's economy, and include Physical Infrastructure jobs and Knowledge Sector jobs (as discussed above), as well as those that are more involved in the "Experience Sector" (i.e. tourism and hospitality) and human services. These sectors are specifically targeted because of their ability to pay above-average wages to well-trained workers, even if those workers do not have a four-year degree. Employers range from small neighborhood serving businesses to large and mature companies.

POLICY 6.2.1

Provide workforce development training for those who work in and live in the Eastern Neighborhoods, particularly those who do not have a college degree.



COMMUNITY FACILITIES

Community facilities are key elements that can help to create a strong sense of community and identity. They are an integral element of socially and sustainable communities and they include community anchors like schools and libraries, child care facilities, community centers (where youth, after school, and other activities can occur), cultural and arts centers, clinics and a range of other amenities. Community facilities can include any type of service needed to meet the day-to-day needs of the community. In the Eastern Neighborhoods these facilities can provide language/communication curricula programs to address education gaps, job skills and training, tutoring and youth development, cultural resource centers, and the support networks often so critical for lower income communities. Specific needs might include multicultural programs, legal aid, information and referral, various parenting groups, immigration adaptation and settlement, etc.

Some community facilities critical to neighborhood development, such as streets, open space, housing and transportation, are addressed specifically in other sections of this Area Plan. This Community Facilities chapter includes the remaining needs and attempts to address how they will be met either through traditional land use regulations or through other methods to fund, encourage and maintain them. In the Eastern Neighborhoods, the expected level of need for these community facilities is based on existing needs as well as future ones, derived from projected population growth and new development demand. Recommendations towards expansion or improvements to community facilities are based on this assessment, as well as on conversations with

Therefore, the city should facilitate the careful location and expansion of essential neighborhood services, while limiting the concentration of such activities within any one neighborhood. New development can also help fund such additional new services and amenities in proportion to the need generated by new development. Additionally, maintenance is an important, though often neglected, aspect of community facilities. Proper maintenance of existing (and new) facilities is equally important to the creation of new facilities. The influx of residents will further increase the usage of existing facilities, potentially increasing their staffing and maintenance costs. Even if no new facilities are built in Mission, existing facilities need to be adequately staffed and maintained and methods for meeting the increased costs must be considered.



The policies to provide essential community facilities and services are as follows:

POLICY 7.1.1

Support the siting of new facilities to meet the needs of a growing community and to provide opportunities for residents of all age levels.

POLICY 7.1.2

Recognize the value of existing facilities, including recreational and cultural facilities, and support their expansion and continued use.

POLICY 7.1.3

Ensure childcare services are located where they will best serve neighborhood workers and residents.

POLICY 7.1.4

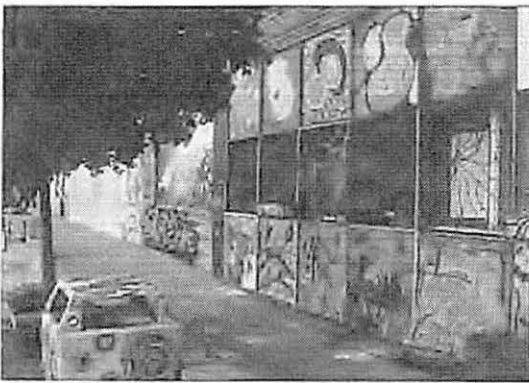
Ensure public libraries that serve the plan area have sufficient materials to meet projected growth to continue quality services and access for residents of the area.

OBJECTIVE 7.2

ENSURE CONTINUED SUPPORT FOR HUMAN SERVICE PROVIDERS THROUGHOUT THE EASTERN NEIGHBORHOODS

San Francisco's population is known for its ethnic diversity, and many of its diverse cultural and ethnic traditions are rooted in areas of the Eastern Neighborhoods. The Mission holds more than 25 percent of the City's Latino population, SoMa retains a significant number of the City's Asian, and specifically its Filipino, population. The neighborhoods have long been a home for much of the City's ethnic, cultural, linguistic and social diversity, and as a result, the neighborhoods' populations have demonstrated a greater need for community facilities, human and social services to support this diversity.

Most human and social service needs are met through a partnership of public and nonprofit organizations. Nonprofit providers often serve under contract with City agencies, leverage substantial additional funding from state, federal, corporate, foundation and private sources. In a 2001 survey, nonprofit human service providers laid claim to exactly how important it was to be located close to their clients, in their own neighborhoods: the majority stated that it was “essential” that their activities were located in a specific neighborhood; the neighborhoods most often cited were the Mission, Potrero Hill, and SoMa. This information demonstrates just how important the existing facilities are to the local communities of the Eastern Neighborhoods, and how critical it is that services continue.



Health Care is another critical component for the Eastern Neighborhoods, where many residents fall between the cracks of managed health care. The neighborhoods do have a good number of care centers and nonprofit health providers - the Department of Public Health recommends a one-mile access to health care centers, and all except for the easternmost edges of the Eastern SoMa are within a one mile radius of a public health center. On a per capita basis, the Eastern Neighborhoods have more facilities than exist citywide - this need for these facilities will continue if the Eastern Neighborhoods continues to house a substantial number of low-income residents.

As the Plan aims to improve the neighborhoods, and to meet the needs that new residential units in the Eastern Neighborhoods will create, it must provide support for continuance of the area's existing community facility network. Studies have shown that even in the midst of growth, the need for community and human services stays high or grows, and the rise in costs in San Francisco - high land costs, rents, facilities, employment costs - has already led to a host of pressures for service providers. New growth must mitigate this pressure with support for facilities, through facility provision, financing and other methods of assistance. Impact fees will support improvements to community infrastructure: existing impact fees already are dedicated to funding schools; new impact fees will provide revenue for others such as child care and libraries.

POLICY 7.2.1

Promote the continued operation of existing human and health services that serve low-income and immigrant communities in the Eastern Neighborhoods.

POLICY 7.2.2

Encourage new facilities and spaces for providers of services such as English as a Second Language, employment training services, art, education and youth programming.

POLICY 7.2.3

Explore a range of revenue- generating tools to support the ongoing operations and maintenance of public health and community facilities, including public funds and grants as well as private funding sources.

OBJECTIVE 7.3**REINFORCE THE IMPORTANCE OF THE MISSION AS THE CENTER OF LATINO LIFE IN SAN FRANCISCO**

The Mission has long been home to Latinos whose numbers grew substantially from the 1940s onward. The development of Latino cultural institutions and businesses both dispersed and concentrated the Latino community in the neighborhood. A considerable number of Latino families live throughout the Mission. However, many families have also moved on to outlying parts of the City or other places but continue to look at the Mission as “home” – attending Sunday services at the Mission Dolores Church, shopping and eating in the local Latino businesses and dropping by the Mission Cultural Center for activities.



Cultural and service facilities that support Latinos, such as the Mission Cultural Center, Arriba Juntos, Galeria de La Raza, Brava Theatre, and the Mission Language and Vocational School, to name a few, are key contributors to the diversity of the Mission and the city as a whole.

In addition to the maintenance of existing facilities, new facilities that support the importance of Latino life and other cultures in the Mission such as English as a Second Language, employment, art, education and youth centers would provide additional support to strengthening Latino culture in the Mission.

The policies and implementing actions to ensure Latino life and other cultural institutions are strengthened and recognized in the Mission are as follows:

POLICY 7.3.1

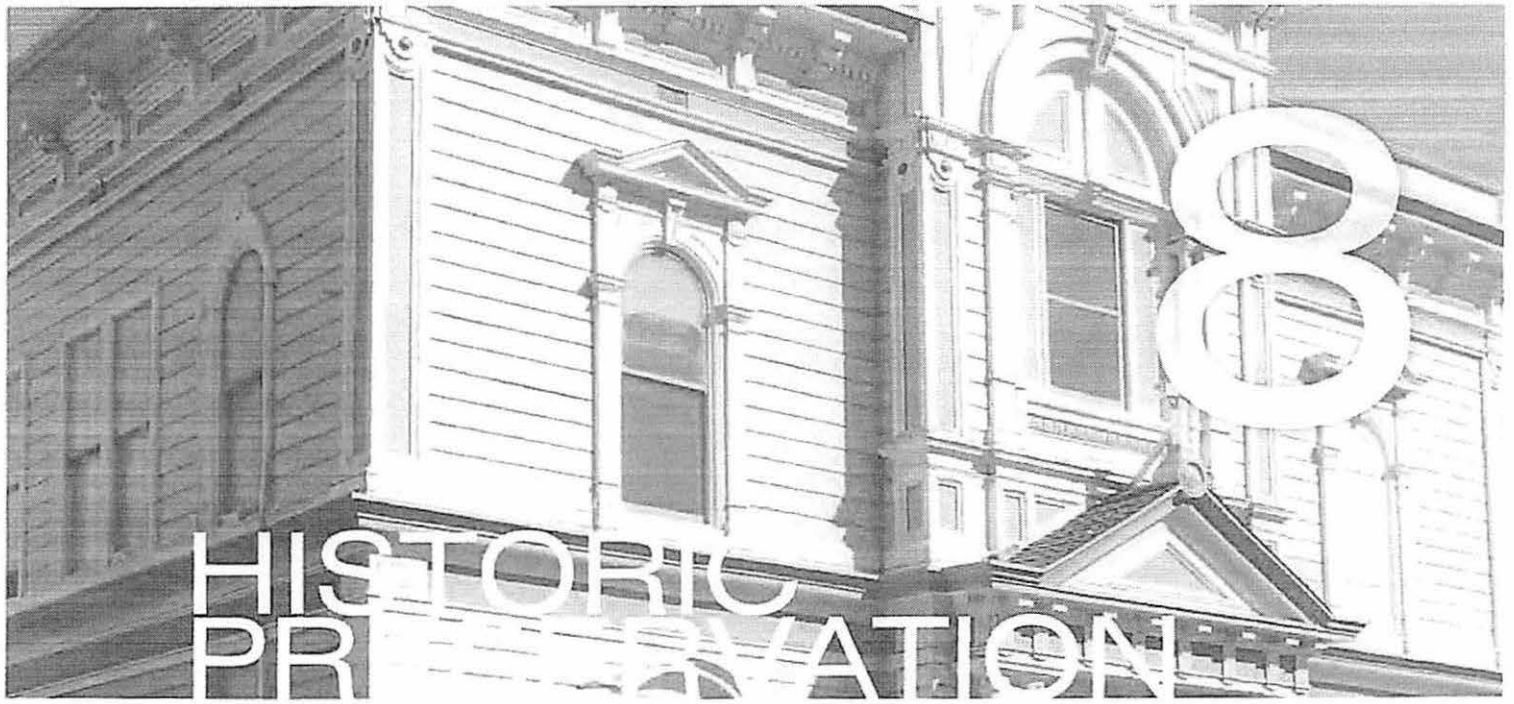
Support efforts to preserve and enhance social and cultural institutions.

POLICY 7.3.2

Encourage the creation of new social and cultural facilities in the Mission area.

POLICY 7.3.3

Protect and support Latino and other culturally significant local business, structures, property and institutions in the Mission.



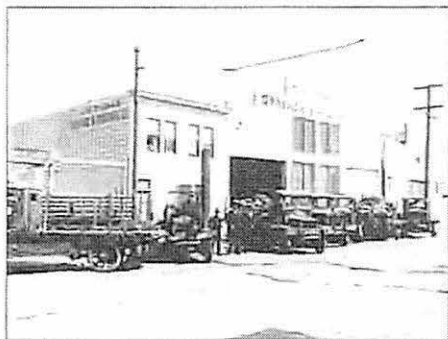
HISTORIC PRESERVATION

The heritage of San Francisco is preserved in its historically significant buildings, sites, districts, and other resources. These historic resources are important to quality of life in the city, and they help to make it attractive to residents, visitors, and businesses. They provide continuity to the events, places, people, and architecture of San Francisco's storied past. Historic resources contribute to the city's diverse housing and commercial stock, and to the human scale and pedestrian orientation of its neighborhoods. Plan policies should promote the identification, protection and rehabilitation of known and unknown historic resources to assure that they accommodate for current populations as well as future generations.

The Mission District is particularly rich in historical properties, including several of the oldest and most important in the city. Just west of the Mission Area Plan boundary stands San Francisco's oldest building and the district namesake, the Mission Dolores (1776), last intact remnant of the city's Spanish-Mexican period. Also found scattered throughout the Mission District are farmhouses, cottages, and even barns of the settlers and farmers who occupied the Mission valley during the Gold Rush and the American pioneer period of the 1850s and 1860s. Examples include the Tanforan Cottages on Dolores Street (also located just outside of the Mission Area Plan boundary), two of the oldest extant homes in the city.

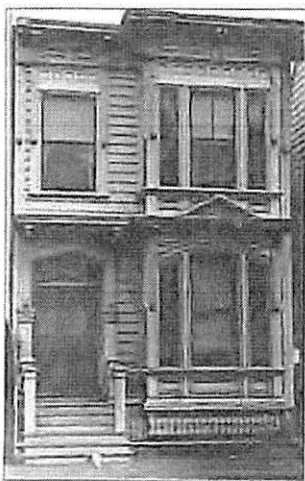
Much of the Mission District's building stock dates to the area's development as one of the city's first streetcar suburbs in the 1870s and 1880s. As new transit lines were installed from the growing city center to the outlying Mission, and as the old Mexican

ranchos were subdivided, residential development in Victorian styles followed. The Mission's proximity to the South of Market and the Central Waterfront areas, and the direct access provided by transit lines, fostered growth of a working-class population and character in the Mission. The city's wealthy elite also found the Mission, particularly Howard Street (now South Van Ness Avenue), to be a desirable area for their estates and mansions. During the latter nineteenth century, the majority of the Mission was built out as a residential suburb.



The Great Earthquake and Fire of 1906 destroyed the northern part of the Mission District, while the southern Mission was spared. In the vast area of the Mission that burned to the ground, a decade of furious reconstruction following the disaster largely replicated what had existed before, though modernized. The reconstruction building stock was taller and denser than the older stock, and rendered largely in Edwardian, Classical Revival, and Mission Revival styles. In the southern part of the Mission, where the Victorian-styled building stock was untouched by the 1906 fire, significant new construction also occurred during the reconstruction in order to meet the urgent needs of refugees.

As the twentieth century progressed, the established commercial thoroughfare of Mission Street thrived and grew. Following the 1906 destruction of the downtown commercial center, Mission Street assumed a new role as a vital citywide shopping district. The surviving portion functioned while the burned portion was rebuilt. The corridor, which came to be known as the "Mission Miracle Mile," was characterized by innovations in consumer-oriented architecture that developed during the twentieth century. Downtown department stores, furniture stores, movie theaters, and numerous other consumer-oriented businesses gravitated to Mission Street and spilled over to surrounding streets such as Valencia and Sixteenth.



Following the post-1906 reconstruction period, the Mission District was largely built out and its population had expanded. To serve the larger population, construction of commercial buildings, public buildings such as schools, and community institutions such as churches, temples, and union halls continued through the first few decades of the twentieth century. New pockets of residential infill also appeared, designed in twentieth century styles such as Craftsman, Mediterranean Revival, and Deco/Moderne. Since mid-century, public and private redevelopments have altered the Mission's older landscape. Changes in socio-economics have also occurred, including the establishment of Latino culture in the heart of the Mission, centered on the 24th Street commercial corridor.

The Mission's multi-layered heritage is distinguished by the existence of individually significant historic properties as well as by cohesive groupings that form historic districts. Within the Mission Area Plan, Article 10 of the Planning Code officially designates a number of City Landmarks, including the San Francisco Labor Temple, the Victoria

Theater, the San Francisco Women's Building (formerly the Mission Turnverein), and residences ranging from cottages to mansions. Article 10 also designates the Liberty Hill Historic District. Individual properties such as Mission Dolores, the National Guard Armory, and the California Trunk Factory are also listed in the National Register of Historic Places and the California Register of Historical Resources. Various other historic properties and districts, such as the Mission Reconstruction District, are identified through informational surveys and are listed in the statewide Historical Resources Inventory maintained by the California Office of Historic Preservation (OHP). It is expected that additional historic surveys in the Mission Area Plan will document a substantial number of previously unknown resources.

The historic preservation objectives and policies of the Mission Area Plan provide for identification, retention, reuse, and sustainability of the area's historic properties. As the area changes and develops, historic features and properties that define it should not be lost or diminished. New construction should respect and relate to the Mission's historical contexts. The Plan regulates sound treatment of historic resources according to established standards, it encourages rehabilitation of resources for new compatible uses, and it allows for incentives for qualifying historic projects. As greater understanding of the Mission's important historic resources is gained through ongoing survey and property evaluations, the preservation policies of the Mission Area Plan may be revised or augmented to incorporate the new information.

OBJECTIVE 8.1

IDENTIFY AND EVALUATE HISTORIC AND CULTURAL RESOURCES WITHIN THE MISSION PLAN AREA

Individually significant historic resources or historic districts are often identified by a historic resource survey or a historical context statement. While a number of historic resource surveys have been completed in the Mission Plan area (including the identification and Article 10 designation of the Liberty-Hill Historic District and the ongoing Inner Mission North Survey program), it is expected that additional historic resource surveys in the Mission Plan area will document a substantial number of previously unidentified historic resources.

Historic resource surveys and historical context statements help the Planning Department determine eligibility of resources for designation at the local, state, and/or national level. Official designation in turn, fosters civic pride in historic preservation for the benefit of the Mission Plan area and the city as a whole.

Materials, styles, and property types from the nineteenth and early twentieth centuries are more widely appreciated and studied than those associated with the recent past. However, there are some structures that have developed exceptional cultural or historic significance as part of our recent past. These resources - buildings, objects or land-

scapes - deserve consideration in the preservation process. The Planning Department will continue to develop historical context statements and to conduct historic resource surveys in the Mission to identify historic and cultural resources from the distant past as well as from the recent past.

POLICY 8.1.1

Conduct context-based, historic resource surveys within the Mission plan area.

POLICY 8.1.2

Pursue formal designation of the Mission's historic and cultural resources, as appropriate.

POLICY 8.1.3

Recognize and evaluate historic and cultural resources that are less than fifty years old and may display exceptional significance to the recent past.

OBJECTIVE 8.2

PROTECT, PRESERVE, AND REUSE HISTORIC RESOURCES WITHIN THE MISSION PLAN AREA

Significant historic and cultural resources located in the Mission Plan area include individual properties and districts that are listed on or eligible for the National or California Register, or that are designated as Landmarks or Districts under Article 10 of the Planning Code. These historic and cultural resources cannot be replaced if lost to demolition or altered in such manner their historic significance is diminished. To retain this significance, there are a number of ways to protect, preserve and reuse historic resources within the Mission Plan area.

The established Secretary of the Interior's Standards for the Treatment of Historic Properties provide guidelines for managing any change to a historic resource and for appropriately addressing historical materials, features, and character. In other instances, because many historic and cultural resources no longer retain their historic use, it is desirable to adapt historic resources to accommodate compatible new uses while preserving character-defining features. The Planning Department will support rehabilitation and the adaptive reuse of historic buildings within the Mission area Plan pursuant to the Secretary of the Interior's Standards for Rehabilitation.

POLICY 8.2.1

Protect individually significant historic and cultural resources and historic districts in the Mission plan area from demolition or adverse alteration.

POLICY 8.2.2

Apply the Secretary of the Interior's Standards for the Treatment of Historic Properties in conjunction with the Mission Area Plan objectives and policies for all projects involving historic or cultural resources.

POLICY 8.2.3

Promote and offer incentives for the rehabilitation and adaptive reuse of historic buildings in the Mission plan area.

**OBJECTIVE 8.3**

ENSURE THAT HISTORIC PRESERVATION CONCERNS CONTINUE TO BE AN INTEGRAL PART OF THE ONGOING PLANNING PROCESSES FOR THE MISSION PLAN AREA AS THEY EVOLVE OVER TIME

New information regarding historic and cultural resources is discovered on a regular basis. As new information is compiled, it should be utilized to update and revise the policies set forth in the Mission Plan. It is also important that throughout the planning process, the Planning department work with various city agencies to ensure the protection and preservation of historic resources.

Historic resources are particularly vulnerable to deterioration due to their age and lack of maintenance. Neglect can result in effective demolition of a historic resource and alterations executed without the benefit of the appropriate city permits have the potential to diminish the significance of a historic resource. Owners of all properties have a responsibility to maintain their investment in good condition and to obtain City approval for alterations.

Valuing the historic character of older buildings can help to protect these structures in the event of a natural disaster. Older buildings are among those most vulnerable to destruction or heavy damage from events such as earthquake or fire, resulting in potential danger to life safety as well as an irreplaceable loss of the historic fabric of San Francisco.

Valuing the historic character of neighborhoods can preserve economic diversity. In some cases, older buildings that are responsibly rehabilitated may be more affordable than new construction. These buildings may be opportunities for low and moderate income households to find affordable housing.

POLICY 8.3.1

Pursue and encourage opportunities, consistent with the objectives of historic preservation, to increase the supply of affordable housing within the Mission plan area.

POLICY 8.3.2

Ensure a more efficient and transparent evaluation of project proposals which involve historic resources and minimize impacts to historic resources per CEQA guidelines.

POLICY 8.3.3

Prevent destruction of historic and cultural resources resulting from owner neglect or inappropriate actions.

POLICY 8.3.4

Consider the Mission area plan's historic and cultural resources in emergency preparedness and response efforts.

POLICY 8.3.5

Protect and retrofit local, state, or nationally designated UMB (Unreinforced Masonry Buildings) found in the Plan Area.

POLICY 8.3.6

Adopt and revise land use, design and other relevant policies, guidelines, and standards, as needed to further preservation objectives.

OBJECTIVE 8.4

PROMOTE THE PRINCIPLES OF SUSTAINABILITY FOR THE BUILT ENVIRONMENT THROUGH THE INHERENTLY "GREEN" STRATEGY OF HISTORIC PRESERVATION

A commitment to retaining and preserving historic resources saves, preserves, recycles and reuses valuable materials that contain embodied energy. For this reason, the preservation, protection and reuse of historic and cultural resources are "green" strategies that can be applied to the built environment and help the City to achieve broader goals of sustainability.

POLICY 8.4.1

Encourage the retention and rehabilitation of historic and cultural resources as an option for increased sustainability and consistency with the goals and objectives of the Sustainability Plan for the City and County of San Francisco.

OBJECTIVE 8.5

PROVIDE PRESERVATION INCENTIVES, GUIDANCE, AND LEADERSHIP WITHIN THE MISSION PLAN AREA

Preservation incentives are intended to offset the cost of preservation and encourage property owners to maintain, repair, restore, or rehabilitate historic and cultural resources. A number of financial incentives are available to owners of historic and cultural resources to assist in preservation.

On a local level, San Francisco offers preservation incentive programs, and other incentives are offered through California Office of Historic Preservation. These include federal tax credits for rehabilitation of qualified historical resources, property tax abatement programs (the Mills Act), and tax reductions for preservation easements. Grants, loans, and other funding sources are also available from public and private organizations. Preservation incentives can result in tangible benefits to property owners.

On a State level, the California Historic Building Code (CHBC) permits alternate design approaches to the regular Building Code that can minimize adverse impacts while still providing for health and safety. The CHBC can be used to find creative solutions to protect materials and methods of construction that might not otherwise be permitted under the standard Code. Property owners seeking to rehabilitate historic buildings may also be able to realize cost savings when rehabilitating an historic structure by using the CHBC. The CHBC protects California's heritage by recognizing the unique construction problems inherent in historic buildings and providing an alternative to the regular Building Code.

Another good resource for incentive programs and education is the Planning Department staff. The Planning Department retains a core staff of Historic Preservation Technical Specialists who are available to share expertise with the public and other government agencies. Because the City and County of San Francisco is the largest owner of officially designated landmarks in the City, the planning staff will work to share their expertise with other agencies to identify, maintain and rehabilitate the publicly owned historic and cultural resources in the Mission Plan Area. With the guidance of the Landmarks Preservation Advisory Board, the City will also lead by example and demonstrate good stewardship of its resources by maintaining, rehabilitating, and restoring its publicly owned historic resources within the Mission Plan area.



POLICY 8.5.1

Disseminate information about the availability of financial incentives for qualifying historic preservation projects.

POLICY 8.5.2

Encourage use of the California Historic Building Code for qualifying historic preservation projects.

POLICY 8.5.3

Demonstrate preservation leadership and good stewardship of publicly owned historic and cultural resources.

OBJECTIVE 8.6

FOSTER PUBLIC AWARENESS AND APPRECIATION OF HISTORIC AND CULTURAL RESOURCES WITHIN THE MISSION PLAN AREA

San Francisco residents, merchants, and local historians may possess and have access to valuable historic information not widely known about buildings or other resources that would be useful in the evaluation process. The public can play an important role in identifying historic resources by participating in City surveys and context statement development or by submitting Potential San Francisco Landmark Evaluation forms to begin a formal designation process. Such participation can help to promote greater civic pride and awareness of the historic and cultural landscape of the Mission Plan area which is also helpful for the planning and environmental decision-making process.

POLICY 8.6.1

Encourage public participation in the identification of historic and cultural resources within the Mission plan area.

POLICY 8.6.2

Foster education and appreciation of historic and cultural resources within the Mission plan area among business leaders, neighborhood groups, and the general public through outreach efforts.

APPENDIX

- A1. Public Transit Improvements Concept Map
- A2. Pedestrian / Bicycle / Traffic Calming Improvements Map
- A3. Streets and Open Space Concept Map

Eastern Neighborhoods Public Transit Improvements Concept

Adopted December 2008

GENERAL TRANSIT IMPROVEMENTS

TRANSPORTATION STUDY

The San Francisco Bay Area Transportation Agency (BART) Planning Department and the San Francisco County Transportation Authority (CTA) will conduct a Transportation Improvement Study (TIS) to study the feasibility of the proposed transit improvements and to develop a preliminary engineering and design program for the proposed improvements.

EXPRESS SERVICE

Key transit routes, including the proposed express and commuter lines, will be studied. The study will also examine the feasibility of providing express service on the proposed lines.

TRANSIT SPEED AND RELIABILITY

Key transit routes will be studied to determine the feasibility of providing express service on the proposed lines.

Key transit routes will be studied to determine the feasibility of providing express service on the proposed lines.

Transit Improvements Area

Plan Maps & Transit

Future Commuter Service

Proposed Express Service

Express

Station

10TH AVENUE The proposed improvements to the 10th Avenue Transit Station will include the construction of a new station building and the construction of a new transit center. The proposed improvements will also include the construction of a new transit center.

POTRERO HILL The proposed improvements to the Potrero Hill Transit Station will include the construction of a new station building and the construction of a new transit center. The proposed improvements will also include the construction of a new transit center.

SHOWPLACE SQUARE The proposed improvements to the Showplace Square Transit Station will include the construction of a new station building and the construction of a new transit center. The proposed improvements will also include the construction of a new transit center.

CENTRAL WATERFRONT The proposed improvements to the Central Waterfront Transit Station will include the construction of a new station building and the construction of a new transit center. The proposed improvements will also include the construction of a new transit center.

16TH STREET The proposed improvements to the 16th Street Transit Station will include the construction of a new station building and the construction of a new transit center. The proposed improvements will also include the construction of a new transit center.

POTRERO AVENUE The proposed improvements to the Potrero Avenue Transit Station will include the construction of a new station building and the construction of a new transit center. The proposed improvements will also include the construction of a new transit center.

MISSION STREET The proposed improvements to the Mission Street Transit Station will include the construction of a new station building and the construction of a new transit center. The proposed improvements will also include the construction of a new transit center.

Eastern Neighborhoods Pedestrian / Bicycle / Traffic Calming Improvements

Adopted December 2008

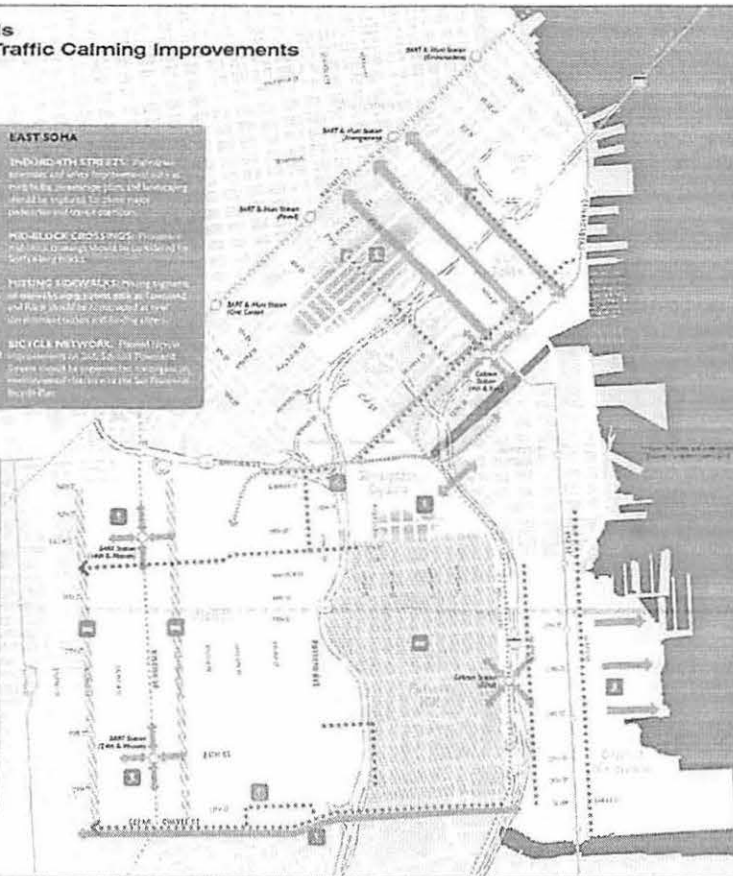


EAST SOMA

- INDIVIDUAL STREETS:** Improve sidewalks and street infrastructure such as trees, trees, landscaping, and landscaping should be updated to street right-of-way and landscaping.
- MID-BLOCK CROSSINGS:** Improve mid-block crossings to be consistent with the surrounding streets.
- EXISTING SIDEWALKS:** Improve existing sidewalks to be consistent with the surrounding streets.
- BICYCLE NETWORK:** Improve bicycle infrastructure to be consistent with the surrounding streets.

MISSION

- TRANSIT STATION ACCESS:** Can be used to improve the transit station area and improve the transit station area.
- BICYCLE NETWORK:** Improve bicycle infrastructure to be consistent with the surrounding streets.
- TRAFFIC CALMING:** Improve traffic calming infrastructure to be consistent with the surrounding streets.
- CEAR CHAVEZ:** Improve CEAR Chavez infrastructure to be consistent with the surrounding streets.
- BIKEWAY PROJECT:** Improve bikeway infrastructure to be consistent with the surrounding streets.

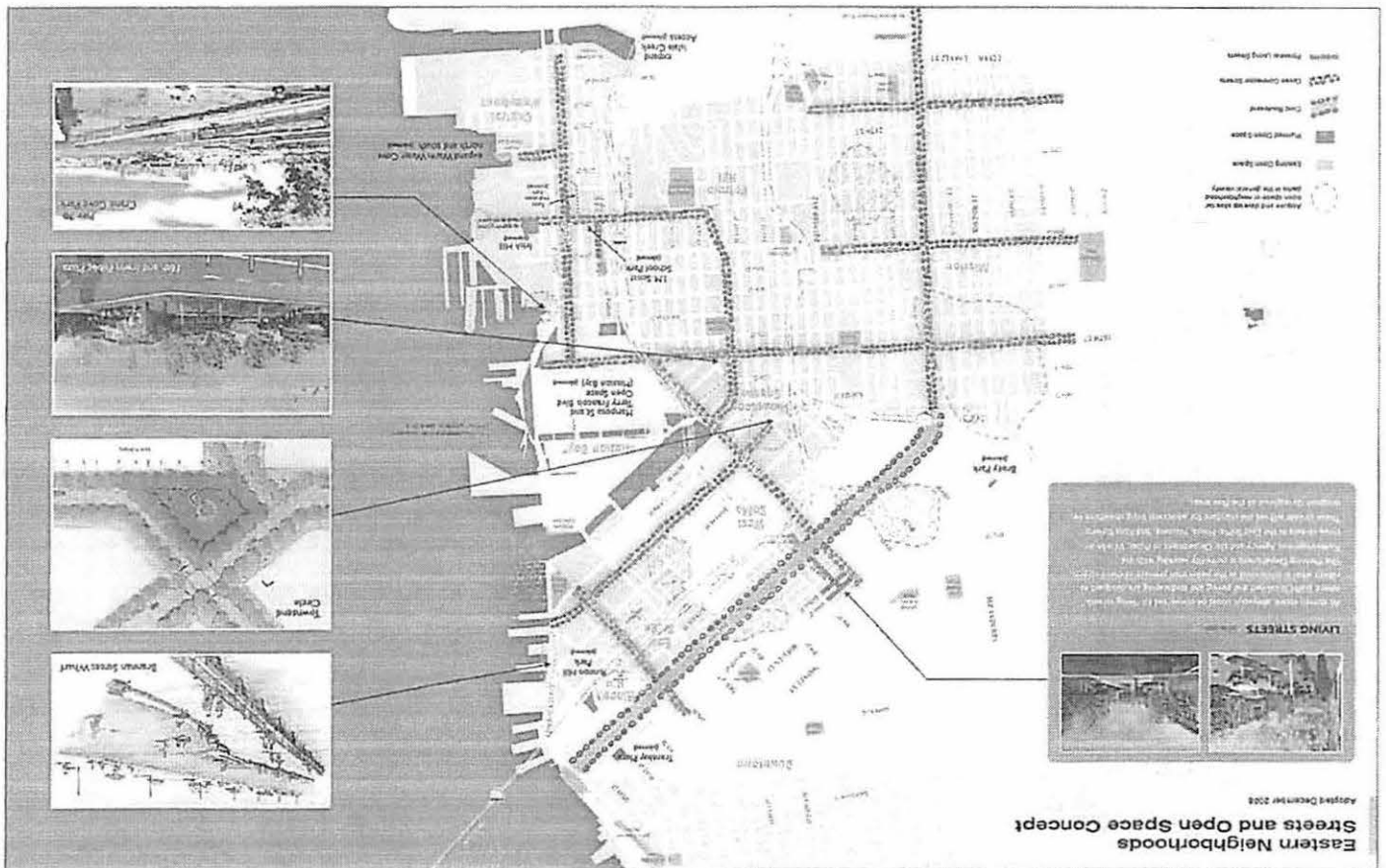


SHOWPLACE SQUARE/POTRERO HILL

- EXISTING SIDEWALKS:** Improve existing sidewalks to be consistent with the surrounding streets.
- 14TH STREET:** Improve 14th Street infrastructure to be consistent with the surrounding streets.
- SHOWPLACE SQUARE & POTRERO HILL CONNECTIONS:** Improve connections between Showplace Square and Potrero Hill to be consistent with the surrounding streets.
- BICYCLE NETWORK:** Improve bicycle infrastructure to be consistent with the surrounding streets.
- TRAFFIC CALMING:** Improve traffic calming infrastructure to be consistent with the surrounding streets.
- BIKEWAY PROJECT:** Improve bikeway infrastructure to be consistent with the surrounding streets.

CENTRAL WATERFRONT

- STREET GRID:** Improve street grid infrastructure to be consistent with the surrounding streets.
- TRANSIT STATION ACCESS:** Improve transit station access infrastructure to be consistent with the surrounding streets.
- BICYCLE NETWORK:** Improve bicycle infrastructure to be consistent with the surrounding streets.
- BIKEWAY PROJECT:** Improve bikeway infrastructure to be consistent with the surrounding streets.



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To: [jscottweaver@aol.com](#); [mnadhiri@axisdevgroup.com](#); [toliphant@axisdevgroup.com](#)
Cc: [Givner, Jon \(CAT\)](#); [Stacy, Kate \(CAT\)](#); [Byrne, Marlena \(CAT\)](#); [Sanchez, Scott \(CPC\)](#); [Rodgers, AnMarie \(CPC\)](#); [Starr, Aaron \(CPC\)](#); [Sucre, Richard \(CPC\)](#); [Horner, Justin \(CPC\)](#); [Gibson, Lisa \(CPC\)](#); [Ionin, Jonas \(CPC\)](#); [BOS-Supervisors](#); [BOS-Legislative Aides](#); [Calvillo, Angela \(BOS\)](#); [Somera, Alisa \(BOS\)](#); [Rahaim, John \(CPC\)](#); [Lew, Lisa \(BOS\)](#); [Goldstein, Cynthia \(PAB\)](#); [victormarquezsq@aol.com](#); [alexis@pelosilawgroup.com](#); [Flores, Claudia \(CPC\)](#); [Peterson, Pedro \(CPC\)](#); [Kern, Chris \(CPC\)](#); [BOS Legislation. \(BOS\)](#)
Subject: PROJECT SPONSOR LETTER: - Appeal of Community Plan Exemption - Proposed 2675 Folsom Street Project - Appeal Hearing on May 9, 2017
Date: Friday, May 05, 2017 9:48:42 AM
Attachments: [image001.png](#)

Good morning,

Please find linked below an additional letter received on May 4, 2017, by the Office of the Clerk of the Board from the Pelosi Law Group, on behalf of the project sponsor, concerning the Community Plan Exemption Appeal for the proposed project at 2675 Folsom Street.

[Project Sponsor Letter - May 4, 2017](#)

The appeal hearing for this matter is scheduled for a 4:00 p.m. special order before the Board on May 9, 2017.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the link below:

[Board of Supervisors File No. 161146](#)

Lisa Lew
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Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors' website or in other public documents that members of the public may inspect or copy.



May 4, 2017

Hon. London Breed
San Francisco Board of Supervisors
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: 2675 Folsom Street
File No. 161146 (CEQA Appeal)
Hearing Date: May 9, 2017

Dear President Breed and Supervisors,

On behalf of Axis Development Group (Axis), the Respondent in the 2675 Folsom Street CEQA Appeal (Board of Supervisors File No. 161146), attached please find supplemental information for inclusion in the Administrative Record. The attachment consists of public records associated with projects at 953 Treat Avenue and 1515 S. Van Ness, two recent projects where the Board of Supervisors denied appeals.

If you have any questions, please do not hesitate to contact me at (415) 273-9670.

Very truly yours,

Alexis M. Pelosi

Index of Documents and Transcripts Submitted into Administrative Record by Project Sponsor;
File No. 161146 (CEQA Appeal)
May 4, 2017

1. 953 Treat-Board of Supervisors Packet for April 25, 2017 Appeal
2. 953 Treat-Board of Supervisors Final Motion April 25, 2017
3. 953 Treat-Board of Supervisors Final Vote April 25, 2017
4. Board of Supervisors Hearing Transcript April 25, 2017 (953 Treat)
5. 1515 S. Van Ness-Board of Supervisors Final Motion April 18, 2017
6. Board of Supervisors Hearing Transcript April 18, 2017 (1515 S. Van Ness)
7. 1515 S. Van Ness-Board of Supervisors Packet for April 18, 2017
8. 1515 S. Van Ness-Board of Supervisors Final Vote April 18, 2017

File No. 170314

Committee Item No. _____

Board Item No. 14.

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: _____

Date: _____

Board of Supervisors Meeting

Date: April 25, 2017

Cmte Board

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|--------------------------|-------------------------------------|----------------------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

<input type="checkbox"/>	<input type="checkbox"/>	_____
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<input type="checkbox"/>	<input type="checkbox"/>	_____

Prepared by: Brent Jalipa

Date: April 20, 2017

Prepared by: _____

Date: _____

1 [Affirming the Categorical Exemption Determination - Proposed Project at 953 Treat Avenue]

2
3 **Motion affirming the determination by the Planning Department that a proposed project**
4 **at 953 Treat Avenue is categorically exempt from further environmental review.**

5
6 WHEREAS, On March 28, 2016, the Planning Department determined that the
7 proposed project located at 953 Treat Avenue ("Project") is exempt from environmental review
8 under the California Environmental Quality Act ("CEQA"), the CEQA Guidelines, and San
9 Francisco Administrative Code, Chapter 31; and

10 WHEREAS, The proposed Project involves demolition of an existing one-story, single-
11 family dwelling, and construction of two new four-story 40-foot tall residential buildings
12 containing three residential units each and two parking spaces; and

13 WHEREAS, By letter to the Clerk of the Board, received by the Clerk's Office on March
14 20, 2016, Katherine Petrin, (Appellant), appealed the exemption determination; and

15 WHEREAS, Appellant provided a copy of the Planning Department's Categorical
16 Exemption Determination, signed August 25, 2016, which found that the proposed Project
17 was exempt under Classes 1 and 3 of the CEQA Guidelines (14 Cal. Code Reg. Sections
18 15301 and 15303) for demolition of a single family home and replacement with six dwelling
19 units; and

20 WHEREAS, The Planning Commission, by Motion No 19857, approved a Conditional
21 Use Authorization for the proposed Project on February 16, 2017; and

22 WHEREAS, The Planning Department's Environmental Review Officer, by
23 memorandum to the Clerk of the Board dated March 24, 2017, determined that the appeal
24 was timely; and
25

1 WHEREAS, On April 25, 2017, this Board held a duly noticed public hearing to
2 consider the appeal of the exemption determination filed by Appellant and, following the public
3 hearing, affirmed the exemption determination; and

4 WHEREAS, In reviewing the appeal of the exemption determination, this Board
5 reviewed and considered the exemption determination, the appeal letter, the responses to the
6 appeal documents that the Planning Department prepared, the other written records before
7 the Board of Supervisors and all of the public testimony made in support of and opposed to
8 the exemption determination appeal; and

9 WHEREAS, Following the conclusion of the public hearing, the Board of Supervisors
10 affirmed the exemption determination for the project based on the written record before the
11 Board of Supervisors as well as all of the testimony at the public hearing in support of and
12 opposed to the appeal; and

13 WHEREAS, The written record and oral testimony in support of and opposed to the
14 appeal and deliberation of the oral and written testimony at the public hearing before the
15 Board of Supervisors by all parties and the public in support of and opposed to the appeal of
16 the exemption determination is in the Clerk of the Board of Supervisors File No. 170313, and
17 is incorporated in this motion as though set forth in its entirety; now, therefore, be it

18 MOVED, That the Board of Supervisors hereby adopts as its own and incorporates by
19 reference in this motion, as though fully set forth, the exemption determination; and, be it

20 FURTHER MOVED, That the Board of Supervisors finds that based on the whole
21 record before it there are no substantial project changes, no substantial changes in project
22 circumstances, and no new information of substantial importance that would change the
23 conclusions set forth in the exemption determination by the Planning Department that the
24 proposed project is exempt from environmental review; and, be it
25

1 FURTHER MOVED, That after carefully considering the appeal of the exemption
2 determination, including the written information submitted to the Board of Supervisors and the
3 public testimony presented to the Board of Supervisors at the hearing on the exemption
4 determination, this Board concludes that the project qualifies for an exemption determination
5 under CEQA.

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Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- ☐ 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- ☐ 2. Request for next printed agenda Without Reference to Committee.
- ☒ 3. Request for hearing on a subject matter at Committee.
- ☐ 4. Request for letter beginning "Supervisor [] inquires"
- ☐ 5. City Attorney request.
- ☐ 6. Call File No. [] from Committee.
- ☐ 7. Budget Analyst request (attach written motion).
- ☐ 8. Substitute Legislation File No. []
- ☐ 9. Reactivate File No. []
- ☐ 10. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):

Clerk of the Board

Subject:

Affirming the Categorical Exemption Determination - Proposed Project at 953 Treat Avenue

The text is listed below or attached:

Motion affirming the determination by the Planning Department that a proposed project at 953 Treat Avenue is categorically exempt from further environmental review.

Signature of Sponsoring Supervisor: Alisa Gomez

For Clerk's Use Only:

170314

1 [Affirming the Categorical Exemption Determination - Proposed Project at 953 Treat Avenue]

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6 appeal documents that the Planning Department prepared, the other written records before
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21 record before it there are no substantial project changes, no substantial changes in project
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23 conclusions set forth in the exemption determination by the Planning Department that the
24 proposed project is exempt from environmental review; and, be it
25

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City and County of San Francisco
Tails
Motion: M17-066

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 170314

Date Passed: April 25, 2017

Motion affirming the determination by the Planning Department that a proposed project at 953 Treat Avenue is categorically exempt from further environmental review.

April 25, 2017 Board of Supervisors - NOT TABLED

Ayes: 4 - Kim, Peskin, Ronen and Sheehy

Noes: 7 - Breed, Cohen, Farrell, Fewer, Safai, Tang and Yee

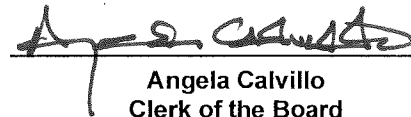
April 25, 2017 Board of Supervisors - APPROVED

Ayes: 7 - Breed, Cohen, Farrell, Fewer, Safai, Tang and Yee

Noes: 4 - Kim, Peskin, Ronen and Sheehy

File No. 170314

I hereby certify that the foregoing Motion
was APPROVED on 4/25/2017 by the Board
of Supervisors of the City and County of
San Francisco.


Angela Calvillo
Clerk of the Board

File #: 170314 Version: 1
 Type: Motion
 Title: Affirming the Categorical Exemption Determination - Proposed Project at 953 Treat Avenue
 Mover: [Katy Tang](#) Seconded: [Mark Farrell](#)
 Result: Pass
 Agenda note:
 Minutes note:
 Action: APPROVED
 Action text: Supervisor Tang, seconded by Supervisor Farrell, moved that this Motion be APPROVED. The motion carried by the following vote:

- Votes (7:4)

11 records

Group

Export

Person Name	Vote
London Breed	Aye
Malia Cohen	Aye
Mark Farrell	Aye
Sandra Lee Fewer	Aye
Jane Kim	No
Aaron Peskin	No
Hillary Ronen	No
Ahsha Safai	Aye
Jeff Sheehy	No
Katy Tang	Aye
Norman Yee	Aye



00:00:35>> [Gavel]
 00:00:36 >> good afternoon everyone and
 00:00:37 welcome to the san francisco
 00:00:38 board of supervisors meeting
 00:00:40 for tuesday, April 25, 2017.
 00:00:41 Mdm. Clerk please call roll call
 00:00:46>> thank you read present,
 00:00:48 cohen, present, farrell,
 00:00:53 present, fewer present, kim,
 00:00:58 present, paskin-jordan present,
 00:01:04 ronen present, safai present,
 00:01:08 genji present, tang present,
 00:01:12 yee present. Mme. Pres. All
 00:01:13 members are present.
 00:01:14 >> thank you ladies and
 00:01:16 gentlemen please join us for
 00:01:17 the pledge of allegiance.
 00:01:36>> [Pledge of allegiance]
 00:01:44 B
 00:01:45 thank you everyone. Mme. Clerk
 00:01:45 any communications?
 00:01:46 >> I have none to report
 00:01:47 >> colleagues any changes to
 00:01:47 the March 14, 2017 meeting
 00:01:48 minutes? Seeing none, is there
 00:01:51 a motion to approve those
 00:01:52 minutes? Moved by supervisor
 00:01:55 farrell. Seconded by supervisor
 00:01:58 tran view. Colleagues can we
 00:01:59 take that without objection?
 00:02:00 Without objection those meeting
 00:02:00 minutes will be passed after
 00:02:01 public comments.
 00:02:03>> [Gavel]
 00:02:04 >> mme. Clerk please call the
 00:02:04 next item
 00:02:08>> item number one to
 00:02:09 retroactively approve a grant
 00:02:10 agreement between the city and
 00:02:11 home bridge to provide in-home
 00:02:12 supportive services and
 00:02:12 provider skill the moment
 00:02:17 training and support and for
 00:02:18 the period to June 30, 2019 in
 00:02:19 the amount of approximately \$67
 00:02:24 million.
 00:02:25>> supervisor peskin
 00:02:25>> thank you for the one-week
 00:02:26 extension which provided me and
 00:02:27 my office at the opportunity to
 00:02:29 ask a number of questions of
 00:02:30 home bridge which have been
 00:02:34 asked and answered and am
 00:02:34 prepared to vote for the
 00:02:35 measure.
 00:02:36>> thank you supervisor peskin
 00:02:40 mme. Clerk please call the roll
 00:02:40 call
 00:02:44>> item number one cohen aye
 00:02:50 farrell 21 fewer aye kim aye
 00:02:56 peskin aye, ronen aye, safai aye
 00:03:06 sheehy aye, tang aye. Yee aye.

00:03:11 Breed aye. There are 11 tran
00:03:11 market
00:03:12>> the resolutions adopted
00:03:12 unanimously
00:03:13>> [Gavel]
00:03:13 >>
00:03:20>> item number two and
00:03:20 ordinance to amend the building
00:03:21 and environment code for
00:03:22 installation of electric
00:03:29 vehicle charger infrastructure
00:03:29 in new buildings or buildings
00:03:30 undergoing major alterations
00:03:31 and requirements for
00:03:31 notification to building owners
00:03:32 of residents and vcs.
00:03:35>> same house and call?
00:03:36 Without objection it's passed
00:03:36 unanimously
00:03:38>> [Gavel]
00:03:39 >> item three resolution to
00:03:42 adopt the city's tenure capital
00:03:42 expenditure plan for fiscal
00:03:44 years 2018 through 2027.
00:03:47>> same house same call
00:03:48 without objection the
00:03:49 resolution is adopted
00:03:50 unanimously
00:03:52>> [Gavel]
00:03:57 >> item number four resolution
00:03:58 adopting the saddles five-year
00:03:58 plan
00:04:00>> same house same call
00:04:01 without objection resolution is
00:04:02 adopted unanimously
00:04:03>>
00:04:12>> item number five a
00:04:13 resolution for adopting the
00:04:13 physical plan for san francisco
00:04:14>> same house same call
00:04:17 adopted unanimously
00:04:17 >> [Gavel]
00:04:19 >> item six and ordinance to
00:04:24 amend 266 -- 10 authorizing the
00:04:28 execution of taxable
00:04:29 [Inaudible] Not to exceed \$30
00:04:30 million
00:04:32>> same house same call?
00:04:33 Without objection the
00:04:41 ordinances passed unanimously
00:04:41 on the first reading
00:04:42>> [Gavel]
00:04:42 >>
00:04:42>> item seven resolution to
00:04:43 retroactively approve the fifth
00:04:44 amendment to the agreement
00:04:45 betweenharris and associates
00:04:48 inc. And the city for financial
00:04:49 consulting in reimbursement and
00:04:50 cost allocations in conjunction
00:04:55 with mission bay development
00:04:56 the community facilities
00:04:57 district number four and six,
00:04:58 exiting the term of the grid by

00:04:58 three years and nine months to
00:04:59 May 11 the community facilities
00:05:00 district number four and six,
00:05:01 exiting the term of the grid by
00:05:02 three years and nine months to
00:05:02 May 11, 2020 at no additional
00:05:03 cost
00:05:03>> same house same call?
00:05:04 Without objection the
00:05:04 resolution is adopted
00:05:05 unanimously
00:05:06>> [Gavel]
00:05:06 >> item me resolution to
00:05:08 designate those agencies
00:05:12 qualified to participate in the
00:05:13 2017 annual joint fundraising
00:05:14 drive for officers and
00:05:15 employees of the city.
00:05:17 >> same house same call
00:05:21 without objection it's adopted
00:05:21 unanimously
00:05:21>> [Gavel]
00:05:23 >> item non-resolution to
00:05:24 approve the form and
00:05:26 authorizing the distribution of
00:05:34 a preliminary statement related
00:05:34 to the execution and delivery
00:05:35 of certificates of our
00:05:36 participation in a principal
00:05:36 aggregate amount not to exceed
00:05:37 approximately \$590 for the
00:05:38 george r moss county convention
00:05:39 center expansion project and
00:05:42 authorizing the preparation
00:05:43 execution and delivery of a
00:05:43 final official statement and
00:05:47 ratifying the approval of the
00:05:48 terms and conditions of a
00:05:49 previous ordinance and related
00:05:49 matters.
00:05:52>> same house same call?
00:05:52 Without objection the
00:05:53 resolution is adopted
00:05:53 unanimously
00:05:54>> [Gavel]
00:05:54 >>
00:05:56>> item number 10 resolution to
00:06:00 actively authorize the
00:06:01 department of health to accept
00:06:02 and expend an \$80,000 monetary
00:06:04 gift from Ms. Molly flexner to
00:06:11 the laguna honda hospital gift
00:06:12 fund for the purchase of
00:06:13 assistive technology women and
00:06:13 services for the residents who
00:06:14 are otherwise unable to obtain
00:06:14 them.
00:06:15>> same house same call?
00:06:16 Without objection the
00:06:16 resolution is adopted
00:06:19 unanimously
00:06:20>> [Gavel]>>
00:06:20 >> item 11 is an ordinance room
00:06:23 in the planning code to make

00:06:25 conforming changes with the new
00:06:26 mandate for state law the
00:06:28 requirements and procedures for
00:06:29 authorizing the construction of
00:06:31 accessory dwelling units and
00:06:33 single-family homes to make the
00:06:33 appropriate findings and
00:06:34 determination.
00:06:35 >> same house same call?
00:06:37 Without objection the
00:06:38 ordinances passed unanimously
00:06:46 on the first reading
00:06:47 >> [Gavel]
00:06:48 >> item number 12 a resolution
00:06:48 to reaffirm the board of
00:06:49 supervisors support for urban
00:06:50 agriculture and urging the
00:06:50 evaluation and allocation of
00:06:51 appropriate properties for
00:06:53 urban agriculture. He was
00:06:53 supervisor ronen
00:06:55 >> yes. Colleagues I'm proud
00:06:57 to have assumed authorship of
00:07:00 this ordinance from former
00:07:06 district 11 supervisor john
00:07:07 avalos. And supervisor avalos
00:07:08 had introduced this resolution
00:07:10 originally on the heels of the
00:07:13 closure of little city garden
00:07:16 district 11. It was a beloved
00:07:17 favorite garden there was a
00:07:18 national model for urban
00:07:22 farming. And after the closure
00:07:23 and the realization that in
00:07:26 order to be able to sustain
00:07:28 urban agriculture in the city,
00:07:32 farmers really need stable use
00:07:40 of land that can't be taken
00:07:41 away when the farm is at its
00:07:42 most productive state. We have
00:07:42 a long history in the city of
00:07:45 supporting urban agriculture.
00:07:46 In 2009 former mayor gavin
00:07:49 newsom signed executive order
00:07:50 903 which was the healthy and
00:07:55 sustainable food for san
00:07:56 francisco. In 2011 we modified
00:07:56 the planning code to allow
00:08:01 urban agriculture in all zones,
00:08:02 and supported as recently as
00:08:03 2014 the creation of the
00:08:08 state's first urban
00:08:09 agricultural sensitive zone
00:08:09 throughout the city to evaluate
00:08:10 possible sites for urban
00:08:15 agriculture. Through the process
00:08:16 legislative process, there has
00:08:17 been some questions about
00:08:18 competing priorities for land
00:08:21 use such as housing. Which, is
00:08:22 a huge priority for me, but I
00:08:24 do believe that urban
00:08:29 agriculture is also a very
00:08:30 important priority for the city

00:08:33 and specifically, when there
00:08:34 are areas of land that are not
00:08:36 suitable for housing development
00:08:39 that evaluating those for
00:08:40 urban agriculture is something
00:08:45 we should be doing. This
00:08:45 resolution calls for the
00:08:46 assessment of a limited number
00:08:49 of suitable sites that do to
00:08:50 develop and challenges have
00:08:51 been rendered bacon or not use.
00:08:56 The criteria for assessment
00:08:56 include sites for flooding,
00:08:57 limited access to egress,
00:09:00 historical agricultural usage,
00:09:01 and sites identified by the
00:09:02 city where community is
00:09:03 desirable for agriculture. I
00:09:06 also passed out a number of
00:09:17 couple on substantive amendments
00:09:24 . Specifically, on page 2, line
00:09:24 22, I wanted to include them in
00:09:25 a public health and other
00:09:25 cities departments as was the
00:09:25 san francisco unified school
00:09:26 district to evaluate possible
00:09:26 sites that might fit the
00:09:27 criteria for urban agriculture.
00:09:27 On page 3, line 10 I want to
00:09:29 clarify that I hope the multiple
00:09:31 urban agricultural sites not
00:09:34 just wondered farmer finally I
00:09:35 want to thank supervisor cannot
00:09:38 los for starting this. The
00:09:42 process for this resolution
00:09:43 caitlin galloway from the
00:09:43 little city gardens, or and
00:09:46 look for urban sf alliance.
00:09:48 The greenhouse project and
00:09:49 [Inaudible] The cofounder of
00:09:54 the greenhouse project. Eliza
00:09:55 get from spur and [Inaudible]
00:09:56 From sf cause. For working with
00:09:57 me on the language for this
00:10:00 resolution and for their work
00:10:01 emphasizing and fighting for
00:10:04 the importance of securing land
00:10:04 for urban agriculture. Thank
00:10:04 you.
00:10:08>> thank you. Supervisor ron
00:10:08 has made a motion to amend
00:10:12 second by supervisor peskin
00:10:13 colleagues can take the
00:10:14 amendment without objection?
00:10:15 Without objection the moment
00:10:16 pass.
00:10:16>> [Gavel]
00:10:21 >> supervisor safai
00:10:22>> thank you supervisor ron
00:10:23 for caring the spirit actually
00:10:24 interacted with this particular
00:10:27 farm over a number of years
00:10:28 and they provided a tremendous
00:10:37 amount of place or opportunity

00:10:38 for people to organize and
00:10:39 build community and I think
00:10:39 that's an important aspect of
00:10:40 this program. I am wondering if
00:10:44 we can add a friendly commitment
00:10:44 . To ask the department of
00:10:45 public works, also, investigate
00:10:46 there's a lot of unaccepted
00:10:49 public right of ways or
00:10:50 unaccepted streets that they
00:10:51 have in their street parks
00:10:51 program but some of the parcels
00:10:58 are very large. We had one at
00:10:59 the garden that we built it's
00:11:00 usually half a city block it
00:11:00 there are other areas in the
00:11:02 city the not available based on
00:11:05 the slope and the configuration
00:11:06 maybe we can ask that a
00:11:07 permanent public works to
00:11:10 investigate that as well? But
00:11:10 very supportive of this.
00:11:14 Please, add me as a cosponsor
00:11:19 >> okay. So supervisor safai
00:11:21 is there a specific amendment
00:11:22 and maybe our deputy city
00:11:26 attorney john kim can help us
00:11:27 understand what it can be
00:11:28 included as a friendly
00:11:31 amendment. That's on
00:11:38 substantive?
00:11:39 >> it would essentially be in
00:11:40 the area of lines 21-24 where
00:11:41 they mention the names of the
00:11:41 departments. We could just add
00:11:51 the department of public works
00:11:55 >> okay. Supervisor safai has
00:11:55 made an amendment to add that
00:11:56 upon the public works. Is there
00:11:57 a second? Second by supervisor
00:11:58 ronon. Colleagues can we take
00:11:58 that moment without objection?
00:11:59 Without objection the moment
00:11:59 passes.
00:12:00 >> [Gavel]
00:12:00 >> on the item as amended
00:12:01 colleagues can we take that same
00:12:02 house same call? Without
00:12:03 objection the resolution is
00:12:03 adopted as amended unanimously.
00:12:04 >> [Gavel]
00:12:15 >> committee reports.
00:12:21 >> items 17 and 18 were
00:12:22 considered by the budget and
00:12:23 finance subcommittee at a
00:12:24 regular meeting on thursday,
00:12:24 April 20. Item 17 was
00:12:25 recommended as amended with the
00:12:26 new title. It's an ordinance to
00:12:26 appropriate 122 million of
00:12:30 sales from proceeds of property
00:12:31 at approximately \$322 million
00:12:32 of proceeds from certificates
00:12:33 of participation to fund the

00:12:36 retirement and series 2001-a
00:12:40 and 2007-8 certificate of
00:12:40 participation and to fund the
00:12:41 developing cost of the 1500
00:12:45 mission st. Office building
00:12:48 developments. Technology and
00:12:49 costs in 2016-17
00:12:49>> mme. Clerk does not require
00:12:51 an amendment from the board?
00:12:52>> no. Mdm. Pres. That's
00:12:55 actually done at the committee.
00:12:55 Great
00:12:59>> great. Think can we take
00:13:00 this item same house same call?
00:13:00 Without objection the
00:13:01 ordinance passes unanimously on
00:13:02 the first reading began to
00:13:02>>
00:13:08>> item 18 is a resolution to
00:13:08 authorize an application to the
00:13:09 california debt limit
00:13:16 allocation committee to permit
00:13:17 the issuance of mortgage credit
00:13:18 certificates for an amount not
00:13:19 to exceed \$50 million to ask
00:13:19 assist low in moderate income
00:13:20 for some homebuyers in san
00:13:21 francisco.
00:13:22 >> same house same call?
00:13:22 Without objection the
00:13:23 resolution is adopted
00:13:23 unanimously
00:13:25 >> [Gavel]
00:13:26 >> colleagues, before we go to
00:13:27 roll call for introductions we
00:13:29 have three 2:30 pm special
00:13:37 orders which we cannot-three
00:13:38 2:30 pm commendations which we
00:13:42 cannot call until 2:30 pm. So I
00:13:43 will interrupt roll call for
00:13:44 introductions to go into our
00:13:45 accommodations at 2:30 pm.
00:13:46 Without mme. Clerk.
00:13:47>> percept to introduce new
00:14:05 businesses supervisor cohen.
00:14:10 >> thank you mme. Clerk. I
00:14:10 submit
00:14:11>> thank you supervisor
00:14:11 supervisor farrell
00:14:12 >> thank you mme. Clerk.
00:14:13 Colleagues from over 2.5 years
00:14:13 ago the sport through
00:14:14 legislation I offered start and
00:14:20 bows green finance sf piece
00:14:21 financing program green finance
00:14:21 sf is a program overseen by
00:14:22 department of environment gives
00:14:23 residence business favorable
00:14:24 financing opportunities to
00:14:24 pursue energy efficiency and
00:14:25 water conservation upgrades to
00:14:27 their property. The financing
00:14:32 on this property sets clean
00:14:32 energy, or pace, allows

00:14:33 homeowners and businesses to
00:14:34 pay for these new energy
00:14:34 efficiency and water
00:14:35 conservation upgrades to an
00:14:37 annual additional assessment on
00:14:44 the property tax bill. This
00:14:45 excessive green finance sf ever
00:14:45 since has been spoken for
00:14:46 itself. Just over two years
00:14:47 approximately\$7.2 million in
00:14:50 new projects have been financed
00:14:51 . At 167 residential properties
00:14:55 across our city. We see in the
00:14:55 equivalent of taking 1307 cars
00:14:58 off the road for you year extra
00:15:00 green finance sf. Just like was
00:15:03 promised when the program be
00:15:04 started green finance sf is
00:15:04 saving residences and
00:15:05 businesses money on their
00:15:11 monthly utility bills reducing
00:15:11 greenhouse gas emissions and in
00:15:12 creating new local jobs in the
00:15:17 emerging clean energy sector.
00:15:18 This program is done at no cost
00:15:19 to the city. It's been a
00:15:19 win-win for residents and
00:15:20 businesses looking to save
00:15:27 money and to the be
00:15:29 environmentally conscious. With
00:15:30 the success of our program and
00:15:31 the success of patient
00:15:31 financing throughout the state
00:15:32 of california and our country
00:15:33 right now, or pace providers
00:15:33 have been looking to enter our
00:15:34 local market to offer their
00:15:35 services to residents and
00:15:36 businesses. I think like all of
00:15:44 us I believe more competition
00:15:45 leads to lower prices more
00:15:46 affordable terms for residents.
00:15:46 so today the bill in the
00:15:47 program's success in
00:15:47 introducing a package apace
00:15:48 policies that do three distinct
00:15:50 things. First of all, it asked
00:15:53 the board to authorize three
00:15:54 new certified residential pace
00:15:54 providers to enter our local
00:15:55 market and participate in green
00:16:00 finance sf. When we we started
00:16:01 green finance sf two years ago
00:16:02 we were the first locality in
00:16:03 the state of california to
00:16:07 allow more than one pace
00:16:08 provider into our local
00:16:08 program. Like I said before
00:16:09 multiple providers compete for
00:16:11 businesses has been a success
00:16:12 for residents and businesses
00:16:13 and for my perspective the more
00:16:15 providers the merrier. Second,
00:16:16 since the restart of green

00:16:18 finance sf, our department of
00:16:19 the interment has seen demand
00:16:29 in the market for peace
00:16:30 projects on small commercial
00:16:31 buildings. The city runs an
00:16:31 existing large commercial pace
00:16:32 program for projects over \$1
00:16:33 million. Given the demand the
00:16:34 second package of policies
00:16:34 seeks to establish a new
00:16:35 commercialgreen finance sf
00:16:36 program for product between
00:16:36 \$50,000 and 1 million. More
00:16:41 businesses are realizing it
00:16:42 helps their bottom-line to be
00:16:43 environment only conscious so I
00:16:44 look forward to offering and
00:16:45 working with a permanent the
00:16:46 environment to allocate this
00:16:47 business to new small business
00:16:49 community across our city.
00:16:50 Lastly, I'm introducing
00:16:51 legislation to ensure that pace
00:16:52 providers offering services in
00:16:55 our local market are adhering
00:16:56 to strict consumer protection
00:16:58 and data sharing standards.
00:16:59 The association of bay area
00:17:02 governments or a bag, recently
00:17:09 created a bleaching regional
00:17:09 collaborative research
00:17:10 agreement with is that which is
00:17:11 consumer protection standards
00:17:11 and other best practices to
00:17:12 follow residential pace
00:17:13 providers. His last piece of
00:17:13 legislation simply signs onto
00:17:22 regional collaborative services
00:17:23 agreement. With tremendous
00:17:23 public and friends in congress
00:17:24 doing everything in power to
00:17:25 rollback environmental
00:17:25 protections, and stick their
00:17:26 heads in the sand regarding
00:17:28 climate change, more than ever
00:17:28 at the local level to keep
00:17:29 pushing ahead with policies
00:17:30 that can help the environment
00:17:32 and mitigate the effects of
00:17:33 climate change their payment of
00:17:34 the interment has data that
00:17:40 shows green finance sf over
00:17:41 the past few years as a
00:17:42 residences businesses to date a
00:17:44 total of \$3.70 on electric bills
00:17:45 ,, three and \$40,000 on gas
00:17:46 bills, and will have saved \$1.8
00:17:51 million million gallons of
00:17:51 water over 25 years.
00:17:52 Additionally, the program has
00:18:01 reduced greenhouse gas emissions
00:18:02 by over 6000 metric tons,
00:18:02 again the equivalent or 1300
00:18:03 cars off the road a year. The

00:18:04 real result in real benefits
00:18:04 varsity. Look forward to the
00:18:12 discussion ahead. Expanding our
00:18:13 green finance as a program and
00:18:13 hope for everyone support when
00:18:14 the time comes. The rest I
00:18:14 submit
00:18:15>> thank you supervisor
00:18:16 farrell. Supervisor fewer
00:18:16>> thank you I want to
00:18:17 recognize the san francisco
00:18:17 land trust in small sites
00:18:20 acquisition program denney's,
00:18:23 richmond in surpassing 100
00:18:24 units acquired. And protected
00:18:26 through the critically
00:18:27 important program. This monad
00:18:30 took part in an inspiring
00:18:31 press, it's on fulton street to
00:18:37 sublet the passing of that 100
00:18:38 unit market also marks the
00:18:39 acquisition of the first site
00:18:39 in the richmond district and
00:18:40 the first on the west side of
00:18:41 town. I would like to
00:18:45 acknowledge mayor lee olson lee
00:18:46 and his demented staff at the
00:18:47 mayor's office of housing as
00:18:47 well as the housing rights
00:18:48 committee of san francisco for
00:18:49 being the eyes and ears for
00:18:52 this program in our district. I
00:18:53 would also like to give a
00:18:54 special shout out to deborah
00:18:54 strohm one of the longtime
00:18:55 tenants of the fulton street
00:18:56 building who got the press
00:18:59 process started bite dogging me
00:18:59 , doggedly looking for
00:19:04 assistance for family for other
00:19:05 tenants of the guy to
00:19:05 opportunity to meet her during
00:19:09 my campaign and was able to
00:19:10 connect her to the community
00:19:11 land her determination resulted
00:19:11 in a victory for san francisco
00:19:13 tenants. I look forward to
00:19:17 discussing the future of small
00:19:17 sites program at the hearing I
00:19:18 will be convening on May 10.
00:19:19 The rest I submit b thank you
00:19:22 supervisor fewer. Supervisor kim
00:19:28 . Supervisor peskin.
00:19:29>> thank you mme. Clerk. I will
00:19:30 commit most of my stuff today
00:19:31 but I do want to say in light
00:19:33 of friday's blackout and fire
00:19:36 at the substation that pres.
00:19:37 Breed and I will be introducing
00:19:39 a hearing request about exactly
00:19:44 what happened. What happened
00:19:45 well, what happened did not
00:19:45 very well including
00:19:48 communication with many of the

00:19:49 members of this body. I know I
00:19:53 reached out to other members who
00:19:53 had their districts or part of
00:20:00 their districts blackout in the
00:20:00 communication from pg&e was
00:20:01 nonexistent and from the
00:20:10 department of emergency
00:20:12 management sorely lacking. So,
00:20:12 pres. Breed and I will be
00:20:13 asking those questions and
00:20:14 hopefully getting some answers
00:20:14 and changing the protocols
00:20:15 moving forward. The rest I will
00:20:15 submit
00:20:21>> thank you supervisor.
00:20:22 Supervisor ronon
00:20:22>> thank you. Today I'm
00:20:23 introducing an ordinance to
00:20:24 gather with major league that
00:20:24 allows the city to formally
00:20:26 accept 1515 s. Van ness as a
00:20:27 temporary gift from the lennar
00:20:30 multifamily community. This
00:20:31 will allow the city to use the
00:20:33 site as a temporary navigation
00:20:34 center focused on addressing
00:20:37 the tenant and kim and crisis
00:20:38 in the mission. As you are all
00:20:39 aware the mission is one of the
00:20:52 communities hit hardest by our
00:20:53 citywide homeless crisis. The
00:20:54 mission alone has around 300
00:20:54 people living on the street and
00:20:55 a significant number of
00:20:56 homeless individuals are
00:20:56 currently living in tents on
00:20:57 our sidewalks under extremely
00:20:58 unsafe and unhealthy conditions
00:20:59 and in a densely populated
00:20:59 residential area. Since I
00:21:03 assumed office in January I've
00:21:03 received daily calls and emails
00:21:08 asked me to address the
00:21:09 impairment and crisis animation
00:21:10 I believe it it's my
00:21:13 responsibility to take action
00:21:15 in response to the request of
00:21:16 my constituents have been
00:21:17 begging for the city's help in
00:21:20 addressing this issue. We are
00:21:21 facing a public health crisis
00:21:22 in the mission. When that
00:21:26 severely harms homeless people,
00:21:26 forced to sleep in unsafe
00:21:27 conditions, and one that also
00:21:28 negatively impacts house
00:21:31 residence who are living near
00:21:33 tent and caymans in front of
00:21:34 their homes. This is why part
00:21:37 of the settlement agreement
00:21:38 between [Inaudible] Latino
00:21:41 cultural district and the
00:21:41 [Inaudible] Community if they
00:21:42 stepped up and included the

00:21:44 temporary use of the 1515 s.
00:21:48 Van ness site as a navigational
00:21:48 center. I want to offer my
00:21:49 sincere thank you to both
00:22:01 organizations. For their
00:22:02 willingness to think outside
00:22:03 the box for stepping up to
00:22:03 offer a true solution to this
00:22:04 crisis. I also want to thank
00:22:05 mayor lee for departing with me
00:22:05 on this mission specific
00:22:06 navigation center. From the
00:22:07 moment that I approached mayor
00:22:09 lee about this possibility at
00:22:10 this site, he has stepped up
00:22:20 along with all of his staff and
00:22:21 department heads, mohammed new
00:22:21 roof from dpw jeff kaczynski
00:22:22 from the office of homelessness
00:22:23 and supportive housing, and in
00:22:23 the mayor's own staff jason la,
00:22:25 this is really been a joint
00:22:29 effort that has been a pleasure
00:22:33 quite frankly. While this is
00:22:34 only a temporary center in my
00:22:34 district it'll be open for
00:22:37 approximately nine months. I am
00:22:38 looking for a more permanent
00:22:41 site in our district and I'm
00:22:42 constantly looking for sites to
00:22:47 build long-term affordable and
00:22:47 supportive housing. I want to
00:22:50 acknowledge supervisor kim and
00:22:51 supervisor cohen who have also
00:22:52 welcomed navigation centers in
00:22:53 their district. I really urge
00:22:54 all my colleagues on the board
00:22:59 to do the same. I believe that
00:23:00 we can solve this homeless
00:23:01 crisis if we work together to
00:23:08 create dignified housing and
00:23:09 shelter offered options. This
00:23:09 really should be the
00:23:10 responsibility that's taken on
00:23:11 by the entire city. With the
00:23:12 rest I submit.
00:23:16 >> thank you supervisor it
00:23:16 supervisor safai
00:23:16 >> submit
00:23:18 >> supervisor sheehy
00:23:19>> I've one item for
00:23:21 introduction. As many people
00:23:26 know san francisco lost one of
00:23:27 our heroes [Inaudible] Creator
00:23:31 of the rainbow flag. So he
00:23:34 worked-I worked with him along
00:23:35 mayor brown to install the
00:23:38 rainbow flag at market and
00:23:40 castro. I think it's important
00:23:45 that it's preserved-it's
00:23:47 permanently preserved. After
00:23:49 having a rather long
00:23:54 conversation with kelly jones,
00:23:55 other leaders in the community,

00:23:56 including the head of the
00:23:59 castro merchants in the cbd, we
00:24:01 should landmark the rainbow flag
00:24:06 so it is maintained and its
00:24:07 present state. I am asking the
00:24:08 city attorney to prepare a
00:24:20 designation for so we can
00:24:21 proceed with getting this going
00:24:22 in time for pride month. For
00:24:22 the remainder I submit
00:24:23 >> thank you supervisor.
00:24:23 Supervisor tang
00:24:24 >> submit
00:24:24 >> supervisor yee
00:24:25>> submit
00:24:26 >> supervisor breed
00:24:28>> all right. Unless looks
00:24:30 like were moving righ
00:24:35 colleagues, last friday -- today
00:24:36 is supervisor 10 peskin said,
00:24:39 he and I are introducing a
00:24:50 hearing regarding the power
00:24:51 outage that took place last
00:24:51 week. Last friday morning
00:24:52 around 9 am the lights went out
00:24:53 all over a huge part of our
00:24:53 city. Luckily, no injuries or
00:24:56 damages were reported. Power
00:25:00 was in fully restored until 5 pm
00:25:01 to some 88,000 pg&e customers
00:25:02 who lost power due to equipment
00:25:05 failure and fire at a pg&e
00:25:09 electrical substation in the
00:25:18 tenderloin. It could have been
00:25:18 worse. But still, there was
00:25:19 enough disruption and potential
00:25:20 habit to cause major concern.
00:25:20 At least 20 elevators were
00:25:21 stuck with people inside of
00:25:22 them. Traffic was jammed for
00:25:22 much of the city. Businesses
00:25:23 close. California pacific
00:25:24 hospital in st. Francis
00:25:28 hospital lost power but remain
00:25:35 open operating off backup
00:25:36 generator some san francisco
00:25:36 unified school district schools
00:25:37 were affected but all remain
00:25:38 open. Yes it could have been
00:25:38 worse. It could have been
00:25:39 catastrophic. If we look at
00:25:40 friday as a test of our city's
00:25:46 response to a massive power
00:25:47 outage, and how are agencies
00:25:48 communicated in collaborated in
00:25:48 an emergency, that had the
00:25:50 potential to have serious
00:25:50 public safety impacts, I would
00:25:54 have to say that we failed. Too
00:25:58 little information was shared
00:26:10 with too few city agencies.
00:26:10 People were left stranded.
00:26:11 Officials were left
00:26:11 flat-footed. The danger this

00:26:11 poses to the city was
00:26:13 unnecessary and unacceptable.
00:26:21 Today, as I said, I'm joined by
00:26:21 supervisor 10 peskin in calling
00:26:21 for a hearing into the causes
00:26:22 and emergency response to
00:26:22 massive power failure on April
00:26:22 21 to massive power failure on
00:26:22 april 21, 2017 that impacted
00:26:23 much of the city. We must
00:26:23 determine whether existing
00:26:24 strategies for agencies like
00:26:29 the puc and public works fire
00:26:30 department, the police
00:26:31 department, mta, emergency
00:26:31 management and of course pg&e
00:26:34 among others to communicate and
00:26:35 coordinate in response to
00:26:39 public safety threats are
00:26:40 actually appropriate. We must
00:26:41 identify how they can be
00:26:46 approved and while it was
00:26:47 reassuring to hear that the fbi
00:26:47 was monitoring last week's
00:26:48 outage here in san francisco,
00:26:49 which coincided with others
00:26:51 across the country and that no
00:26:55 criminal cause was suspected,
00:26:55 it also underscores the
00:26:56 frightening truth that our
00:26:59 power grid is a potential
00:27:00 target. Our security and
00:27:04 mitigation strategy must be
00:27:05 finely honed in event of
00:27:06 disruption. Needless to say,
00:27:09 without power population is
00:27:09 vulnerable and public safety
00:27:15 could be in jeopardy. We've got
00:27:16 to easy this time but next time
00:27:17 in mikey another story and we
00:27:17 must do all we can to be
00:27:22 proactive and be prepared.
00:27:23 Mdm. Clerk, without it is now
00:27:30 past 2:30 pm. We have three
00:27:31 2:30 pm special commendations.
00:27:32 So at this time I would like to
00:27:34 recognize the supervisor peskin
00:27:35 to give the first accommodation
00:27:37 of the day.
00:27:38>> thank you President Breed
00:27:41 could all be as quick as
00:27:41 possible so all of the officers
00:27:42 of the central station can go
00:27:49 back out and keep district 3
00:27:49 and central station safe. Today
00:27:50 I have the pleasure of
00:27:53 honoring-yet again this seems
00:27:54 to happen every few months
00:27:58 because of the incredible work
00:27:59 of the officers of central
00:28:00 station-now under the guidance
00:28:01 of their new captain paul yep,
00:28:06 and I think you all read about
00:28:06 the sad saga of yet another

00:28:09 auto burglary this one from a
00:28:12 family that was visiting and as
00:28:16 you all read, the cremated
00:28:18 remains of a family member were
00:28:21 taken from that automobile
00:28:24 which was crushing to the
00:28:25 family on wednesday, April 12
00:28:28 at a proximally 5 pm on the 500
00:28:31 block of beech street, remember
00:28:32 to keep sf in your car. The
00:28:35 luggage was stolen. Along with
00:28:37 that velvet bag containing
00:28:40 those cremated remains. The
00:28:42 victims filed a police report
00:28:44 and met with officers who
00:28:45 immediately launched an
00:28:49 investigation and three days
00:28:49 later, plainclothes officers
00:28:50 from central working on a
00:28:53 broader auto burglary of avon
00:28:54 operation spotted a person and
00:28:57 were able to locate the intact
00:29:01 remains by questioning a person
00:29:05 shortly thereafter, centrals
00:29:07 investigation team led by
00:29:08 lieut. Valerie matthews
00:29:09 contacted the victims was able
00:29:09 to return those precious items
00:29:14 to the family. This success
00:29:15 story of course, occurs in the
00:29:16 broader more troubling context
00:29:18 of auto burglaries that I think
00:29:24 have become epidemic in all of
00:29:26 our neighborhoods. But even as
00:29:27 a perpetrators of these crimes
00:29:27 become more and more
00:29:28 sophisticated, central station
00:29:31 officers were able to make nine
00:29:31 separate arrests in incidents
00:29:34 leading up to and immediately
00:29:35 preceding the success story
00:29:38 that were highlighting today.
00:29:42 Incredible work by central
00:29:43 station officers. I'm informed
00:29:44 these types of cases are now
00:29:47 being assigned to a special
00:29:48 prosecutor in the das office
00:29:49 who specializes in prosecuting
00:29:51 auto burglaries in an effort to
00:29:52 ensure our criminal justice
00:29:53 system is taking these matters
00:29:54 seriously in the beginning to
00:29:57 the end of the process. So in
00:29:59 recognition of that good work,
00:30:01 we have deputy chief mike
00:30:06 redman here. The captain of
00:30:07 central station, sorry
00:30:11 supervisor fewer, that I was
00:30:13 able to steal your captain from
00:30:16 richmond station.. Paul yep,
00:30:20 and I would like to take this
00:30:22 moment to honor lieut. Valerie
00:30:27 matthews sgt. Steve spagnolo,
00:30:27 and officers wong,

00:30:30 christiansen, reyes, mcauley,
00:30:33 johnson, -- in randolph for the
00:30:34 work on the case and for your
00:30:37 ongoing efforts for all of
00:30:37 central stations on behalf of
00:30:41 all central stations officers
00:30:42 to effectively combat auto
00:30:45 burglaries and crime in our
00:30:46 neighborhood. Why don't you
00:30:47 come up, captain and say a few
00:30:49 words on behalf of your
00:30:50 officers thank you so much for
00:30:52 the work you do day in and day
00:31:01 out. [Applause].
00:31:03 >> thank you supervisor. And
00:31:04 supervisors. I really don't
00:31:07 have a lot to add to what the
00:31:10 supervisor said. He pretty much
00:31:13 said it all. But I do want to
00:31:13 thank the officers and lieut.
00:31:14 Matthews for their work day in
00:31:15 and day out. I would hate to be
00:31:19 an auto burglar in san
00:31:20 francisco knowing that you are
00:31:20 out there looking out for us.
00:31:22 Thank you so much. It's quite
00:31:42 an honor. Thank you. [Applause]
00:32:34>> chief redman, did you want
00:32:41 to say a few words as well?
00:32:42>> so supervisor peskin a thank
00:32:47 you very much. To be your lot
00:32:48 for central station so I
00:32:49 appreciate that but to all the
00:32:49 supervisors I know you give us
00:32:52 a lot of support while the
00:32:53 district station and is he the
00:32:54 one thing I can say about
00:33:02 central station is the work
00:33:03 ethic that they showed on this
00:33:03 case happens in many of the
00:33:04 cases that happen in central,
00:33:05 many of the cases that happens
00:33:05 throughout san francisco. I
00:33:06 remember on saturday getting
00:33:10 the pin notifying me that the
00:33:11 remains had been found. It's
00:33:12 one of those things in law
00:33:12 enforcement where you don't
00:33:14 think whatever happened would
00:33:20 have happened. Due to the
00:33:21 diligence of capt. Yap, lieut.
00:33:22 Matthews, and all the officers
00:33:22 back here, the sergeants and
00:33:24 officers, they were able to
00:33:28 come up with something that, I
00:33:29 don't know full seat again in
00:33:30 their careers but they really
00:33:31 put a lot of work into it and
00:33:35 I think made san francisco as a
00:33:36 whole look great and the police
00:33:36 department look like it so
00:33:39 thank you for recognizing them.
00:33:47 [Applause].
00:33:48>> thank you also much for your

00:33:53 service to the city and please,
00:33:54 join supervisor peskin outside
00:33:55 the rotunda for a photograph at
00:33:58 this time. Thank you.Okay.
00:34:00 Next, we have supervisor kim
00:34:02 with the next commendation for
00:34:04 the day.
00:34:05>> thank you President Breed. I
00:34:10 would like to bring up marcus
00:34:21 player. [Applause]. Thank you
00:34:28 Mr. Plater. You can come up to
00:34:29 the microphone. So marcus
00:34:30 plater joined our south of
00:34:30 market community not long ago
00:34:33 on January 3 of this year.
00:34:34 Beginning his job as a pitstop
00:34:39 monitor at victoria park. Our
00:34:41 only multiuse park in the south
00:34:43 of market. During my entire
00:34:49 time on the board of
00:34:50 supervisors despite newest
00:34:51 parks in san francisco, it was
00:34:52 one that we thought many
00:34:52 complaints about from our
00:34:53 President, families and betsy
00:34:57 carmichael elementary school is
00:34:58 not being a park that people
00:34:58 felt safe to come to. Despite
00:35:00 the beautiful new playgrounds
00:35:04 and baseball field,, and over
00:35:06 the course of six years we
00:35:07 spent a lot of time activating
00:35:11 the park, developing a fence
00:35:13 and jean friend rec center, of
00:35:14 organizing movie nights and
00:35:24 bind screens and projectors and
00:35:25 yet, still we continue to get
00:35:26 complaints both from the school
00:35:26 and small businesses and
00:35:27 residents that they still do
00:35:28 not feel comfortable using this
00:35:28 park at all times. I want to
00:35:30 recognize and thank also public
00:35:32 works department for working
00:35:37 with our office to initiate
00:35:37 some things we all call the
00:35:38 pitstop program where in the
00:35:39 tenderloin we begin to have
00:35:42 monitored bath public restroom
00:35:45 during the day that allowed
00:35:45 residents, folks that don't
00:35:49 have a home, to have a place to
00:35:50 go with dignity and respect.
00:35:56 Also be able to deposit syringe
00:35:56 needles, dog poop, amongst
00:35:57 other things. This program was
00:36:00 a huge success but it still
00:36:02 took us some time to bring this
00:36:02 to victoria park. We were
00:36:04 finally able to win that at the
00:36:06 beginning of this year. But
00:36:09 what makes our pitstop work is
00:36:12 the staffing and the people
00:36:13 that monitor our pitstop

00:36:16 program. Very rarely but it
00:36:24 does happen, does one individual
00:36:24 have such a tremendous impact
00:36:25 on a neighborhood and community
00:36:26 in such a short period of time,
00:36:27 and that is marcus plater.
00:36:29 Marcus, I just want to thank you
00:36:29 . Within a week of you being
00:36:32 there our office was fielding
00:36:34 all these positive phone calls.
00:36:35 Which we don't always get so,
00:36:38 thank you. The people actually
00:36:41 took time out to thank us for
00:36:42 you being there. Not just for
00:36:43 the pitstop but particularly,
00:36:46 you because of your energy,
00:36:47 your enthusiasm, your deep
00:36:49 passion for the neighborhood
00:36:52 and community, her smile, how
00:36:53 you went out of the way to get
00:36:56 to know everyone betsy
00:36:57 carmichael elementary school
00:36:58 had actually stopped using the
00:37:00 park despite being across the
00:37:03 street and after you came along
00:37:03 all the classrooms started
00:37:07 using the playgrounds again. So
00:37:08 I just want to thank you so
00:37:10 much for your work. Helping to
00:37:12 make this really important park
00:37:15 safer. Also, wanted to mention
00:37:23 that a few weeks ago marcus
00:37:24 went above and beyond his
00:37:25 duties when he noticed an
00:37:25 individual that did not look
00:37:26 well and was unresponsive to
00:37:27 you before she entered the
00:37:30 restroom. After she did, you
00:37:30 took quick action and you
00:37:31 discover that she had actually
00:37:32 overdosed in the bathroom you
00:37:36 quickly called 911 and stayed
00:37:37 with her until medical aid
00:37:38 arrived and because of you she
00:37:58 is alive today. [Applause].
00:37:59 Marcus on top of all that you
00:38:00 volunteered st. Ann's music
00:38:00 live. I don't know how you do
00:38:01 this all but thank you for on
00:38:02 top your job on the south of
00:38:04 market volunteering in the
00:38:07 tenderloin, helping to feed the
00:38:08 needy. We also want to
00:38:09 recognize you not just for your
00:38:10 exemplary work saving a life,
00:38:11 which is amazing not very many
00:38:14 of us in this room can say
00:38:15 that, but we also know you had
00:38:19 to depart unexpectedly due to a
00:38:20 family emergency. It's an
00:38:21 immense loss for us but before
00:38:22 that I want to make sure you
00:38:24 had a moment to get recognized.
00:38:37 Thank you so much. [Applause].

00:38:38>> thank you. It's a pleasure.
00:38:39 I could've stayed I would have
00:38:40 stayed. I love the community. I
00:38:42 just gave it my all. I was
00:38:44 raised up to do the right thing
00:38:48 and that's all it takes
00:38:50 sometimes I'm glad to help that
00:38:51 community and if I can do it
00:38:55 again I would. Thank you kemal.
00:38:56 Thank you, supervisors and
00:39:00 especially to the community.
00:39:01 All the help I had out there in
00:39:02 doing that transformation of
00:39:04 the park, which was a
00:39:08 collaborative effort me in the
00:39:10 community and a bunch of other
00:39:11 people so I'm very grateful and
00:39:18 thank you kemal. [Applause].
00:39:21 >> we hope you come back am so
00:39:23 sorry I also forgot to relieve
00:39:25 knowledge and thank family
00:39:27 services which ministers this
00:39:28 program with our public works
00:39:35 and of course recreation and
00:39:36 park for this incredibly
00:39:36 successful and for bringing
00:39:37 marcus to us and hopefully
00:39:41 you'll be coming back.
00:39:59 [Applause].
00:40:14 >> congratulations again,
00:40:15 marcus, and thank you for your
00:40:21 service. Thank you, to Ms.
00:40:23 Miller and two hunters point
00:40:26 family. Thank you. With that,
00:40:29 we will do our last
00:40:32 commendation for the evening,
00:40:35 or the afternoon. Supervisor yee
00:40:40 >> thank you President Breed.
00:40:42 this week as many of you know,
00:40:43 marks the celebration of the
00:40:46 week of the young child 2017
00:40:49 this is an annual recognition
00:40:51 of early learning, young
00:40:57 children. Their teachers and
00:40:57 families. In honor of the week
00:40:58 of the young child I'm
00:41:01 recognizing an individual with
00:41:02 over 30 years six brains in the
00:41:03 early learning care and
00:41:06 education field as a classroom
00:41:07 teacher, a program
00:41:10 administrator, advocate, and a
00:41:12 public policy analyst. On
00:41:14 issues impacting young children
00:41:20 and their families. Graham
00:41:21 dobson, please, come on up.
00:41:28 [Applause]. Many of you know
00:41:29 graham through his advocacy work
00:41:36 . He is from his six years of
00:41:37 eight as a coordinator of the
00:41:37 child care planning and
00:41:40 advisory council known as cpap.
00:41:41 Were, in his current role as a
00:41:42 senior administrative analyst

00:41:49 at the office of [Inaudible].
00:41:50 After working for six years as
00:41:51 a nursery and elementary school
00:41:55 teacher in london, of all
00:41:56 places, graham relocated to san
00:42:00 francisco in 1990. Where he
00:42:01 worked at the tenderloin
00:42:04 childcare center now known as
00:42:06 the compass children's center.
00:42:09 For 13 years graham worked as a
00:42:12 teacher, assistant director,
00:42:13 program director, and finally
00:42:17 as a compass administrative
00:42:19 coordinator. While there, the
00:42:21 program was doubled in size and
00:42:22 one of the programs he launched
00:42:27 as at compass, was an extended
00:42:28 -was extended hours for working
00:42:30 families and parents attending
00:42:33 school. Graham is someone who
00:42:34 commitment and quality of work
00:42:36 is so dependable and consistent
00:42:40 that he is often-he often goes
00:42:42 unrecognized. Graham is always
00:42:43 clear and thoughtful in his
00:42:46 responses and his consistency
00:42:52 and his consistency
00:42:53 -consistently calm demeanor and
00:42:54 ability to build relationship
00:42:58 and trust makes more of an
00:42:59 impact than he realizes. Today
00:42:59 I am honoring graham for his
00:43:02 work on the san francisco
00:43:04 individualized county subsidize
00:43:07 plan better known as the
00:43:08 sf-pilot. Let me give you a
00:43:09 little background on this
00:43:12 because it's really hard to
00:43:14 understand what impact this has.
00:43:18 This is a state program that
00:43:21 provides funding for, actually,
00:43:23 the majority of children that
00:43:26 are low income are being served
00:43:27 by the state funding in
00:43:35 preschool. And some infants and
00:43:36 toddlers. For years, even when
00:43:36 I was in the field, and that
00:43:39 was a long time ago about 35-40
00:43:41 years ago, we were fighting for
00:43:42 things that never happened.
00:43:45 Which is that the reimbursement
00:43:49 rate, the rate that the
00:43:50 organizations get funding for
00:43:55 is the same regardless for
00:44:01 organizations in plumes county
00:44:03 or something in the mountain
00:44:04 were in san francisco. Meaning
00:44:08 that it doesn't go too far and
00:44:11 people struggle and the
00:44:12 organizations they get these
00:44:14 contracts are really unstable
00:44:18 because of the lack of funding.
00:44:24 So for a few years graham led
00:44:25 the way, the charge, with other

00:44:25 people of course, but really it
00:44:27 was graham's effort. Through
00:44:35 this pilot program, where san
00:44:36 francisco actually had a
00:44:37 different reimbursement rate.
00:44:37 It's a little higher. Still not
00:44:38 enough but it's a little
00:44:39 higher. So that was a pilot. He
00:44:40 was just moving along and
00:44:42 nothing happens. Would even
00:44:43 think any year now is can go
00:44:46 back to where it was and people
00:44:47 are going to struggle. No.
00:44:48 Instead of something else
00:44:54 happened. Not only was this
00:44:56 group with graham leading it,
00:45:02 able to get the state to make
00:45:02 this more of a permanent
00:45:03 programmer for reimbursement
00:45:05 rate, something else happened.
00:45:06 In these programs, children
00:45:13 need to be, re-enrolled every
00:45:15 year and it really makes an
00:45:17 unstable for these families
00:45:19 that are dependent on the
00:45:24 service for the children so
00:45:25 that they can go to school,
00:45:26 where they can go to work.
00:45:26 These are low income
00:45:29 individuals. Something a lot of
00:45:34 times in san francisco changes
00:45:35 to situation, so it makes it
00:45:36 very difficult for them every
00:45:38 year to figure out okay, is my
00:45:39 child can be qualified to be in
00:45:42 this program. What happened,
00:45:43 what I saw, in my programs and
00:45:43 many other programs was that
00:45:46 the same children who can
00:45:49 really benefit from the quality
00:45:53 child development program May
00:45:59 lose disability to continue
00:45:59 with these programs because
00:46:00 some changes the family
00:46:03 situation. Well, now, this less
00:46:04 worry about that because it's
00:46:09 not an annual recertification
00:46:10 but it's a 24 month
00:46:11 recertification process.
00:46:14 Meaning, by that time hopefully
00:46:16 the child will be incurring a
00:46:17 garden. So, this is a big deal
00:46:20 for the stabilization of the
00:46:23 family. A big deal for the
00:46:25 stabilization of the programs.
00:46:30 In a big deal for what kids can
00:46:30 learn from these program.
00:46:32 Graham, you are the greatest.
00:46:39 So I want to say as a city we
00:46:39 will be able to ensure the
00:46:40 stable enrollment because of
00:46:41 you. The impact of these
00:46:42 changes are far-reaching for
00:46:46 cities lowest income families.

00:46:46 Although the recent approved
00:46:49 changes in the pilot program
00:46:50 was a community and group
00:46:53 effort, including advocacy by
00:46:55 c-pack the office of early care
00:46:56 and education, including the
00:46:58 recently retired deputy
00:46:59 director michelle rutherford,
00:47:04 the san francisco title v srr
00:47:06 initiative, but when I asked
00:47:08 everybody, well how was it
00:47:14 done? Every single person-I
00:47:15 won't name names-but every one
00:47:18 of them would name your name.
00:47:21 Graham dobson. It was you that
00:47:22 was the heart of all that
00:47:24 effort. Graham, just because of
00:47:26 your insight and experience we
00:47:29 really rely upon development
00:47:31 these recommendations based on
00:47:35 this ability that you, really,
00:47:36 your ability to analyze data,
00:47:38 regulations and legislation and
00:47:41 public policy and budget fiscal
00:47:43 impacts regarding early care
00:47:45 and education, having an impact
00:47:54 not only at the state level but
00:47:55 at my office works closely with
00:47:55 you and we depend on your
00:47:56 analysis for many of these
00:47:57 things we try to do. So, today
00:48:02 it is about you, graham. Your
00:48:03 work. You are impact. It has
00:48:05 been so unappreciated by people
00:48:12 outside of the field. You are
00:48:12 cheering section, of course
00:48:13 really appreciate you and I
00:48:16 really appreciate you.
00:48:17 [Applause]. I would make sure
00:48:18 everybody appreciates you,
00:48:19 graham. You have the floor.
00:48:28 Thank you very much. [Applause]
00:48:28>> thank you supervisor
00:48:29 trainee. Thank you supervisors.
00:48:30 The great honor. I really
00:48:32 appreciate it. But as a former
00:48:33 classroom teacher and a former
00:48:35 director of a subsidize program
00:48:37 in the tenderloin for many years
00:48:40 I realized that that work we do
00:48:50 it only makes a difference in
00:48:51 terms of what's going on in the
00:48:52 classrooms and going on in
00:48:52 these programs. It's those
00:48:53 teachers and those directors
00:48:54 who are doing the day-to-day
00:48:54 work in implementing these
00:48:55 policy that make all the
00:48:56 difference in the children's
00:48:56 and families lives. So I think
00:48:57 this shows goes as much to them
00:48:59 as much to them. It would be a
00:49:05 pilot if it they weren't doing
00:49:06 the work with the children and

00:49:06 families. I really appreciate
00:49:09 being honored today. Very
00:49:11 humbled by. Tank you very much,
00:49:29 supervisors. [Applause]
00:50:20>> congratulations, again, and
00:50:21 thank you for your service.
00:50:24 [Applause] Okay mdm. Clerk will
00:50:25 go back to our agenda. We were
00:50:30 at roll call for introduction.
00:50:31 >> mdm. Pres.'s been seen know
00:50:32 their names on the roster that
00:50:33 concludes the introduction of
00:50:35 new business
00:50:36 >> okay. Please, read public
00:50:36 comment
00:50:37>> at this time the public May
00:50:42 address the board for up to two
00:50:43 minutes on items within the
00:50:44 subject matter jurisdiction of
00:50:45 the board to include the March
00:50:45 14 the board for up to two
00:50:46 minutes on items within the
00:50:47 subject matter jurisdiction of
00:50:47 the board to include the March
00:50:48 14, 2017 minutes and items
00:50:49 without reference to committee
00:50:50 calendar. Public comment is not
00:50:51 allowed when an item has been
00:50:52 previewed previously subje
00:51:00 comment at a board committee.
00:51:01 Speakers using translation
00:51:01 assistance will be allowed
00:51:02 twice the amount of time to
00:51:03 testify and if you would like
00:51:04 to display a document on the
00:51:09 overhead projector please,
00:51:10 clearly states arch to sfgov tv
00:51:11 and remove the document when
00:51:11 you like to the screen to
00:51:12 return to live coverage of the
00:51:12 meeting.
00:51:15>> thank you per speaker, please
00:51:17 >> I have a document I want to
00:51:17 play.
00:51:19>> sfgov tv, please.
00:51:26>> Mr. Johnson you want us to
00:51:26 take another speaker and then
00:51:27 give you time to set up so it
00:51:30 doesn't cut into your time?
00:51:30 [Inaudible / off mic] It's
00:51:34 ready to go? Okay.
00:51:35>> possibly the most important
00:51:38 of all human upheavals, the
00:51:41 digital upheaval, more than a
00:51:42 mere revolution this upheaval
00:51:43 has transformed more and less
00:51:45 times than anything or anybody
00:51:48 in history. Perhaps combined.
00:51:49 The transformations are greater
00:51:59 than ever. It has started to
00:52:00 transform the world of
00:52:00 commerce, finance, and value
00:52:01 the way we could not imagine
00:52:02 just five years ago. Through

00:52:03 the technology known as block
00:52:03 were dlt for distributive
00:52:04 ledger technology and its
00:52:05 derivative crypto currencies
00:52:08 the digital upheaval marches on
00:52:10 relentlessly. This video is
00:52:11 about a digital marketplace and
00:52:14 its digital currency that is at
00:52:15 the vanguard of this new epic
00:52:18 of evil in these worlds.
00:52:21 Introducing [Inaudible] And
00:52:22 vicki the beginning of the
00:52:22 fastest transformation of
00:52:24 global commerce ever. First,
00:52:29 some quick background. New
00:52:30 digital or crypto currencies
00:52:30 are being created to compete
00:52:38 against old-style or fiat
00:52:39 currency could control by
00:52:39 central banks in each country
00:52:40 or region. We know what that
00:52:41 means. We, you and I, are not
00:52:42 in control of our money. The
00:52:43 banks and third parties are.
00:52:44 The control over our lives
00:52:44 doesn't end with banks. Our
00:52:51 ability to transact or trade
00:52:52 with one another around the
00:52:53 world is controlled by a myriad
00:52:53 of third parties that intervene
00:52:54 in our financial and commercial
00:52:57 decisions at their whim.
00:53:00>> okay. I'm going to send the
00:53:01 supervisors a complete copy so
00:53:03 they can see it. I would like
00:53:05 to give everybody this
00:53:07 information. It is something I
00:53:10 really feel the city, each
00:53:11 supervisor, should be involved
00:53:15 with. It can raise money for
00:53:22 each community project and you
00:53:23 could really do a whole lot so
00:53:23 I want you guys to really take
00:53:26 a look at the videos I send you
00:53:28 a complete copy of them. It's
00:53:29 what is coming to is the way
00:53:31 monies going to be spent, so
00:53:35 the city can really use it
00:53:35 because we've got a lot of
00:53:52 things that need fixing. Later.
00:53:53>> did I just have two minutes
00:53:55 or was I
00:53:57>> that concludes your common,
00:53:58 sir.
00:54:02>> thank you next speaker,
00:54:06 please.
00:54:10>> okay. David said what have
00:54:12 I not done? Is there not a
00:54:13 cause and he turned from him
00:54:18 toward [Inaudible] And spoke
00:54:19 after the same manner and the
00:54:19 people answered him again after
00:54:20 the former manner. When the
00:54:24 words were heard which david

00:54:25 spoke they rehearse them before
00:54:28 saul, and he sent for him and
00:54:28 you probably know the story of
00:54:34 david and goliath. But it is
00:54:34 interesting because thousand
00:54:35 years later the lord jesus
00:54:36 showed up and he was traced his
00:54:38 lineage directly from david to
00:54:41 the virgin mary and also through
00:54:42 joseph. Both were
00:54:44 direct-directly connected with
00:54:47 king david. Even the blind men
00:54:50 as he passed by said, jesus,
00:54:52 son of david, have mercy on us.
00:54:54 Everybody knew the lineage was
00:54:55 there but very few knew if any
00:55:02 -they must been to the busy
00:55:02 fishing or planting crops to
00:55:03 study daniel nye but he gave
00:55:04 the precise year when all this
00:55:07 would take place. He ride the
00:55:08 donkey into jerusalem he would
00:55:09 get crucified and resurrected
00:55:11 on a particular year. So he
00:55:12 said the hour has come that the
00:55:15 son of man should be glorified.
00:55:19 Verily verily, I say to you
00:55:20 except a corn of wheat fall
00:55:21 into the ground and I can it
00:55:23 abides alone but if it dies it
00:55:29 brings forth much fruit. He
00:55:30 that loves his life shall lose
00:55:31 it and he that hates his life
00:55:31 in this world shall keep it in
00:55:33 the life eternal. If any man
00:55:36 serves me let him follow me.
00:55:37 Where I am, there shall also be
00:55:38 my servant be. If any man
00:55:39 serves me him will my father
00:55:43 honor. Now as my soul troubled
00:55:46 and what shall I say, father?
00:55:46 Father, save me for this hour
00:55:49 but for this cause, came I on
00:55:55 to this hour. Father, glorify
00:55:56 thy name. He came to die for
00:55:57 sinners and people say, well
00:55:58 david one but jesus lost. Wait
00:56:01 a minute. Three days later the
00:56:02 word jesus raised. He said I am
00:56:04 the resurrection and the lights.
00:56:09 He that believes in me though
00:56:09 he were dead he should live and
00:56:12 he that lives and believes in
00:56:13 me will never die.
00:56:13 >> thank you. Next speaker,
00:56:14 please.
00:56:18>> good afternoon. The true
00:56:22 principle of management will be
00:56:24 the perfecting of knowledge, of
00:56:25 ultimate principles. Television
00:56:28 her personal life [Inaudible]
00:56:30 Maintaining love and mercy. All
00:56:33 this rest upon the world the
00:56:36 true principle to be

00:56:36 [Inaudible] For the extension
00:56:39 of true knowledge. Having
00:56:41 sensitivity and will of
00:56:42 thoughts to maintain
00:56:45 [Inaudible] Engaging one's
00:56:48 personal life [Inaudible]
00:56:50 Managing a relationship and
00:56:52 making [Inaudible] One should
00:56:55 intend to manifest one's
00:56:58 character for laughing at the
00:56:59 people and retain a high state
00:57:04 of virtue. Both internal
00:57:04 nurturing personal self mixture
00:57:06 is called manifesting one
00:57:08 spirit character and the
00:57:12 external word of expanding one's
00:57:13 in the natural origin of
00:57:15 [Inaudible] Incapacity is called
00:57:17 managing people. It seems
00:57:20 ancient each person can perfect
00:57:24 one's personal characterization
00:57:24 [Inaudible] Pipeline true
00:57:25 principle and supreme virtue
00:57:29 for eternal destiny of the holy
00:57:30 peace. Which rises from the joy
00:57:35 of having in knowing one's
00:57:35 destiny and perfecting of
00:57:37 knowledge of ultimate principal
00:57:39 to maximize the capacity of
00:57:41 one's nature. So having self
00:57:42 loving compassion which will
00:57:44 extend onto loving of the
00:57:47 people. What would manage the
00:57:49 people with great love and
00:57:52 mercy for the coming
00:57:53 [Inaudible] In terms of civil
00:57:54 justice and social prosperity
00:57:56 for a strong and wealthy
00:57:57 nation. Spain
00:58:00 >> thank you next speaker,
00:58:03 please.
00:58:03>> good afternoon supervisors.
00:58:07 Members of the public. Lewis
00:58:09 dylan here for the center, for
00:58:11 the preservation of urban
00:58:15 justice. It was great to see
00:58:16 the President Of the board of
00:58:19 supervisors this weekend at the
00:58:21 dog park. She was amazing. The
00:58:24 dogs were amazing. All the
00:58:27 different breeds that were there
00:58:29 including london breed.
00:58:32 [Laughing] Anyway, I was going
00:58:37 to say the city has gone to the
00:58:38 dogs, but it really hasn't gone
00:58:40 to the dogs. It's really gone to
00:58:41 the gangster lawyers at that
00:58:44 of taken over city hall and the
00:58:51 corruption, henceforth. Special
00:58:55 interests, pay to play
00:58:56 politics, basically pimping out
00:59:00 the city has been the modus
00:59:03 operandi for the past 8-10
00:59:06 years. It has completely

00:59:07 changed the landscape of the
00:59:10 city and just like the voters
00:59:17 in the special grand jury civil
00:59:18 grand jury, came to an
00:59:19 agreement that we have to do
00:59:22 something about it, and as a
00:59:23 small business owner in the
00:59:27 city, nothing could be better
00:59:31 than to hear that good news
00:59:33 coming down the pipeline. I
00:59:34 really think san francisco can
00:59:36 do a lot better. He used to be
00:59:40 a world-class city. Now, it is
00:59:44 a tragedy as far as tourists
00:59:45 getting their personal
00:59:47 belongings stolen when they
00:59:51 come into the city. The numbers
00:59:52 are absolutely astounding. More
00:59:53 than chicago and detroit
00:59:55 combined. One in five tourists
00:59:59 complaining about some sort of
01:00:00 negative interaction when they
01:00:02 come to visit the city. And
01:00:05 tourism has been our backbone
01:00:06 for decades. Thank you.
01:00:09 >> thank you very much. Next
01:00:16 speaker, please.
01:00:16 >> yesterday I was listening
01:00:19 to the san francisco ethics
01:00:22 commission and I'm bringing to
01:00:24 the attention of the
01:00:27 supervisors that advocates,
01:00:28 those that attend the san
01:00:33 francisco sunshine task force,
01:00:36 and the ethics commission, we
01:00:40 need to be included in the
01:00:41 deliberations before any
01:00:45 proposition is put, which deals
01:00:49 with campaign financing, which
01:00:51 involves some of you
01:00:54 supervisors. You have done
01:00:56 nefarious activities. And room
01:00:59 200, which is occupied by the
01:01:03 mayor edwin lee. So, as a
01:01:06 previous speaker spoke, we are
01:01:09 being very tolerant, but we are
01:01:14 also aware of how pressure is
01:01:16 exerted to remove people from
01:01:18 commissions and insert other
01:01:22 people in, in a very very
01:01:24 dubious manner. This is not san
01:01:29 francisco this is not our how
01:01:30 san franciscans do it and this
01:01:31 is not san francisco. Anyway,
01:01:34 some of our advocates like to
01:01:36 come here. Some three weeks ago
01:01:38 when we came some of our of us
01:01:41 that we used some words that we
01:01:45 don't want to use, but when a
01:01:48 poet uses the letter
01:01:50 foxtrot-word that brings home a
01:01:55 message. About the utter
01:01:56 corruption that is in the city.
01:01:57 I'm not blaming all of you. I

01:01:58 know some of you are okay. I
01:02:03 know you personally. But, you
01:02:06 know, corruption robs and you
01:02:07 can see when the supervisors is
01:02:10 missing in action while the
01:02:10 deliberations are going on some
01:02:14 supervisors are having sidebar
01:02:19 conversations. That was not
01:02:19 what san francisco used to be.
01:02:20 Thank you very much.
01:02:21 >> thank you. Next speaker,
01:02:26 please.
01:02:27 >> my name is alan benjamin
01:02:28 I'm with the san francisco
01:02:29 labor council. I have worked
01:02:34 very proudly with the janitors
01:02:37 union, local 87 of seiu. I'm
01:02:41 here to commend the board
01:02:42 particularly the board members
01:02:44 with whom I've worked in the
01:02:46 past in defense of immigrant
01:02:54 rights. Hillary ronen. Safai,
01:02:55 peskin. For the resolution that
01:02:58 you will be discussing,
01:03:00 resolution 24, on the issue of
01:03:04 mayday. We hope very much hope,
01:03:07 this will be adopted that you
01:03:09 all will join us in the streets
01:03:14 on monday, May 1, to send a
01:03:17 clear signal that san francisco
01:03:19 is going to remain a sanctuary
01:03:20 city, to send a signal that we
01:03:22 are going to continue to set
01:03:25 the standard nationally for
01:03:26 what it means to defend our
01:03:28 immigrant sisters and brothers
01:03:32 against the racist attacks we
01:03:33 know that we are targeted and
01:03:35 we will continue to be targeted
01:03:37 by the trump administration.
01:03:38 Unfortunately tragic mistakes
01:03:45 made by an individual were used
01:03:45 . Hopefully they will not
01:03:47 happen again, but one never
01:03:52 knows. To damage and to hurt
01:03:59 the city and to criminalize
01:04:00 were attempted to criminalize
01:04:01 all of us. So I want to urge
01:04:01 you to support resolution 24
01:04:02 and thank you and hope to see
01:04:07 all of you with us in the
01:04:08 streets on May 1. Thanks.
01:04:09 >> thank you very much. Next
01:04:24 speaker, please.
01:04:30 >> tom-bravo to new eviction.
01:04:34 Reprimands it's a start. Bravo,
01:04:42 for investigating sites,
01:04:46 injection sites. Bravo,
01:04:47 single-payer statewide bravo,
01:04:53 mothers and milk. We don't
01:04:55 really want reforms. We want
01:05:00 closer to what london breed,
01:05:07 pres. Breed said about me and
01:05:07 visions. We envisioning our

01:05:08 society. We need new vision.
01:05:09 Hopefully, part of that vision
01:05:10 is closer to the reality of
01:05:13 what's on the street and what
01:05:20 is happening to us right after
01:05:21 we need to address those items
01:05:22 should we come to city hall
01:05:23 here, and its goal fight city
01:05:24 hall. That's the cliché
01:05:26 .
01:05:26 Government is there but what
01:05:30 happens if we work-us was a
01:05:32 cooperative and if everybody
01:05:33 that registered to vote was a
01:05:35 member of this cooperative.
01:05:39 Would we make housing policy
01:05:41 that 88% of the people that
01:05:43 were part of this cooperative
01:05:48 could not afford? That's how
01:05:49 high was a one time, but we've
01:05:51 evicted enough people and knew
01:05:52 that your folks have moved in,
01:05:58 so that limit has lowered now.
01:06:02 We need a better vision. I want
01:06:04 to-I could go on, but I want to
01:06:07 add that 15 years ago martin
01:06:09 luther king had 49 weeks left
01:06:12 to live. Robert kennedy was
01:06:14 getting close to his last year
01:06:16 in life. This will be a good
01:06:17 time to go and check on your
01:06:19 computer, what was happening
01:06:21 for a week at a time, 50 years
01:06:24 ago in 1967 or 68. It would be
01:06:31 a good history lesson for the
01:06:32 next couple of weeks. Thank you.
01:06:33>> thank you any other members
01:06:33 of the public would like to
01:06:34 provide public comment at this
01:06:35 time? Seeing none, public
01:06:36 comment is closed
01:06:37 >> [Gavel]
01:06:38 >> mdm. Clerk please read the
01:06:40 adoption without reference to
01:06:41 committee.
01:06:45 >> items 21 through 25 are
01:06:46 being considered for adoption
01:06:48 without committee reference. A
01:06:52 single roll call they enact
01:06:54 these items. If a matter
01:06:55>> roll call vote
01:07:07 >> items 21 through 25, cohen
01:07:07>> items 21 through 25
01:07:08>> adoption without reference
01:07:08 to committee
01:07:13>> I like to sever item 22.
01:07:14 Mme. Clerk, are we able to do
01:07:16 that?
01:07:18>> yes. So on items 21 to
01:07:22 25-22, supervisor cohen aye
01:07:29 farrell aye, fewer aye, kim aye
01:07:33 peskin aye, ronon aye, safai
01:07:41 aye, sheehy aye, tang aye, yee
01:07:47 aye. Breed aye. There are 1121

01:07:47>> so those items are adopted
01:07:48 unanimously
01:07:48 >> [Gavel]
01:07:53 >> mme. Clerk, we need to go
01:07:53 -is past 3 pm and will go to
01:07:58 our 3 pm appeal. Colleagues, we
01:08:03 have before us an appeal that
01:08:03 to determination exemption for
01:08:04 environmental review for 958
01:08:23 avenue in district 9.
01:08:24 Mme.
01:08:24 Clerk, please call items 13
01:08:25 through 16
01:08:25>> items 13-16 are the public
01:08:26 hearing of persons interested
01:08:27 in the determination of
01:08:27 exemption from environmental
01:08:28 review under the california
01:08:29 environment of quality act.
01:08:29 Issued as a categorical
01:08:30 exemption by the planning
01:08:31 department on March 28 mme.
01:08:31 Clerk, please call items 13
01:08:32 through 16
01:08:32>> items 13-16 are the public
01:08:33 hearing of persons interested
01:08:34 in the determination of
01:08:34 exemption from environmental
01:08:35 review under the california
01:08:36 environment of quality act.
01:08:36 Issued as a categorical
01:08:37 exemption by the planning
01:08:38 department on March 28, 2016
01:08:38 for proposed project located
01:08:39 at 953 treat ave. To demolish
01:08:40 the existing one story single
01:08:41 family resident to construct
01:08:41 two new four-story 40 foot tall
01:08:44 residential buildings with
01:08:44 three dwelling units for a
01:08:45 total of six billing units on
01:08:46 the project site. Item 14 is a
01:08:46 motion to affirm the planning
01:08:47 departments determination. That
01:08:48 this project is categorically
01:08:53 exempt from further environment
01:08:53 so item 15 is a motion to
01:08:54 conditionally reversed that
01:08:56 determination and spacing item
01:08:59 16 is to direct the preparation
01:08:59 of finest.
01:09:00>> thank you. Colleagues, but
01:09:02 his hearing will be considering
01:09:10 the adequacy, accuracy,
01:09:11 proficiency and completeness of
01:09:12 the planning determines and
01:09:12 parental review determination
01:09:13 for the proposed project at 953
01:09:14 treat ave. Without objection,
01:09:21 we will proceed as follows. Up
01:09:22 to 10 minutes for presentation
01:09:22 by the appellant where the
01:09:23 appellant represented. Up to
01:09:24 two minutes for speaker in

01:09:25 support of the appeal up to 10
01:09:26 minutes for presentation from
01:09:33 the planning department. Up to
01:09:34 10 minutes for the project
01:09:34 sponsor or their
01:09:35 representative. Up to two
01:09:35 minutes per speaker in
01:09:38 opposition to the appeal.
01:09:38 Finally, up to three minutes
01:09:39 for a rebuttal by the appellant
01:09:42 or the appellant presenters.
01:09:43 Colleagues, are there any
01:09:44 objections in proceeding this
01:09:47 way? Seeing none, supervisor
01:09:49 ronon, do you have any remarks?
01:09:52 Seeing none, with that we will
01:09:55 ask the appellant, or the
01:09:56 appellant represented to come
01:09:58 forward. You have 10 minutes.
01:10:04 >> thank you. We will be using
01:10:06 the overhead.
01:10:13 >> sfgov tv, please.
01:10:14>> good afternoon supervisor.
01:10:14 My name is catherine petra and
01:10:17 I'm an architectural historian.
01:10:18 I practice in san francisco for
01:10:19 the last 17 years. Today I'm
01:10:20 bringing before you an appeal
01:10:23 of the categorical exemption of
01:10:24 953 treat ave. This is a pro
01:10:26 bono effort I'm speaking on
01:10:28 behalf of various neighbors and
01:10:32 individuals who share my opinion
01:10:33 and who also oppose the
01:10:34 demolition of this building
01:10:37 which was built in 1887, 130
01:10:38 years ago. We disagree with the
01:10:39 planning department findings
01:10:43 that it's not historic.
01:10:43 Starting with the good news,
01:10:46 this is a pretty simple story.
01:10:47 With just a few relevant points
01:10:52 in a very reasonable resolution.
01:10:53 This appeal is not an attempt
01:10:55 to stop developments. This
01:10:59 appeal is an opportunity for a
01:11:00 better project, one that would
01:11:04 satisfy multiple city goals by
01:11:05 building an amount of housing
01:11:08 equivalent to what is proposed,
01:11:09 and one that would respect the
01:11:19 city's preservation policies
01:11:19 and goals as a eastern
01:11:20 neighborhood plans and the
01:11:21 proposed latino cultural
01:11:21 district. As an aside, met with
01:11:22 the developer. He asked me to
01:11:23 withdraw this appeal. I said
01:11:24 that I would if he would retain
01:11:25 and incorporate the cottage
01:11:27 into his project and that so
01:11:31 far as we got. So, there are
01:11:31 three key points that I will
01:11:36 ask you to consider in the czar,

01:11:37 that 953 treat is a story
01:11:38 building. That there is a
01:11:40 feasible and viable preservation
01:11:45 alternative and that the city
01:11:46 past and current planning
01:11:47 effort in this area have been
01:11:48 undertaken to protect buildings
01:11:50 exactly like 953 treat that you
01:11:52 see on the screen in front of
01:11:56 you. For the next few minutes
01:11:59 as I make these points, please,
01:11:59 ask your self why should we
01:12:00 tear down this cottage which
01:12:02 provided housing for decades,
01:12:04 survived the 1906 earthquake,
01:12:10 has stood for 130 years and is
01:12:11 a very convincing contributor
01:12:12 to the historic character and
01:12:12 streetscape in this
01:12:13 neighborhood which is changing
01:12:19 fast. So first point is that
01:12:20 953 is a historic building that
01:12:21 was built in 1887 is a
01:12:22 architectural merits. It's a
01:12:23 good example of an italianate
01:12:29 cottage. It's a modest
01:12:30 small-scale worker housing
01:12:30 that's characteristic of this
01:12:31 part of the mission. The
01:12:32 cottage has integrity and
01:12:33 retains a large amount of
01:12:37 original material, even the
01:12:38 sponsors historic resource
01:12:39 evaluation does not dispute
01:12:43 this. It is rare. There are no
01:12:44 other types of cottages like
01:12:46 this in the area. It's
01:12:47 architectural ornament and
01:12:54 parapet it's the sod built
01:12:55 right to the property line, it
01:12:55 contributes to the visual
01:12:56 diversity and historic
01:12:57 character of the neighborhood
01:12:57 and streetscape. It is also
01:12:58 significant for its association
01:13:01 with john center my mission
01:13:03 district pioneer builder and
01:13:05 businessman all parties agree
01:13:06 about this. There is a point of
01:13:15 contention. Center did not
01:13:16 build and he did not live there
01:13:16 but his company owned it for 30
01:13:17 years and it's directly
01:13:18 relevant that he owned it
01:13:18 during the 1906 earthquake
01:13:20 because he constructed the
01:13:21 water system that saved this
01:13:22 building and hundreds of others
01:13:25 in the area at that time. These
01:13:25 events were documented in the
01:13:26 planning determines historic
01:13:27 context statement for the
01:13:30 mission district and in his
01:13:32 1906 article from right after

01:13:39 the earthquake. Also, 953 treat
01:13:39 is located within the
01:13:40 boundaries of the eastern
01:13:44 neighborhood mission area plan.
01:13:45 It is specifies that
01:13:47 maintaining the load to medium
01:13:47 residential character of the
01:13:50 area and 953 treat is located
01:13:53 at the blue dot on this map
01:13:56 right in the center of the
01:13:59 neighborhood. The mission area
01:14:01 plan also dedicates eight pages
01:14:07 to historic preservation
01:14:07 objectives and policy that
01:14:08 encourages the protection
01:14:09 preservation and reuse of
01:14:12 historic properties. He notes
01:14:13 that valuing historic character
01:14:14 can preserve economic diversity
01:14:17 by keeping affordable
01:14:20 rehabilitated older buildings.
01:14:21 953 treat is exactly the type
01:14:23 of building that all these
01:14:25 planning efforts were meant to
01:14:29 protect. The planning efforts
01:14:30 also include the 2010 s.
01:14:31 Mission historic resource survey
01:14:33 and other proposed latino
01:14:37 cultural district. The 953
01:14:37 treat was determined to be a
01:14:39 resource to the survey and was
01:14:47 assigned to status of three-c-s
01:14:48 meaning individually eligible
01:14:49 as a historic resource good at
01:14:50 that time, it also received a
01:14:51 code of a seven-and meaning and
01:14:52 required further research and
01:14:53 this screenshot from the
01:14:56 planning time and confirms of
01:14:57 those status codes. I know this
01:14:59 is a little bit difficult to
01:15:02 grasp. The status codes and
01:15:03 with a means, but basically in
01:15:06 survey building can be given
01:15:08 generally three evaluations.
01:15:10 A3, meaning it is historical.
01:15:14 A6, meaning it is not eligible
01:15:22 as a historic research, and a
01:15:24 seven meaning and needs more
01:15:24 research it did not receive a
01:15:25 second received a three and a
01:15:26 seven requiring further
01:15:26 research, and that research was
01:15:28 provided to you an owner with a
01:15:29 financial stake in the
01:15:30 demolition. Moving on, there's
01:15:32 a preservation alternative. 953
01:15:38 treat is a small residence. It
01:15:39 measures only 738 ft.2 24,000
01:15:40 square-foot lot. Because of the
01:15:44 amount of vacant and available
01:15:47 -develop, the proposed project
01:15:48 could easily be redesigned to
01:15:50 incorporate 953 treat and while

01:15:52 providing an equivalent amount
01:15:53 of housing. It's relevant to
01:15:55 note that an approved 2007
01:15:57 project to develop the lot
01:16:05 would have retained a
01:16:06 single-family dwelling for
01:16:07 letting pdr use in the form of
01:16:07 two new houses with four
01:16:09 residential units above. The
01:16:11 project was not built in 2008
01:16:12 was a tough time economically.
01:16:13 But this illustrates a feasible
01:16:16 and viable preservation
01:16:26 alternative exists. In
01:16:27 conclusion, we asked the board
01:16:28 to reverse the determination
01:16:29 that the proposed project at
01:16:29 953 treat is categorically
01:16:30 exempt from further
01:16:30 environmental review. You will
01:16:33 hear other reasons why the
01:16:34 building is not a resource, but
01:16:35 legally, this board has
01:16:39 discretion today to decide
01:16:40 whether the cottage is
01:16:40 demolished or not. We lose
01:16:41 buildings in san francisco that
01:16:45 add historic character every
01:16:46 week. Some people would say
01:16:48 every day. By granting this
01:16:53 appeal and affirming the
01:16:53 historic status of 953 treat
01:16:54 this board can assure the
01:16:55 planning department were
01:16:57 carefully considers the
01:16:59 historic status of the cities
01:17:02 resources and their merits
01:17:02 without irrelevant
01:17:03 consideration of project
01:17:05 applicant desires. I urge you
01:17:07 to grant that motion and happy
01:17:09 to answer any questions thank
01:17:14 you.
01:17:15>> thank you beck includes your
01:17:17 presentation?
01:17:18 >> that concludes my
01:17:19 presentation.
01:17:20 >> thank you. Now we will open
01:17:21 up, see no questions at this
01:17:24 time, we will open it up to
01:17:25 public comments or any member
01:17:27 of the-you have a question
01:17:30 supervisor sheehy?
01:17:37 >> sorry slow on the draw to.
01:17:38 Today. I was reading the packet
01:17:38 last night I'm concerned about
01:17:47 the process what got us here to
01:17:47 I went to asked the planning
01:17:48 firm and some questions.
01:17:49>> would you mind until we
01:17:49 wait until we get to the
01:17:50 planning determines
01:17:50 presentation? Thank you. With
01:17:52 that I will open it up to

01:17:52 public comments for those who
01:18:05 are in support of the appeal.
01:18:06 For those who are here in
01:18:07 support of the appeal, you will
01:18:07 have up to two minutes each. If
01:18:08 there's anyone who is
01:18:09 opposition of the appeal, there
01:18:09 will be an opportunity to speak
01:18:10 at a later time. For speaker,
01:18:16 please.
01:18:20>> good afternoon pres. Breed,
01:18:25 members of the board. I am f
01:18:25 joseph butler aii an architect
01:18:28 with a 30-year-old practice in
01:18:29 san francisco designing
01:18:32 restoring and evaluating
01:18:32 residential architecture. I
01:18:33 testified today in support of
01:18:43 the appeal and I agree with Ms.
01:18:43 -the 953 treat this and
01:18:44 historic resource for the
01:18:45 purposes of review under this
01:18:46 california bar mental quality
01:18:46 act. It is significant for its
01:18:47 association with events, the
01:18:49 1906 earthquake and fire and
01:18:50 for its association with john
01:18:50 sent me also known as the
01:18:53 father of the mission. 953
01:18:54 treat is a vernacular
01:18:55 interpretation of the
01:18:58 italianate style and maintains
01:19:00 sufficient integrity over 130
01:19:01 years still conveys its
01:19:02 significance. Locator on a
01:19:06 large lot 953 treat offers
01:19:07 unique opportunity to both
01:19:12 provide needed new housing will
01:19:13 retain in the cottage as a
01:19:13 tangible link to the history of
01:19:14 the mission district role in
01:19:19 san francisco's history. An
01:19:20 earlier design by kennerly
01:19:21 architecture which you saw
01:19:22 shows that the site could be
01:19:22 developed both as a
01:19:23 preservation project and his
01:19:24 new housing. If you would pay
01:19:26 attention to the overhead, like
01:19:31 2694 mcallister, on the corner
01:19:32 here, another vernacular
01:19:33 building from 1886, new
01:19:33 construction and preservation
01:19:35 simultaneously provided new
01:19:37 housing and maintained a piece
01:19:41 of our rich history. The
01:19:43 mcallister house as a
01:19:45 preservation easement held by
01:19:49 san francisco heritage and for
01:19:50 new renovated housing units
01:19:56 were placed on the site. To deny
01:19:56 953 treat as a historic
01:19:57 resource is to lose an
01:19:58 opportunity to move our city

01:19:58 forward while respecting its
01:19:59 past. I urge you to support the
01:20:02 appeal and reverse the
01:20:02 determination that the project
01:20:04 is categorically exempt. Thank
01:20:04 you.
01:20:06>> thank you very much.
01:20:07>> mdm. Pres.
01:20:14 >> supervisor peskin
01:20:15>> I would like to asked that
01:20:16 speaker a question. Mr. Butler,
01:20:17 as I recall you have submitted
01:20:18 testimony to this body in the
01:20:22 past. I just want to, for the
01:20:24 record remember-have you
01:20:27 confirm if my recollection is
01:20:27 correct, that you have
01:20:28 represented that your
01:20:29 background qualifies you
01:20:34 pursuant to the secretary of
01:20:35 interior standards to render
01:20:36 expert advice as to the
01:20:45 historic character of buildings
01:20:46 true, or not you?
01:20:47 >> in fact the planning to
01:20:47 garment of san francisco has
01:20:48 accepted my experience and
01:20:49 educational qualifications to
01:20:49 make evaluations of historic
01:20:51 buildings is defined by cega.
01:20:52 >> thank you Mr. Butler
01:20:55 >> so true. Thank you. Next
01:20:59 speaker, please.
01:21:00 >> hello. Mina Ms. Allen
01:21:03 martinez. I'm and also an
01:21:05 architect not quite as long as
01:21:10 job at 29 years. In business on
01:21:14 my own. I also served on the
01:21:15 [Inaudible] And historic
01:21:16 preservation commission for
01:21:18 four years. I just find it
01:21:21 really almost unbelievable that
01:21:23 130-year-old building would get
01:21:24 categorical exemption just on
01:21:28 the face of what I it means is
01:21:31 it doesn't need further and
01:21:32 bimetal review and I find that
01:21:37 really hard to understand. The
01:21:39 initial determination of the
01:21:40 planet barman that was
01:21:42 currently withdrawn under
01:21:43 unclear circumstances, was a
01:21:45 three cs which means appears
01:21:46 eligible for california
01:21:49 register as an individual
01:21:50 poverty to survey and it seems
01:21:51 to me the appropriate
01:21:52 evaluation. The one that it had
01:21:54 at some point. How that
01:21:57 disappeared, I don't know. We
01:22:00 don't know. To go back to the
01:22:06 mission area plan that took so
01:22:07 many-will basically close to a
01:22:13 decade to do, he does say, as

01:22:14 area changes and develops
01:22:14 historic features and
01:22:15 properties that define it
01:22:15 should not be lost or
01:22:16 diminished. This new
01:22:19 construction should be
01:22:20 [Inaudible] Missions historic
01:22:21 contract. This is the oldest
01:22:22 house in that area from looking
01:22:26 at the street. It would really
01:22:30 be sad if that piece of the
01:22:31 really old history disappeared
01:22:34 in that area. To me, it's kind
01:22:42 of an example could we publish
01:22:43 be looking at a residential pdr
01:22:44 program. It's worked so well in
01:22:45 commercial districts. It seems
01:22:45 to me this a perfect example
01:22:46 where a residential transfer to
01:22:48 vomit rights program might be
01:22:50 of use. Using the air rights
01:22:58 above the small cottage. Thanks.
01:22:59 >> Mr. Martinez
01:22:59>> supervisor tim peskin spews
01:23:00 can I asked the same question?
01:23:02 I assume as a historic
01:23:02 preservation commissioner for
01:23:05 four years, and as a member of
01:23:08 the predecessor body and giving
01:23:10 your 29 years of architectural
01:23:11 experience, that you're
01:23:16 qualified for by secretary of
01:23:17 interior standards bs and I did
01:23:18 hold that chair on the historic
01:23:21 preservation commission as a
01:23:22 historic preservation architect.
01:23:23>> thank you.
01:23:24 >> thank you. Next speaker,
01:23:42 please. Spell my name is luke
01:23:45 dishon. I just want to say I
01:23:48 working on neighborhood. I
01:23:49 just-I see that building almost
01:23:50 every day and to me it's worth
01:23:51 saving and restoring. It's a
01:23:53 building that should not be
01:23:59 demolished I can never get
01:23:59 back. If we demolish it we can
01:24:00 never get it back. It's one of
01:24:01 a few piece of property in san
01:24:02 francisco or make san francisco
01:24:06 feel unique and not homogenous.
01:24:07 We do not need to tear it down
01:24:08 and there's enough land on the
01:24:12 property where 80% is available
01:24:13 , more than 80% is available,
01:24:17 to be built for more units and
01:24:20 we can keep the cottage,
01:24:22 restore it and keep it as
01:24:23 affordable housing. That's all
01:24:24 I've got to say about that.
01:24:25 Thank you.
01:24:26>> thank you. Next speaker,
01:24:31 please.
01:24:32>> hello. My name is veronica

01:24:35 erickson and I was a tenant at
01:24:36 953 treat. When I would live
01:24:42 there it was very affordable and
01:24:43 this running was really nice.
01:24:45 I like the college cottage. I
01:24:46 oppose the demolition but I
01:24:48 think if we can come up with a
01:24:50 different way to have them
01:24:51 billed but keep the house, I
01:24:52 think that would be the best
01:24:58 route to go. Affordability we
01:24:58 live there and it was so
01:24:59 affordable and we were just
01:25:04 starting out, and so I do want
01:25:09 to appeal. I support the
01:25:10 appeal. I oppose the demolition
01:25:10 but if we can come up with a
01:25:11 good agreement I think I would
01:25:12 be the best for everybody.
01:25:13 That's it. Thanks.
01:25:14 >> thank you very much. Next
01:25:20 speaker, please.
01:25:21 >> hello. Pres. Breed and
01:25:22 members of the board of
01:25:22 supervisors. My name is
01:25:25 courtney kroeger. I'm a former
01:25:27 vice President Of the historic
01:25:28 preservation commission. I was
01:25:30 on the landmark board before
01:25:32 the pit historic preservation
01:25:34 for the city of san jose and a
01:25:39 longtime staff member in the
01:25:40 san francisco office of
01:25:41 national trust for historic
01:25:41 preservation. I'm here in
01:25:43 support of the appeal for 953
01:25:45 treats. I believe the bulk of
01:25:49 the evidence supporting the
01:25:49 claim that the building is
01:25:50 individually eligible for the
01:25:58 california register under
01:25:58 criteria one my and criteria to
01:25:58 for historical events and for
01:25:58 its association. With john
01:25:59 senter. I think you can make a
01:26:02 determination under the
01:26:05 secretary standards. It's not
01:26:05 my aim to stop the current
01:26:06 proposal, but rather to
01:26:11 encourage retention and reuse
01:26:12 of 953 in consideration of new
01:26:13 construction adjacent to it.
01:26:14 There's an opportunity here to
01:26:20 do both. 953 treat as we heard
01:26:21 is 130 years old. The solid
01:26:34 integrity that is-it's not been
01:26:35 subject to changes over time
01:26:35 that substantially alter this
01:26:38 character. It is intact and
01:26:38 it's an important link to the
01:26:39 history of the neighborhood and
01:26:39 the city. We are reminded on an
01:26:39 all too regular basis how much
01:26:40 we are losing of san

01:26:40 francisco's history and its
01:26:42 fabric. Here, we have a small
01:26:43 opportunity to retain it while
01:26:45 encouraging new construction as
01:26:49 well. 953 treat could continue
01:26:50 as a reminder of the area's
01:26:52 history as enrichment to the
01:26:56 streetscape and maybe even
01:26:57 enliven new housing
01:26:57 developments. I urge you to
01:26:58 grant the appeal. Thank you.
01:27:01 >> thank you.
01:27:02>> mdm. Pres. I got the last
01:27:07 beaker question?
01:27:08>> supervisor tim peskin
01:27:08>> relative to what you've
01:27:09 seen in this case that the
01:27:10 planning to permit initially
01:27:13 made a determination that it
01:27:14 was eligible and subsequently
01:27:15 found that it was ineligible in
01:27:16 your professional experience as
01:27:19 a preservation officer for the
01:27:20 city of san jose or near other
01:27:21 professional expands, can you
01:27:24 help us understand, once that
01:27:30 determination is made, how does
01:27:30 a get on made, short of the
01:27:32 house losing some of its
01:27:32 architectural integrity?
01:27:34>> I guess my answer to that
01:27:37 would be you look to a survey,
01:27:40 which the mission survey of 2010
01:27:44 provided for this area. As an
01:27:47 objective study of what other
01:27:49 resources and [Inaudible] So
01:27:50 going forward for the
01:27:57 development, you have objective
01:27:57 information about what is
01:27:58 historic and what is in
01:27:59 historic. So you can help
01:27:59 development occurred. I would
01:28:03 look to a survey that has an
01:28:05 objective basis like that 2010
01:28:06 survey first from our
01:28:09 determination of significance.
01:28:11>> thank you.
01:28:12 >> thank you supervisor peskin.
01:28:14 Next speaker, please.
01:28:17>> good afternoon could mike
01:28:19 buehler on behalf of san
01:28:21 francisco heritage. San
01:28:29 francisco heritage is the
01:28:29 citywide preservation advocacy
01:28:30 and education organization and
01:28:31 we are currently partnering
01:28:31 with san francisco latino
01:28:32 historical society on the first
01:28:34 ever citywide latino historic
01:28:35 context statement. With
01:28:36 particular emphasis on the
01:28:42 resources within the latino
01:28:43 cultural district. 953 treat
01:28:44 ave. Is located within the

01:28:45 boundaries of the district.
01:28:47 It's an increasingly rare
01:28:49 example 19th-century worker
01:28:51 housing in this particular
01:28:55 neighborhood. According to the
01:28:56 board of supervisors resolution
01:28:57 approving the cultural district
01:29:05 in 2014 it demarcates the area
01:29:06 with the greatest concentration
01:29:07 of latino cultural limericks
01:29:07 businesses institutions,
01:29:09 festivals, and festival routes.
01:29:09 The latino presence and events
01:29:10 described in the resolution
01:29:14 date back to 1821. 953 treat
01:29:15 has been witness to the ways of
01:29:16 migration settlement at the
01:29:18 moment that transformed and she
01:29:19 does neighborhood overtime.
01:29:20 Despite the highly sensitive
01:29:23 nature of the latino cultural
01:29:28 district it's noteworthy that
01:29:28 the multitude of historic
01:29:29 resources evaluations planning
01:29:31 to permit reports, rebuttals,
01:29:32 and peer reviews produce for
01:29:33 this appeal do not directly
01:29:34 reference of the cultural
01:29:35 district or the projects
01:29:38 potential impact on the latino
01:29:39 cultural district. This seems
01:29:47 like a glaring disconnect and
01:29:48 it highlights the needs fully
01:29:48 to integrate the cultural
01:29:49 district in ceqa reviews and
01:29:50 other land-use decision-making
01:29:51 in the neighborhood. I believe
01:29:52 when the primary land-use goals
01:29:53 to merge from the committee
01:29:53 process to follow the adoption
01:29:58 of the board's resolution is to
01:29:59 ensure new development is
01:29:59 responsive to and reflective of
01:30:04 the latino cultural district.
01:30:05 in heritage's view of the prior
01:30:06 develop plan for this parcel
01:30:07 demonstrating how 953 treat can
01:30:08 be incorporated into a new
01:30:09 project illustrates the path
01:30:14 forward for the latino cultural
01:30:15 district. The path that
01:30:15 balances the districts historic
01:30:17 character in the intent demand
01:30:19 for housing in the mission dish.
01:30:22 Projects within the district
01:30:24>> thank you, sir. Thank you
01:30:29 very much. Next speaker, please.
01:30:30>> good afternoon pres. Breed
01:30:30 and members of the board. I'm
01:30:33 susan grant holly. I'm a
01:30:38 preservation lawyer working with
01:30:38 ceqa and I've heard statewide
01:30:39 for decades now with historic
01:30:42 resource. I am here on my own.

01:30:42 As someone who works in resides
01:30:46 in san francisco much of the
01:30:46 time and just to talk a little
01:30:49 bit about the legal basis for
01:30:50 this appeal. The categorical
01:30:53 exemption before you-I'm not
01:30:54 here to tell this board that it
01:30:57 must find that this is a
01:30:59 mandatory historic resource,
01:31:00 but the evidence is extremely
01:31:04 strong that it qualifies as a
01:31:06 discretionary resource. It is
01:31:07 without some ceqa review
01:31:08 there's no obligation for the
01:31:11 city to even consider the very
01:31:13 feasible alternatives that
01:31:14 would allow this particular
01:31:22 important building to be saved.
01:31:23 It embodies energy. It embodies
01:31:24 character of the community
01:31:25 america speak to the historic
01:31:25 qualifications because I don't
01:31:27 have that expertise, but there
01:31:27 is manifest evidence before you
01:31:32 that in fact, supports a
01:31:43 discretionary finding in this
01:31:44 board is required to make a
01:31:45 discretionary finding as to
01:31:46 whether or not this categorical
01:31:46 exemption could go forward.
01:31:47 categorical exemptions are
01:31:48 supposed to be for projects
01:31:48 with no possible significant
01:31:49 impact and there's an exception
01:31:50 for historic resource. Here,
01:31:50 this board's obligation would
01:31:52 be to look to see whether in
01:31:56 fact the evidence supports
01:31:57 exercising your discussion to
01:31:59 find that this is a historic
01:32:03 resource and in the area for
01:32:05 130 years and certainly, during
01:32:08 the latino cultural district
01:32:12 being considered now, this is a
01:32:13 resource that is part of that
01:32:14 district. It was part of the
01:32:17 community experience and
01:32:21 growth, and to allow the push
01:32:24 for development to lose this
01:32:25 kind of a resource when there
01:32:28 is an alternative, is certainly
01:32:30 against the letter and spirit
01:32:32 of ceqa. I ask you support the
01:32:32 appeal.
01:32:35>> thank you very much. Next
01:32:38 speaker, please.
01:32:45 >> tom gilbert. Not all
01:32:48 intakes are inside museums.
01:32:52 This house was built when van
01:32:56 gogh was painting his paintings.
01:32:57 You might say if you put it's
01:32:59 irreplaceable. I don't think we
01:33:03 need housing that bad to throw
01:33:08 away and destroy our gems. That

01:33:09 is basically a reality on the
01:33:13 ground. Also, this space above
01:33:18 the house and around the house
01:33:19 is part of the gem. Is part of
01:33:22 the park. Of what san francisco
01:33:25 really was once. You are not
01:33:28 going to be able to find out.
01:33:30 You have to protect what you
01:33:33 can protect. Thank you.
01:33:34 >> thank you. Are there any
01:33:34 other members of the public
01:33:35 that would like to speak in
01:33:38 support of the appeal? Seeing
01:33:40 none, public comment is closed
01:33:43 >> [Gavel]
01:33:44 >> the planning to ferment for
01:33:44 the presentation will have up
01:33:54 to 10 minutes.
01:33:55 >> good afternoon pres. Breed
01:33:55 and members of the board. My
01:33:56 name is tina came am a senior
01:33:57 preservation planner for the
01:33:57 planning department. With me
01:33:58 today is join everett senior
01:34:01 environment so planner project
01:34:05 planner, and preservation
01:34:06 staff. The item before you is
01:34:07 in an appeal of a categorical
01:34:11 exemption for the project at
01:34:12 953 treat ave. The project is
01:34:15 to demolish the existing
01:34:16 single-family residence and
01:34:17 construct six new dwelling
01:34:19 units. The conditional use
01:34:20 authorization for the project
01:34:21 was heard and approved earlier
01:34:22 this year by the planning
01:34:30 commission. The decision before
01:34:30 the board is whether to uphold
01:34:31 the permits determination that
01:34:32 the project is exempt from
01:34:36 environmental review, or to
01:34:37 overturn the determination and
01:34:37 return the project to the
01:34:38 apartment for additional
01:34:39 environment to review. The
01:34:41 guidelines under the california
01:34:46 bar mental quality act, or
01:34:47 ceqa, provides a list of
01:34:47 classes of projects that are
01:34:48 been determined not to have a
01:34:49 impact on the environment. They
01:35:01 are there for exempt from ceqa
01:35:02 review specifically class one
01:35:03 allows for the demolition of a
01:35:03 single-family residence in
01:35:04 class iii allows for the
01:35:05 construction but to six new
01:35:05 dwelling units in urbanized
01:35:06 areas. As you've heard the
01:35:07 appellant concerns can be
01:35:09 grouped into three main areas.
01:35:11 One, they do have an identified
01:35:13 953 treat as a historic

01:35:14 resource in a survey completed
01:35:16 in 2011 and then reversed their
01:35:18 findings with a current
01:35:22 evaluation in 2016. Two, that
01:35:24 953 treat is a historic
01:35:25 resource for being a good
01:35:28 example of a simple vernacular
01:35:33 working cottage. Three, that
01:35:34 953 treat is a historic
01:35:34 resource for the association
01:35:37 with john center. The planning
01:35:38 department conducted a detailed
01:35:39 and thorough analysis and
01:35:46 concluded that 953 treat is not
01:35:46 a historic resource. Here, to
01:35:48 present the findings of
01:35:49 jeff-preservation staff.
01:35:58>> good afternoon pres. Breed
01:35:59 and members of the board
01:36:00 justin-preservation planner.
01:36:00 The appellant has raised three
01:36:01 main issues with regard to the
01:36:02 historic resource status of 953
01:36:04 tree. The first issue is with
01:36:04 related to survey results of
01:36:12 the south omission historic
01:36:12 resources survey. The appellant
01:36:13 states that berman identified
01:36:14 953 treat as a historic
01:36:17 resource in the survey in 2010
01:36:18 and then reversed the findings
01:36:19 with the current environment so
01:36:22 evaluation in 2016. As
01:36:22 indicated in the permits
01:36:23 response the city has never
01:36:25 evaluated the property being
01:36:26 eligible for lifting the
01:36:32 california register. Through
01:36:33 the environmental evaluation
01:36:34 application process for the
01:36:34 proposed project we identified
01:36:35 an error in our planning
01:36:42 database. The database for the
01:36:43 subject property reference to
01:36:44 different survey status codes.
01:36:44 Three and seven. Properties
01:36:45 with a status code of three
01:36:48 means there eligible for
01:36:48 listing in the california
01:36:49 register, whereas properties
01:36:50 with a status code of seven
01:36:50 needs further evaluation is
01:36:59 needed. Based upon the survey
01:37:00 results that were adopted by
01:37:00 the historic preservation
01:37:01 commission 2011 subject
01:37:02 property was not evaluated in
01:37:02 the status code of three was in
01:37:05 error. The department has never
01:37:06 found the property to be
01:37:06 eligible for listing in the
01:37:07 california register was no
01:37:08 switching of status codes from
01:37:10 three from 3 to 7. As part of

01:37:11 the existing invar mental
01:37:14 review process the proposed
01:37:14 demolition required historic
01:37:16 resource evaluation of the
01:37:19 property the subject property
01:37:20 being more than 45 years of age
01:37:21 was considered a potential
01:37:27 historic resource. To aid in
01:37:28 the historic resource
01:37:28 determination quote by
01:37:29 consultant was required to
01:37:30 prepare a historic resource
01:37:39 evaluation also known as hre.
01:37:40 As part of the evaluation
01:37:40 methodology distribute not only
01:37:41 considered significance for the
01:37:42 design and architecture but
01:37:43 also associations significant
01:37:43 events and persons. The subject
01:37:44 party does not meet any of
01:37:51 these criteria. In reviewing
01:37:52 the information provided to us
01:37:52 by the appellant about Mr. John
01:37:53 center, that apartment still
01:37:54 concludes the subject property
01:37:54 does not meet any of the
01:37:55 criteria and is not eligible
01:37:56 for listing in the california
01:37:57 registry. As such the property
01:37:59 is not a historic resource
01:38:04 under cega. The second issue is
01:38:04 with regard to the property
01:38:05 significance under criteria one
01:38:08 for events. The appellant
01:38:08 states that 953 treat is a good
01:38:10 example of simple vernacular
01:38:12 work cottage in the mission
01:38:13 that survived the 1906
01:38:16 earthquake and fire. The
01:38:17 apartment does not find the
01:38:17 subject property is eligible
01:38:20 under criteria one is there's
01:38:21 many better examples of
01:38:21 vernacular worker housing that
01:38:24 typifies the features and
01:38:25 characteristics of an entire
01:38:26 late style of building in the
01:38:28 mission district. As part of
01:38:29 our evaluation that apartment
01:38:32 examine other simple vernacular
01:38:33 worker housing in the style and
01:38:33 did a comparative study with
01:38:38 the subject property. In the
01:38:39 permits response included a
01:38:40 sampling of some of the simple
01:38:40 worker cottages that are more
01:38:43 representative of the style.
01:38:44 These buildings have their
01:38:46 original configuration and
01:38:47 material and follow a more
01:38:48 rhythmic demonstration pattern
01:38:50 along the primary fa{ade. 953
01:38:52 treat ave. Was modified
01:38:57 resulting in the building for

01:38:58 doubling its size and set
01:38:59 drastic changes to the front
01:38:59 elevation. The building is also
01:39:03 covered in shingles which is
01:39:04 seeing none, cynthia tony sal
01:39:10 have painted siding. The
01:39:11 building also has an irregular
01:39:11 window pattern which is a
01:39:12 departure since buildings of
01:39:13 this type have a more regular
01:39:16 window pattern and entry
01:39:16 design. 953 treat does not have
01:39:23 a [Inaudible] With two
01:39:24 adjoining windows. In fact my
01:39:25 the entrance for 953 treat is
01:39:25 actually located on the side of
01:39:26 the building and does not face
01:39:27 the street. In comparison with
01:39:28 other properties in the mission
01:39:35 district of the same type
01:39:36 cmliii treat is to altered and
01:39:36 does not exhibit the features
01:39:37 and characteristics but
01:39:38 italianate style building. It
01:39:38 is not a good example.
01:39:39 Therefore 953 treat do not
01:39:40 qualify a historic resource
01:39:42 under criteria one for events.
01:39:44 The third issue is with regard
01:39:46 to significance between spews
01:39:47 meta-present can you stop the
01:39:49 time?
01:39:52>> can you pause the time
01:39:56 supervisor-supervisor tim
01:39:58 baskin spews I know you want me
01:40:00 to reserve my comment until the
01:40:01 end but there's something does
01:40:02 not make any sense whatsoever
01:40:03 that if you're arguing the
01:40:06 building is not historic,
01:40:08 whether under whatever criteria
01:40:10 you choose, it's loss of
01:40:13 integrity is not important. You
01:40:14 can only use the integrity
01:40:17 argument if the building is or
01:40:20 May be historic. So why you are
01:40:21 arguing the loss of historic
01:40:24 integrity to a building that
01:40:26 you are saying is not historic
01:40:27 makes absolutely no sense to
01:40:28 the supervisor. That's all I
01:40:29 wanted to say
01:40:32 >> okay. Thank you. Continue
01:40:33 with your presentation, or you
01:40:35 can also respond to that at the
01:40:38 end.
01:40:39>> I will continue and respond
01:40:41 to that at the injured
01:40:41 >> okay.
01:40:49 >> actually can we get
01:40:50 >> just to be clear with these
01:40:50 hearings, please come allow the
01:40:51 presentation to finish and
01:40:53 afterwards ask her questions.

01:40:58 Thank you. Please.
01:40:58>> the third issue with regard
01:40:59 to the connection between john
01:41:08 center and 953 treat. The
01:41:09 appellant states 953 treat is
01:41:09 significant under criteria to
01:41:10 for persons because it was
01:41:11 owned by john center was on the
01:41:11 john center waterworks that was
01:41:12 responsible for saving hundreds
01:41:13 of buildings the mission
01:41:14 district during the 1906
01:41:17 earthquake and fire. The
01:41:18 national park service provides
01:41:19 guidelines for stylish and
01:41:22 significant based upon
01:41:23 associations with important
01:41:23 persons and subunits properties
01:41:25 must represent the person's
01:41:26 productive life. An example of
01:41:27 the historic resource
01:41:29 significant under criteria to
01:41:31 for persons is the harvey milk
01:41:38 in the shop at sub 535 catch up
01:41:39 to the property was edified as
01:41:39 a historic resource for its
01:41:40 associate with a productive
01:41:43 life of harvey milk when
01:41:43 operated both as a camera store
01:41:44 and the campaign headquarters
01:41:45 for his four campaigns for
01:41:47 public office. This property
01:41:47 was not merely associate with
01:41:48 the individual but directly
01:41:53 related to his constituents.
01:41:54 According to the national park
01:41:55 service some association by
01:41:56 themselves are not sufficient
01:41:57 to qualify a property is an
01:41:58 important representation of a
01:42:01 person's historic significance.
01:42:02 This includes ownership and
01:42:08 other tangential relationships.
01:42:09 The planning department does
01:42:09 not find there are sufficient
01:42:10 ties between john center 953
01:42:12 treat such that will be
01:42:14 eligible for its association
01:42:15 with him as an important person
01:42:16 because has no direct connection
01:42:29 with his productive life. John
01:42:30 center never lived in 953
01:42:30 treat. He did not build 953
01:42:31 treat. Where did he operate his
01:42:32 waterworks company out of 953
01:42:33 treat. The fact the property
01:42:33 was purchased by john center in
01:42:34 1894 is not remarkable given
01:42:35 the fact that he owned vast
01:42:35 amounts of real estate in the
01:42:36 mission and south of market
01:42:43 area. What the planets from it
01:42:44 does not refute the fact that
01:42:45 john center was important

01:42:45 individual there's no
01:42:46 established connection such
01:42:47 that 953 treat would be
01:42:47 significant for its association
01:42:51 with him or his waterworks.
01:42:52 Other properties in the mission
01:42:52 have been identified for their
01:42:53 significance and surviving the
01:42:54 1906 earthquake and fire.
01:42:54 However they are located
01:42:57 directly along the fire line.
01:42:58 Included in the department's
01:42:58 response is a map of the
01:43:06 mission district during the
01:43:06 1906 fire. The map indicates
01:43:07 the location of the historic
01:43:08 district which has been
01:43:08 identified as being eligible
01:43:09 for listing in the california
01:43:10 register due to the fact it was
01:43:11 directly on the 1906 fire line.
01:43:18 The 15 buildings within this
01:43:19 historic district are nearly
01:43:20 adjacent to john center's
01:43:20 waterworks. He contributed to
01:43:21 stopping fires and saving
01:43:25 properties as a result. On the
01:43:26 other hand, was located in the
01:43:27 mission, 953 treat is more than
01:43:28 seven blocks away from the
01:43:36 waterworks were near the fire
01:43:37 line the fact that 952 treat
01:43:37 was once owned by john center,
01:43:37 he is not enough to establish
01:43:37 the significance. In
01:43:38 conclusion, that apartment is
01:43:38 not find the appellant has
01:43:39 presented any substantial
01:43:42 evidence such that a finding of
01:43:43 no historic research would be
01:43:46 overturned. Although the
01:43:47 department respects the
01:43:47 professional judgment of
01:43:52 kathleen petrin, no substantial
01:43:52 evidence supporting a fair
01:43:53 argument has been provided to
01:43:55 refute the planning comments
01:43:56 determination that 153 treat
01:43:58 ave. Is not eligible for
01:43:58 listing in the california
01:44:00 register under any criteria and
01:44:01 is therefore not a historic
01:44:04 resource under ceqa. The
01:44:05 department therefore recommends
01:44:09 that the board uphold the
01:44:09 categorical examiner exemption
01:44:10 determination and deny the
01:44:11 appeal of the ceqa
01:44:12 determination.
01:44:18 >> are there any other comments
01:44:18 for the presentation for the
01:44:19 planning department before we
01:44:21 get into questions from the
01:44:25 board? That conclude your

01:44:28 presentation? Okay. Supervisor
01:44:28 peskin had a specific question
01:44:40 please, answer it at this time.
01:44:40>> tina tam for the planning
01:44:41 to burn the integrity
01:44:42 examination with a direct
01:44:42 response to the appeal and the
01:44:44 concerns by the appellant that
01:44:44 the property is not significant
01:44:45 under criterion one it's not
01:44:49 example of a simple vernacular
01:44:51 working cottage. 953 treat does
01:44:54 not house the same quality that
01:44:57 you see in the italianate style
01:45:00 integrity was not the base of
01:45:00 why the property is not
01:45:01 significant but it's simply not
01:45:04 the best example were a good
01:45:05 example of what we call the
01:45:06 italianate style working
01:45:08 cottage in the mission.
01:45:14>> supervisor peskin. Any
01:45:15 other questions?
01:45:15>> I have plenty but I will
01:45:17 defer to supervisor ronen
01:45:20>> okay. Supervisor ronen
01:45:21 >> I will follow that line of
01:45:26 questioning. Now I understand
01:45:26 that provided in the record
01:45:27 examples of this particular
01:45:28 vernacular italianate style
01:45:30 that you think are better
01:45:33 examples of that style. But you
01:45:36 do admit that this is that
01:45:38 particular style, which is
01:45:43 particular to that period of his
01:45:43 history and significant
01:45:54 historically. Is that correct?
01:45:55 Yes that's correct. When we
01:45:55 look at these parties we do
01:45:56 evaluate them in relationship
01:45:57 to other similar building
01:45:58 types. To determine which ones
01:45:58 would be considered significant
01:45:59 and which ones are not.
01:46:03>> okay. So you might say
01:46:04 there are other examples in the
01:46:07 city at large of this
01:46:09 particular style that are more
01:46:12 perfectly the style but this
01:46:14 particular cottage is this
01:46:16 style that's historically
01:46:17 significant?
01:46:23 >> I would say based on the
01:46:24 alteration that had taken place
01:46:25 to the existing structure, it's
01:46:25 not a good example of this
01:46:26 style.
01:46:27>> well, packets back to
01:46:30 supervisor 10 peskin's point.
01:46:30 That wasn't my question and my
01:46:32 question is in about the
01:46:34 alteration. It's about whether
01:46:36 or not you determine that this

01:46:37 particular cottage is of that
01:46:41 style, which in and of itself
01:46:43 that style is sick historically
01:46:51 significant.
01:46:53 >> the mere fact this is built
01:46:55 the italian style building does
01:46:58 not simply qualify this as a
01:47:01 historic resource. We can call
01:47:05 you tony sabol and historic
01:47:06 resources. We have to pick and
01:47:07 choose and make sure we have
01:47:07 the best examples that typifies
01:47:09 this particular style of
01:47:10 architecture. When we are
01:47:12 evaluating this property in
01:47:14 comparison to the other
01:47:18 buildings at the same style,
01:47:18 during the same period, this
01:47:19 building does not have the same
01:47:23 features but it is not of the
01:47:28 same characteristics. That
01:47:29 describes what we believe is
01:47:30 the italianate style. It
01:47:31 doesn't have a window pattern
01:47:31 could it doesn't have the
01:47:32 material. It doesn't have the
01:47:34 same sort of entry design and
01:47:35 sequence of the other ones that
01:47:37 are your typical italianate
01:47:38 style buildings in san
01:47:41 francisco. Too much of a
01:47:44 departure.
01:47:45>> okay. Outages note there
01:47:45 were several experts today that
01:47:47 disagreed with that but I'll
01:47:51 move on. Next question about how
01:47:53 , during the south mission
01:48:00 survey the planning department
01:48:00 -I'm confused. Clearly, on your
01:48:02 website I've seen the
01:48:05 screenprint which I understand
01:48:05 the designation was change the
01:48:06 day after the planning
01:48:08 commission's hearing, but up
01:48:11 until then, on the planning
01:48:12 website this particular
01:48:15 property was listed as a
01:48:18 potential historical with a
01:48:20 three-cs listing is that
01:48:24 correct?
01:48:27>> the planning to varmint
01:48:29 website indicates to survey
01:48:32 statuses. Did not only say the
01:48:34 property is a status of
01:48:35 throughput it's at a status of
01:48:37 a three and a seven. It also
01:48:42 indicated in the website to ask
01:48:42 whoever's looking at this to
01:48:43 check with the planning
01:48:45 department to verify any
01:48:46 information regarding the
01:48:50 historic site of the party so
01:48:53 it's a both a three and a seven.
01:48:56 >> okay. But that significant.

01:48:57 I'm confused. During your
01:49:01 presentation you mention that
01:49:05 this property was never assessed
01:49:06 for its historic nature during
01:49:12 the south mission study?
01:49:13>> that is correct. A seven
01:49:14 status code means that further
01:49:20 information is required. For a
01:49:21 determination of historic
01:49:21 resources
01:49:22>> but it had both a three and
01:49:22 70 how could it have received
01:49:24 this three status if it's never
01:49:24 been studied?
01:49:25 >> so the official findings
01:49:27 that were approved by the
01:49:28 historic preservation
01:49:34 commission in 2007 show a
01:49:34 status of 7 million further
01:49:38 evaluation is required
01:49:38 >> but the website showed a
01:49:40 three. How would that three get
01:49:43 inputted into the website had
01:49:46 it not been evaluated?
01:49:51>> there was an error in the
01:49:52 website. We need to go back to
01:49:53 is the actual survey was
01:49:55 adopted by the historic
01:49:57 preservation commission. The
01:49:58 actual resolution that went
01:49:59 along with a survey that survey
01:50:00 indicated that no previous
01:50:04 evaluation was done for the
01:50:06 property. That the seven status
01:50:07 is a correct status for the
01:50:08 property.
01:50:11>> so how are properties chosen
01:50:12 for review? This is a property
01:50:15 that was built in 1887. It's
01:50:16 over 130 years old. You are
01:50:17 surveying the area and there
01:50:22 wouldn't have been a review of
01:50:22 a 137-year-old building which
01:50:23 is relatively rare in the area.
01:50:31 That seems odd. What was the
01:50:32 point in the survey in the
01:50:33 first place if you're not can
01:50:35 review a 130-year-old building?
01:50:37>> there are a number of
01:50:38 properties in our survey that
01:50:43 never had a final determination.
01:50:44 That's not that unusual. We
01:50:47 try to cover as many, if not
01:50:48 all the properties in a survey
01:50:52 area. Typically, for these very
01:50:53 large sites, if there is
01:50:56 additional information that is
01:50:57 not available at the time the
01:50:58 survey was being done, that's
01:51:03 when we reserve the status code
01:51:06 of seven, which means go back
01:51:07 and do more evaluation when the
01:51:09 time comes, and in this case,
01:51:12 this is what we are doing for

01:51:14 the property.
01:51:15 >> okay. You can certainly see
01:51:17 the optics here. You did a
01:51:20 survey of the area to determine
01:51:24 which buildings were potential
01:51:26 historical research. This is a
01:51:28 130-year-old building that has
01:51:30 a distinctive style in the
01:51:32 neighborhood. It was built in
01:51:36 1887, but you are saying it was
01:51:37 included in the survey, get the
01:51:41 planning commission website said
01:51:42 not only was included but it
01:51:42 received a potential historic
01:51:47 designation and then you said
01:51:47 was an error which was
01:51:48 corrected the day after the
01:51:50 planning commission. The whole
01:51:54 thing just doesn't smell right.
01:51:54 I just want to make a point but
01:51:55 I'll move on. I know my
01:51:57 colleagues have some additional
01:51:59 questions about that. My last
01:52:01 question, Ms. Petrin said that
01:52:05 there were no other cottages
01:52:06 like this of this particular
01:52:10 vernacular italianate style in
01:52:11 the area. Is that true? Have
01:52:15 you researched that area how
01:52:16 many other properties of this
01:52:21 type are-you know within the
01:52:23 immediate surrounding area any
01:52:25 latino cultural district as a
01:52:32 whole?
01:52:33>> one of the examples that we
01:52:34 gave is two blocks away. I
01:52:34 believe it's a 700 address
01:52:39 around treat avenue. In the
01:52:40 mission survey,. I think it was
01:52:40 3800 properties that were
01:52:41 surveyed as part of that survey.
01:52:44 Out of them, I think 400 were
01:52:48 identified as being of the
01:52:49 italianate style and been
01:52:50 eligible for listing in the
01:52:50 california register. During
01:52:55 that survey they also identified
01:52:56 historic districts. Better
01:52:57 eligible for listing in the
01:53:00 california register. I mean the
01:53:01 purpose of these historic
01:53:02 resources surveys is to get a
01:53:04 better understanding of an
01:53:07 entire area.
01:53:10>> okay. My question again was
01:53:14 are there other similar cottages
01:53:17 of this particular italianate
01:53:19 vernacular style surrounding
01:53:21 area and in the latino cultural
01:53:24 district? I'm not sure you
01:53:25 answer my question.
01:53:27>> yes., there are.
01:53:29>> okay. In the immediate area
01:53:30 because Ms. Petrin said there

01:53:32 were no other cottages of this
01:53:35 type in the area of? I know
01:53:39 you mentioned one, but-it would
01:53:40 be helpful to know what we are
01:53:44 talking about. In terms of what
01:53:45 potential historic resource we
01:53:46 could lose if this project
01:53:47 would go forward with that
01:54:05 would mean for the neighborhood.
01:54:10>> there are a number of this
01:54:10 particular style of buildings
01:54:12 in the vicinity. One that was
01:54:15 included in your packet is 724
01:54:21 treat ave. This happens to be
01:54:22 one that is actually determined
01:54:23 as a historic resources on the
01:54:25 survey but there certainly many
01:54:27 more within the survey area.
01:54:28 Hundreds. I think it was just
01:54:32 mentioned and then there are
01:54:33 many more with the historic
01:54:34 district as well. So possibly,
01:54:39 I am guessing, double that
01:54:41 amount of italianate style
01:54:42 buildings that are considered
01:54:44 historical resources in the
01:54:46 mission.
01:54:48>> okay. That did not answer
01:54:49 my question but I think you
01:54:52 don't know in the immediate
01:54:53 area. Sorry. One last question.
01:54:57 My office is working with
01:54:59 latino community in the mission
01:55:03 on a application to california
01:55:06 registry to create another
01:55:08 historic district and recognize
01:55:11 the latino history in that
01:55:13 neighborhood. Which is
01:55:14 incredibly rich and wondering
01:55:16 if the paint apartment did any
01:55:18 research on this particular site
01:55:19 to determine whether or not it
01:55:22 was a contributor to that
01:55:28 potential historic district?
01:55:31>> the latino cultural
01:55:36 district is not historic
01:55:36 resources under ceqa. We do
01:55:38 note there are a number of
01:55:42 scenes identified in this study
01:55:43 and in looking at the scenes
01:55:45 and the importance of the
01:55:48 latino cultural heritage the
01:55:50 occupancy the use of the
01:55:54 building, are not significant
01:55:57 under any of those teams and we
01:56:00 don't believe there's any sort
01:56:01 of association with this
01:56:03 property, with any importance
01:56:06 to this latino culture. The
01:56:07 occupancies are listed in the
01:56:11 historically evaluation.
01:56:14 There's no evidence to that has
01:56:17 led us to believe to believe
01:56:18 there's any connection to this

01:56:21 property with the cultural
01:56:21 significance
01:56:22>> I sought out list but he
01:56:25 did not-did you specifically
01:56:25 research the question of
01:56:27 whether or not this particular
01:56:30 property was a contributor at
01:56:31 all to the latino history of
01:56:32 that neighborhood?
01:56:34>> yes. We did.
01:56:36 >> okay. I have no further
01:56:37 questions.
01:56:41>> thank you supervisor ronem.
01:56:42 Supervisor peskin
01:56:46 >> thank you mdm. Pres. Ms.
01:56:47 Campbell I Miss The name of
01:56:52 your colleague?
01:56:54 >> justin grubbing
01:56:55>> justin maybe you can help
01:56:57 me out a little bit here. Are
01:56:58 you looking at this pursuant to
01:57:03 the criteria under the
01:57:03 california registers. Is that
01:57:06 what I heard you say? Is this
01:57:08 california registry
01:57:08 >> correct
01:57:09 >> but you don't have under
01:57:12 ceqa limit yourself to the
01:57:15 california register criteria,
01:57:18 do you?
01:57:18>> that's the basis for
01:57:19 determining whether or not
01:57:22 something is considered a
01:57:22 historic resource under
01:57:26 spacecraft is eligible for
01:57:27 listing under the california
01:57:27 register
01:57:30>> that's not what ceqa says.
01:57:30 Ceqa actually gives you and for
01:57:32 that matter this board who can
01:57:33 make an independent
01:57:35 determination based on the
01:57:37 expert testimony that we have
01:57:38 received in that I've
01:57:40 established that we have
01:57:44 received, but section 2.108 4.1
01:57:54 of the ceqa, and I quote, says
01:57:55 the fact that resource is not
01:57:56 listed in were determined to be
01:57:56 eligible for listing in the
01:57:57 california register of
01:57:58 historical resources is not,
01:58:00 shall not, preclude a lead
01:58:01 agency from determining whether
01:58:04 the resource May be a
01:58:06 historical resource. So you
01:58:08 actually have that latitude.
01:58:09 You do not have to limit
01:58:11 yourself to the california
01:58:12 registry courage. Having said
01:58:17 that, argue, or is staff do you
01:58:19 have an expiration as to why
01:58:22 the earlier entitlement for
01:58:25 this project required the

01:58:28 retention of the 738 ft.2
01:58:34 cottage?
01:58:37 >> tina tam for the planning
01:58:38 department. I believe the
01:58:43 earlier project proposal came
01:58:44 in as a project that retains
01:58:46 the building there was also
01:58:47 another project I think this
01:58:51 dates back to 2005 that showed
01:58:53 a demolition. It's with the
01:58:55 proposal, how the proposal was
01:58:59 sent to the planning department.
01:59:00 [Inaudible]. You simply the
01:59:01 will of the applicant at the
01:59:05 time. In regards to the ceqa
01:59:10 guidelines the definition of a
01:59:10 historic resource, under ceqa,
01:59:11 I'm going to defer the question
01:59:14 to the city attorney.
01:59:14 >> I didn't asked the city
01:59:15 attorney but if the city
01:59:18 attorney wants to discuss the
01:59:20 last sentence of section
01:59:23 21084.1, the deputy city
01:59:24 attorney is welcome to do that
01:59:25 if that's the will of my
01:59:46 colleagues. Go ahead Ms. Byrne.
01:59:56 >> apologies.
01:59:56 >> deputy city attorney milo
01:59:59 byrne. Thank you. Yes, the
02:00:02 speaker guidelines and sql ceqa
02:00:02 statute itself states the
02:00:03 project is not previously have
02:00:07 to have been a property. As I
02:00:09 previously have been listed on
02:00:10 the california registered or
02:00:12 determined eligible in a formal
02:00:14 survey. Or, listing on a
02:00:17 registered however, once a
02:00:18 project comes before the city
02:00:20 the california register a
02:00:27 criteria are the criteria that
02:00:27 are applied to the determine if
02:00:28 something is potentially
02:00:29 eligible for listing. So
02:00:29 really, with that ceqa
02:00:37 guideline is getting at is
02:00:38 saying that the survey doesn't
02:00:38 have to of done before the
02:00:39 planning commission actually
02:00:40 get the project in front of
02:00:43 them. Once a plan to berman has
02:00:43 that project these are the
02:00:44 criteria that are applied and
02:00:45 that can be found in ceqa
02:00:45 these are the criteria that are
02:00:46 applied and that can be found
02:00:47 in ceqa guidelines
02:00:47 1506.453
02:00:48 when a building is not a
02:00:51 property or other structure has
02:00:52 not previously been listed or
02:00:53 previously been determined
02:00:57 eligible then generally, dvd

02:00:57 agency determination first of
02:01:01 all must be supported by
02:01:01 substantial evidence, but also
02:01:03 it's generally considered a
02:01:05 resource by the lead agency if
02:01:06 it meets the criteria for
02:01:10 listing on the california
02:01:11 register of historical
02:01:11 resources. On the guidelines
02:01:13 actually goand set forth the
02:01:21 criteria. Thank you.
02:01:21>> supervisor peskin
02:01:24>> thank you mdm. Pres. Let me
02:01:26 just kind of throughout a
02:01:32 number of things. One is-and
02:01:34 this goes back to before the
02:01:36 easter neighborhoods planning
02:01:37 effort was fully underway. This
02:01:39 was actually referenced by Mr.
02:01:45 Martinez at the hearing on
02:01:46 2675. Street. That was the fact
02:01:51 that, as dean macros in the
02:01:52 planning department and this
02:01:56 board in two mayoral
02:01:57 administrations were embarking
02:01:57 on and continuing the easter
02:02:03 neighborhoods planning process,
02:02:04 this board of supervisors
02:02:05 actually previous board of
02:02:05 supervisors that had the
02:02:06 pleasure of sitting on,
02:02:07 appropriated a rather enormous
02:02:09 amount of money to the planning
02:02:12 department so that every single
02:02:12 one of these historic
02:02:15 properties would be surveyed. I
02:02:20 find it hard to believe,, and
02:02:20 troubling, that the evidence
02:02:23 in the record would appear
02:02:24 that this property was
02:02:27 reviewed,, was found to have a
02:02:30 three cs designation which when
02:02:32 a project applicant came in and
02:02:35 wants to demolish it was
02:02:38 conveniently found to be an
02:02:41 error. It raises the question
02:02:43 of, why we give you all of that
02:02:45 money for a survey that was not
02:02:47 complete, or maybe was complete
02:02:49 that you're changing after the
02:02:53 fact. I mean, this is a pretty
02:02:54 terrible precedent relative to
02:02:55 the preservation of historic
02:02:56 buildings if these designations
02:02:59 can be changed after the fact.
02:03:02 In this particular instance, I
02:03:04 mean, this case where there can
02:03:06 actually be development of
02:03:07 additional units, and
02:03:10 preservation of what I believe,
02:03:18 I think we've had expert
02:03:18 testimony from a former
02:03:19 historic preservation
02:03:20 commission members, from

02:03:20 experts in the field, from the
02:03:29 san jose historic historic
02:03:30 preservation ofc. I mean it's a
02:03:30 remarkable precedent to just be
02:03:31 able to say, no. And in this
02:03:33 instance we can retain the
02:03:34 historic resource and have
02:03:37 additional housing. I just am
02:03:38 flabbergasted particular
02:03:38 windows a previous project on
02:03:41 this site that preserve the
02:03:43 resource and biltmore on-site
02:03:45 housing. I just kind of blown
02:03:51 away by you guys. But I guess
02:03:52 that's not really a question
02:03:53 just to come in. I will say
02:03:54 this. We really need to get
02:03:57 away from having project
02:04:01 applicant's higher there hr, er
02:04:04 historic resource evaluation
02:04:04 preparers because you know what
02:04:11 they say. The designation and
02:04:11 appraisal business of mai
02:04:12 stands for? His post to stand
02:04:13 for member appraisal institute
02:04:15 but some people say it stands
02:04:16 for made as instructed and the
02:04:22 reason I tell you that is you
02:04:23 can go out and pay some of
02:04:24 these folks. Some of them are
02:04:25 more and some less reputable to
02:04:25 come up with a report that you
02:04:26 can now respectfully read from
02:04:27 and say it's not a historic
02:04:31 resource even though it was a
02:04:33 three -- cs up until the day your
02:04:34 commission granted a
02:04:36 conditional use. So obviously
02:04:39 we will hear from the project
02:04:41 sponsor, the real party and
02:04:45 interest, but I'm prepared
02:04:51 based after I hear all the
02:04:51 evidence, and of course will
02:04:52 defer to the district
02:04:53 supervisor, but I'm prepared to
02:04:56 reverse the categorical
02:04:56 exemption determination.
02:05:07 >> thank you supervisor peskin.
02:05:08 Supervisor kim.
02:05:09 >> I just had a few follow-up
02:05:09 questions. I never pretend to
02:05:10 understand or be an expert on
02:05:12 historical designation or
02:05:13 resource. It's an area I've
02:05:15 always found a bit confounding.
02:05:16 I'm listening to the planning
02:05:19 department today and one of
02:05:22 the things I feel like I heard
02:05:30 over and over from supervisor
02:05:32 rubbing. Is that correct
02:05:33 >> grubbing
02:05:35 >> also from his tam. You have
02:05:43 found better examples of this
02:05:44 from of this type of

02:05:44 single-family working
02:05:45 residences that I guess typical
02:05:46 of the mission in the late
02:05:50 1800s.. So, I guess that begs
02:05:51 the question of when you make
02:05:52 these determinations, is it
02:05:53 sort of a beauty contest or
02:05:55 suggest an objective set of
02:05:59 criteria? If there are several
02:06:00 hundred of them do you always
02:06:01 just pick the best
02:06:01 representation, or is there
02:06:03 actually kind of a standard
02:06:07 objective criteria by which
02:06:09 building is deemed historical
02:06:13 resource or historically
02:06:13 significant? That can go to
02:06:19 either Ms. Tam or Mr. Grubbing.
02:06:20>> I mean we do have
02:06:21 professional qualifications
02:06:23 standards used to review and
02:06:28 identify properties that would
02:06:29 be considered historical
02:06:30 resources. I would say it's not
02:06:30 a beauty contest. It's about
02:06:31 looking at the history of the
02:06:33 property in relationship to the
02:06:36 history of the neighborhood
02:06:38 along with understanding the
02:06:41 general buildings in the area.
02:06:47>> so if in several hundred of
02:06:48 them are representative of this
02:06:50 type of architecture that
02:06:53 esteem historically significant
02:06:54 or historic resource, then
02:06:57 recommend let's say there's
02:06:59 400, do you then actually said
02:07:02 you identified 400 as eligible.
02:07:04 You move forward with all 400,
02:07:14 regardless of the number?
02:07:14>> depending on the site of
02:07:15 the survey area that is correct.
02:07:17>> so is not a matter of you
02:07:18 just always want to pick the
02:07:21 best of the group to move
02:07:25 forward?
02:07:27>> no. That's not true
02:07:30>> okay.
02:07:30 >> no. That's not true
02:07:31 >> okay. I guess what if
02:07:36 there's only a few? Let's say
02:07:38 many of these were lost in the
02:07:39 fire, earthquake in 973 was one
02:07:45 of three remaining that's at
02:07:46 all representative.. With the
02:07:48 historic preservation staff and
02:07:49 commission think differently
02:07:52 about this house? Even with
02:07:53 the alterations and kind of
02:08:00 imperfect kind of details?
02:08:00 >> no. It was still use the
02:08:01 same standards for review of
02:08:02 the property
02:08:03>> if it was the only one? If

02:08:06 it was not a perfect example of
02:08:09 this line it would not be
02:08:09 recommended? Even if it was
02:08:11 the only example remaining?
02:08:12>> that's correct
02:08:15 >> okay.
02:08:16 >> that's correct
02:08:17>> okay. It's not so it's not
02:08:19 the number of buildings that
02:08:22 were recommended?
02:08:28>> no.
02:08:28>> okay. I had a question for
02:08:30 you mention the fire line that
02:08:35 I do not understand without
02:08:35 exactly was.
02:08:37>> yes. So in the packet we
02:08:39 did present-we have the
02:08:42 location where the 1906 fire
02:08:44 the extent of the boundary of
02:08:46 the fire. That is the fire line.
02:08:50 Properties that are-
02:08:53 >> could you demarcated for me?
02:08:56 >> yes. Can we go to the
02:08:58 overhead? So in red, that's
02:08:59 where the extent of the 1906
02:09:05 fire was.
02:09:06>> okay. I'm in a try to put
02:09:07 up on my ipad but I can't see
02:09:07 what you're showing on the
02:09:09 screen. Can you just name the
02:09:12 boundary lines?
02:09:14 >> I mean it's difficult to
02:09:17 describe.
02:09:18>> roughly? On the left with
02:09:21 street is that? Is that
02:09:22 fulsome?
02:09:22>> dolores.
02:09:24 >> that's dolores, okay
02:09:27 >> and 20th. To the south.
02:09:28 Been to the states howard and
02:09:30 then up into someone.
02:09:33 >> so this area was deemed as
02:09:35 more historically significant
02:09:37 for the houses are deemed are
02:09:39 more historically significant
02:09:40 because of its relationship to
02:09:42 this fire?
02:09:45>> no. That boundary indicates
02:09:47 all properties would've been
02:09:49 demolished and burned down.
02:09:53 >> I'm sorry. Okay. So
02:09:54 these-this is the neighborhood
02:09:54 of which those types of housing
02:09:56 are no longer I guess standing
02:10:01 because they were destroyed?
02:10:02>> that's correct. The
02:10:02 historic district has been
02:10:04 identified which is outlined in
02:10:05 purple is significant because
02:10:09 it's directly on that fire line.
02:10:09 So it survived the fire but
02:10:10 the properties across the
02:10:11 street did not.
02:10:15 >> why does that matter, it's

02:10:17 proximity to the fire line?
02:10:26 Why does it make more
02:10:26 historically significant just
02:10:26 because it's across the street
02:10:27 versus seven blocks away as you
02:10:30 said 973 tree is?
02:10:31 >> because the actual
02:10:31 delineation of which property
02:10:32 survived the 1906 earthquake in
02:10:34 which properties didn't we
02:10:35 determined to be kind of a
02:10:35 significant way to look at
02:10:38 properties within the mission.
02:10:39 >> why?
02:10:44 >> because it reflects -- I mean
02:10:44 specific periods of time that
02:10:47 would be important that
02:10:48 survived the 1906 earthquake
02:10:54 and fire.
02:11:00 >> okay. I'm struggling to
02:11:08 understand that. So it's by
02:11:09 fortune. If 973 treat happen to
02:11:09 be across the street we would
02:11:10 consider to be more
02:11:11 historically significant
02:11:13 because it survived because
02:11:14 it's only across the street
02:11:14 from the fire? Versus seven
02:11:17 blocks away from the fire?
02:11:25 That feels kind of like block..
02:11:25 That some houses are deemed
02:11:26 more historically significant.
02:11:27 I guess of course the luck is
02:11:28 always in play because like you
02:11:32 said where someone lives is in
02:11:33 some ways luck, to but I guess
02:11:35 I'm not understanding this fire
02:11:36 line proximity is something
02:11:41 that's historically significant.
02:11:42 >> so part of this significance
02:11:45 for these properties that we
02:11:46 surviving they were on the same
02:11:49 block as john centers water
02:11:52 work. We would water that
02:11:52 would've saved these properties
02:11:56 from being burned down. In
02:11:56 looking at the history of the
02:11:57 extent of the 1906 earthquake
02:11:59 and fire looked at historic
02:12:02 figures that would have been
02:12:03 important in where they defined
02:12:06 the fire line. So for example
02:12:11 john senter was determined that
02:12:12 he was able to use his water
02:12:13 work to combat the 1906
02:12:18 earthquake and fire. So the
02:12:19 distinct boundaries of the fire
02:12:20 line sort of tell the history
02:12:24 of the 1906 fire.
02:12:25 >> okay. If john centers
02:12:29 water touched your house you
02:12:30 are historically significant
02:12:30 but of john senter invested
02:12:32 money in buying the property is

02:12:36 not historically significant?
02:12:39 >> that's correct it needs to
02:12:40 be a more direct connection
02:12:48 instantly owning a property.
02:12:48>> so
02:12:50>> do you need a minute
02:12:51 supervisor kim?
02:12:53 >> I think that's ridiculous.
02:12:54 But I just don't understand the
02:12:56 distinction. His water touched
02:12:59 her house and now you're
02:12:59 significant but he bought your
02:13:00 property and it's not
02:13:04 significant. Maybe I'm missing
02:13:09 something. I just don't know if
02:13:09 that's a good argument. Let me
02:13:11 say this. No need to respond. I
02:13:12 don't know if that's a good
02:13:19 reason to articulate why one
02:13:19 house is determined significant
02:13:20 and one is in. This one have
02:13:21 been closer to the fire line it
02:13:23 would've been deemed
02:13:24 significant because of its
02:13:29 proximity to the fire. Versus I
02:13:30 think just simply the fact that
02:13:30 the house is representative of
02:13:33 this type of housing that had
02:13:34 been historically built in the
02:13:39 late 1800s. So I mean I think
02:13:40 that should be kind of the
02:13:42 dividing line.. Surviving
02:13:44 houses, not whether they were
02:13:47 close to the fire. I guess the
02:13:50 point is that we lost a lot of
02:13:52 these type of housing to a
02:13:53 number of circumstances
02:13:55 whether it was the fire, the
02:13:57 earthquake would just simply
02:14:00 demolition before or change of
02:14:05 use. It shouldn't be because it
02:14:05 was close to the line of the
02:14:06 fire. I just don't see that as
02:14:09 a good argument.Okay. Moving on
02:14:11 from that, I do want to say I
02:14:12 do understand the significance
02:14:14 of the new development that is
02:14:17 being brought before us. I
02:14:18 understand six family units is
02:14:19 important for the neighborhood.
02:14:21 There is no displacement of
02:14:29 tenants on the site. From a
02:14:30 layperson's perspective, and
02:14:30 honestly, from initial first
02:14:32 look at this project it didn't
02:14:35 make sense to save the
02:14:36 single-family residence in
02:14:48 comparison to having six, two,
02:14:50 and four bedroom units coming
02:14:51 into a neighborhood where there
02:14:52 clearly isn't enough housing. I
02:14:52 get that, but I think that's
02:14:53 not the question that is before
02:14:54 us today. Not do we prefer six

02:14:55 family units be built on the
02:14:59 site versus saving this one
02:15:00 single-family residence. That
02:15:00 doesn't house anybody. I mean,
02:15:01 the question before us today is
02:15:02 whether this exemption should
02:15:05 be upheld or not. I think I'm
02:15:06 struggling based on some of the
02:15:11 reasons that the historic
02:15:12 preservation staff has been
02:15:13 provided in terms of how to
02:15:14 distinguish this from some of
02:15:19 the other houses in the area.
02:15:22>> thank you supervisor kim.
02:15:23 Supervisor tang
02:15:25 >> thank you. I think one of
02:15:26 the other criteria planning
02:15:27 department is looking at is
02:15:30 aside from the architecture of
02:15:34 the building, but also the
02:15:35 buildings association with a
02:15:36 person of importance or
02:15:42 significance in our past john
02:15:42 senter being that person. I
02:15:43 guess building on supervisor
02:15:44 jenkins question, he was
02:15:47 certainly the owner of 953
02:15:52 treat but my understanding he
02:15:53 owns a lot of buildings. I'm
02:15:54 wondering if you tell us how
02:15:55 many buildings he owned in the
02:16:00 city?
02:16:00>> tina tam for the planning
02:16:04 to burn. Based upon articles
02:16:08 and the [Inaudible] For Mr. John
02:16:14 senter it appeared he owned
02:16:14 many if not hundreds of
02:16:15 properties in the south of
02:16:15 market area.
02:16:16>> okay. Hundreds. In terms of
02:16:20 diving a little deeper how it
02:16:21 is planning staff evaluates the
02:16:22 association of a person with a
02:16:26 building, and that significance,
02:16:27 does that person have to live
02:16:30 there? Is ownership simply
02:16:30 enough? Is the fact that he
02:16:31 owned hundreds of buildings in
02:16:32 the city something that you
02:16:35 factored into your decision? I
02:16:36 want to get a better
02:16:40 understanding of that
02:16:43 particular evaluation.
02:16:44>> yes. There is a national
02:16:45 register bulletin number 32
02:16:49 which specifically talks about
02:16:49 evaluating properties for
02:16:51 significance with important
02:16:54 individuals. It does state
02:16:54 specifically that mere
02:16:59 ownership does not imply
02:17:00 significance or a significant
02:17:00 connection.
02:17:01 >> about the fact-did you

02:17:04 factor in young hundreds of
02:17:05 buildings or was that I
02:17:08 criteria at all?
02:17:09 >> we looked into the fact we
02:17:10 had a large amount of real
02:17:18 estate in the area.
02:17:18 >> it but I guess it sounds
02:17:19 like because he didn't operate
02:17:20 Mr. Senter didn't operate his
02:17:20 water comedy out of this
02:17:24 building and he didn't live
02:17:24 there he that's what you based
02:17:26 on-or, I guess you decided it
02:17:29 wasn't that important and
02:17:30 association with Mr. Senter?
02:17:32 >> that is correct.
02:17:35>> okay.
02:17:37 >> thank you supervisor trying
02:17:39 to get see no other questions
02:17:40 we will now go to the
02:17:43 presentation for the project
02:17:45 sponsor.. Or, the
02:17:45 representative.He will have up
02:18:03 to 10 minutes.
02:18:06 >> hello. Pres. Breed and
02:18:08 board of supervisors. My name
02:18:11 is shoddy o'connor emma the
02:18:14 project sponsor of 953 treat
02:18:15>> can you please speak into
02:18:23 the microphone.
02:18:24 >> I apologize on the project
02:18:25 sponsor 953 treat ave. Thank
02:18:26 you for giving me the
02:18:26 opportunity to speak. This is
02:18:43 the property in question. I
02:18:45 would like to start by shedding
02:18:49 light to the reason why
02:18:55 [Inaudible] Opposing this
02:18:55 President Ernest and jim hunter
02:18:56 with the previous owners of 953
02:18:57 treat. They had the property in
02:18:58 the family since 1954. In 2005
02:19:00 they were the project sponsor
02:19:05 which pursued a historic
02:19:06 intervention in order to demo
02:19:06 953 treat and build a 9-10 year
02:19:23 building. I apologize. These
02:19:23 prevent planet bowman found the
02:19:33 building to be not historically
02:19:34 resource. Ernest has brother,
02:19:35 jim did not see eye to eye on
02:19:35 the project did not follow
02:19:36 through on the project and
02:19:37 subsequent project ideas. The
02:19:37 brothers had a falling out and
02:19:40 really speak to each other.
02:19:40 Anymore. We purchased the
02:19:41 property in March 2015 to where
02:19:42 we might be in the middle of a
02:19:44 family dispute. Ernest hines
02:19:45 currently owns the commercial
02:19:49 building next door engagements
02:19:49 between and mike buehler
02:19:51 services to preserve the

02:19:52 building in December 2015 on
02:20:01 the notes to my team.
02:20:01 Unbeknownst to my team. If you
02:20:02 see here there's a email with
02:20:03 ernest hines or catherine
02:20:14 between and mike buehler raises
02:20:15 the question of ernest hines or
02:20:16 really want to preserve the
02:20:20 building why did he sell it or
02:20:20 file it for historic exemption
02:20:27 when he owned it in 2005 since
02:20:28 December 2015 my team sat down
02:20:28 with a real neighbors 953 treat
02:20:29 ave. To discuss what they
02:20:34 would like to see built in
02:20:35 their backyard. They
02:20:36 emphatically wanted to see the
02:20:36 pump approximately 800 ft.2
02:20:38 structure that occupied half
02:20:44 the lot be removed and family
02:20:44 orientated units with parking
02:20:45 built. We were diligent with a
02:20:46 planning deferment and the
02:20:47 neighbors to design a plan
02:20:51 that all could support. I was
02:20:52 notified by the planning
02:20:52 deferment in December 2016 the
02:20:53 list of oppositions which
02:20:55 included catherine trends name.
02:20:55 This was after a year of
02:20:56 working with the neighborhood
02:20:59 and this was the first time we
02:21:02 were aware of any opposition.
02:21:04 It was later found out during
02:21:05 my outreach the list consists
02:21:07 of ernest heiser's commercial
02:21:08 tenants. Many of which wrote
02:21:10 the planning department that
02:21:15 they do not oppose the project
02:21:16 and did not know they were
02:21:16 being conveyed and is opposite
02:21:19 to reach out to Ms. Tran to
02:21:19 address her concerns she did,
02:21:21 to convey them or me to discuss.
02:21:24 Is not until a month ago after
02:21:25 a unanimous decision by the
02:21:26 well-respected planning
02:21:30 commission which he agreed with
02:21:31 the planning deferment's
02:21:31 determination the building was
02:21:35 not historic not a historic
02:21:36 resources and approved the demo
02:21:40 permit that catherine pridgen
02:21:41 finally want to me. I agreed to
02:21:42 meet with her she asked me to
02:21:42 throw away two years and
02:21:46 thousands of hours of work by
02:21:46 the neighbors with the planning
02:21:47 department and my team try to
02:21:51 find a way to retain the
02:21:52 structure. That has been deemed
02:21:53 not to be historically resource
02:21:53 twice by the planning
02:21:55 department, once in 2005

02:21:56 recently last year and also by
02:22:00 the top historical preservation
02:22:01 in the city could fortify the
02:22:03 request to be untimely and
02:22:04 unfair and enormous waste of
02:22:10 precious city resources. 953
02:22:14 treat-avenue has been renewed
02:22:14 for historic significance
02:22:18 numerous times since 2000 all
02:22:18 determination states not a
02:22:19 historic resource. This
02:22:22 includes two peer reviews
02:22:25 lastly performed by caring
02:22:26 company [Inaudible] Both 2005
02:22:29 and 2006 planning deferment
02:22:30 determination and all catherine
02:22:44 pridgen's claims. If you look
02:22:46 at this chart I created, it
02:22:48 gives you an idea of the
02:22:51 history and how much it's been
02:22:56 reviewed. April 28, 2005 jane
02:22:57 hines her previous owner family
02:22:58 owned since 1954 they history
02:23:01 major at uc berkeley includes
02:23:10 beef and focus curriculum gave
02:23:11 it a not historic resource.
02:23:12 September 15, 2005 san
02:23:12 francisco planning department
02:23:13 research by wenzel hastings
02:23:14 currently the historic
02:23:14 charleston foundation director
02:23:15 preservation and museums
02:23:16 reviewed by mark wheeler and
02:23:18 curran as a planning manager
02:23:28 not historically so. April 27,
02:23:29 2015 [Inaudible] In existence
02:23:30 for 40+ years and won countless
02:23:31 preservation awards including
02:23:31 just recently william c ralston
02:23:32 award from the san francisco
02:23:33 museum of historical society in
02:23:34 recognition of decades of
02:23:39 committed and talented
02:23:40 architectural work towards
02:23:41 preservation of the bay area.
02:23:41 Not a historic resource. March
02:23:44 28, 2017-2016 san francisco
02:23:47 planning deferment research by
02:23:47 justin grubbing who previously
02:23:50 worked at should tell inc.
02:23:50 Historic preservation firm with
02:23:52 20 years of expense and
02:23:58 reviewed by team tina tam for
02:23:59 over six years. Not a historic
02:24:12 reason April 18 just last week
02:24:18 2017 tim kelly consulting get
02:24:19 their fill peer-reviewed tim
02:24:20 kelly served five terms as the
02:24:20 president of the san francisco
02:24:21 landmarks board. Not a historic
02:24:22 respect April 20, 2000 and
02:24:22 carrion company did a full peer
02:24:23 review principal nancy
02:24:24 goldenberg has over 30 years of

02:24:26 professional architectural
02:24:27 historian experience music
02:24:28 currently serves on the board
02:24:31 of sf heritage. Also on the san
02:24:33 francisco limericks
02:24:34 preservation advisory board
02:24:35 that not a historic risa. Also,
02:24:36 the planning commission in
02:24:36 February 16, 2000
02:24:37 well-respected commissioners
02:24:45 like catherine moore, pres. Rich
02:24:46 hillis and agreed with the
02:24:47 determination the property is
02:24:48 not a historic risa. The demo
02:24:49 permit was given a unanimous
02:24:51 approval. None of these
02:24:52 professionals take the jobs and
02:24:55 the reputations lately. I don't
02:24:56 set up resident that would
02:24:59 allow more of these appeals to
02:25:00 be filed putting a strain on
02:25:02 the time and resources the
02:25:02 planning department and
02:25:03 planning commission in the
02:25:09 sport of supervisor. This is a
02:25:14 map of 953 treat ave. The
02:25:18 immediate area. Now many
02:25:19 projects throughout the city
02:25:21 are met with a large neighbor
02:25:23 opposition. This is not one of
02:25:24 those projects. We took the
02:25:27 time to listen to the neighbors
02:25:28 and instead of building a bunch
02:25:33 of one-bedroom units. We
02:25:34 designed a wonderful six unit
02:25:35 family friendly building that
02:25:36 fits the neighborhood
02:25:37 demographics. The large support
02:25:42 from the 18 immediate long-term
02:25:43 neighbors 953 treat is rarely
02:25:44 seen. As you can see from the
02:25:44 map I put dots for everybody
02:25:46 that signed a letter of
02:25:47 support. We took a lot of time
02:25:53 meeting with the neighbors
02:25:54 after we found out that
02:25:54 this-when we got a report
02:25:54 saying it was not a historic
02:25:55 but we do not hear from any
02:25:57 opposition at all about this
02:26:01 possibly being historical until
02:26:16 catherine patron submitted her
02:26:19 opposition one-week-or a couple
02:26:20 weeks before the planning
02:26:21 commission hearing which was
02:26:21 about two months ago. So the
02:26:22 entire time we were under the
02:26:23 impression this was not
02:26:23 historical we were doing all
02:26:25 the right things with
02:26:26 neighborhood support and doing
02:26:28 a responsible project here and
02:26:30 it is really painful to see
02:26:32 this is where we are going.

02:26:36 It's really tough. This
02:26:37 decision before you should not
02:26:37 be made lightly. As to long
02:26:38 years of work in countless
02:26:39 number of hours have gone into
02:26:47 this amazing project. As each
02:26:50 individual supervisor support
02:26:51 the talented hard-working time
02:26:52 at the planning department the
02:26:52 well-respected planning
02:26:53 commission, top of most rapid
02:26:54 of preservationist in san
02:26:54 francisco and the real
02:26:55 neighbors who live on treat
02:26:55 avenue and reject this
02:26:56 misrepresented appeal. I think
02:26:57 you so much for your time. I
02:27:07 hope I was right. That's all
02:27:07 for me. Thank you
02:27:08 >> thank you very much but
02:27:09 supervisor kim do you have a
02:27:09 question?
02:27:11 >> yes. A quick follow-up
02:27:12 questioning by the way it's
02:27:13 very impressive you have
02:27:13 support in the neighbors in the
02:27:15 area for project like this.
02:27:16 Neighborhoods we typically have
02:27:18 opposition from the resident. I
02:27:20 just want appreciate your
02:27:22 working to outreach. I know
02:27:24 about difficult. I just had two
02:27:24 quick questions. I do not
02:27:26 understand what you are implying
02:27:29 in the beginning of your
02:27:30 introduction about Ms. Padron's
02:27:33 relationship to the family that
02:27:36 owned [Inaudible]
02:27:39 >> corrected jim and ernest
02:27:40 hines her previously on the
02:27:43 building and ernest hines are
02:27:46 was the one that engaged mike
02:27:47 buehler and catherine for
02:27:51 trying to preserve this
02:27:51 building. Is also the owner of
02:27:52 the commercial building next
02:27:54 door 2953 treat ave.
02:27:54 >> I seek him after he sold
02:27:59 the property to you he then
02:27:59 went-
02:28:00 >> right. The brothers had a
02:28:01 falling out and they split the
02:28:04 assets so jim hines are 953
02:28:06 treat ave. And ernest hines are
02:28:06 kept the commercial building
02:28:09 next door which actually luke
02:28:14 the chunnel works and. That
02:28:15 spoke earlier. Jim hines are
02:28:17 sold the property to us and I
02:28:22 did not know all this
02:28:23 >> I understand if you're one
02:28:23 brother sold you the property
02:28:25 and the other brother went out
02:28:27 to try to find maybe

02:28:29 oppositional information
02:28:29 information
02:28:30>> correct. I don't know if
02:28:38 you saw the email but mike
02:28:39 buehler and ernie hines are on
02:28:40>> I'd a hard time seeing
02:28:40 anything. Sorry these are not
02:28:41 great screen. It is not your
02:28:42 fault. My second question you
02:28:44 had mentioned thatthere's
02:28:45 recently two peer reviews done
02:28:47 >> correct.
02:28:49>> just out of curiosity with
02:28:51 a paid?
02:28:53>> well, yes.
02:28:56 >> you went out and found two
02:28:56 other-
02:28:58>> so yes. I went off the san
02:29:00 francisco planning departments
02:29:04 approved list and I called-I
02:29:07 asked around for the most
02:29:10 reputable firms in the city and
02:29:10 they said will you already
02:29:13 have one of them which is page
02:29:16 and turnbull and-company is
02:29:19 really good kelly consulting is
02:29:20 really good. So I called him
02:29:22 and asked wayne what was going
02:29:24 on and sent them asked him if
02:29:25 they would do a peer review.
02:29:28>> thank you
02:29:38 >> thank you supervisor kim.
02:29:38 Supervisor peskin
02:29:39 >> just relative to supervisor
02:29:40 jenkins comments I want to stay
02:29:41 for the record the
02:29:41 representation made by the
02:29:42 appellant that the appellant
02:29:43 had brought this forward is a
02:29:45 pro bono matter. I'm happy to
02:29:47 ask the appellant if that is a
02:29:50 true statement but that was the
02:29:54 appellant's statement as to
02:29:55 Mr. Buehler, he is executive
02:29:56 director of a nonprofit
02:30:00 organization whose mission is
02:30:01 to preserve and enhance
02:30:02 historic resource in the city
02:30:04 and county of san francisco. So
02:30:07 it doesn't seem too nefarious
02:30:07 to me but I just want to say
02:30:08 those two things for the record.
02:30:09 >> thank you. Thank you very
02:30:15 much. At this time, if there's
02:30:16 any members of the public who
02:30:18 would like to speak in
02:30:20 opposition of the appeal, you
02:30:26 will have up to two minutes.
02:30:39 Per speaker, please. First
02:30:40 speaker, please.
02:30:40>> hello. I'm jeff dixon
02:30:41 architect for the proposed
02:30:42 project at 953 tree. Catherine
02:30:46 patron has raised the question

02:30:47 is there no good development
02:30:48 that retains the existing
02:30:52 building. She knows as well as
02:30:52 enemy this building is not
02:30:58 actually historically rated.
02:30:59 She's just trying to tug at
02:31:00 your heart strings. I
02:31:00 understand why. In truth, the
02:31:01 building the existing building
02:31:02 art by 70% of the lot and if
02:31:05 we go to the overhead here? I
02:31:08 have represented that the
02:31:08 current footprint of the
02:31:09 existing building in red
02:31:12 overlaid over the development.
02:31:12 This retaining of the existing
02:31:14 building would eliminate the
02:31:22 proposed building are developed
02:31:22 basically to billions on one
02:31:23 lot. It would eliminate the
02:31:24 south building and
02:31:24 substantially reduce the size
02:31:26 of the north building. We have
02:31:27 studied retention options and
02:31:32 they do not meet the neighbors
02:31:33 directives or the city's goals.
02:31:33 The planning commission has
02:31:34 been very firm in their mandate
02:31:35 for family-friendly housing and
02:31:37 for maximizing density density
02:31:38 is reflected in both the unit
02:31:40 count and the number of beds
02:31:41 essentially how many people can
02:31:43 be housed on the site. The
02:31:46 space for the new building is
02:31:47 highly compromised by the
02:31:48 retention of the existing
02:31:54 structure. After required
02:32:00 setbacks for rating windows
02:32:01 other clearances the new
02:32:02 building would actually yield
02:32:02 about 700 ft.2 net residential
02:32:04 space per floor. With bike
02:32:05 storage and garbage and things
02:32:06 on the ground floor. That would
02:32:07 result in three one-bedroom
02:32:09 apartments. Our proof project
02:32:16 has six units totaling 16
02:32:16 bedrooms. This would be four
02:32:17 units totaling five bedrooms.
02:32:18 We could house 20 people, 30
02:32:22 people this development would
02:32:23 house 5-10 people it's really a
02:32:23 terrible plan and total
02:32:29 misrepresentation of the kind
02:32:29 of project to say there's a
02:32:30 compromise here. There's
02:32:31 actually no compromise that
02:32:31 involves retaining the
02:32:33 building. Thank you.
02:32:37 >> just to be clear, for
02:32:37 members of the public would
02:32:40 like to speak, this is for
02:32:43 anyone who is in opposition of

02:32:45 the appeal only. You basically
02:32:50 support the project
02:32:50 >> correct. President. The
02:32:53 board of supervisors, this is
02:32:55 san francisco come on kid
02:32:57 anything goes. Nothing matters.
02:33:03 The fact that it's historical,
02:33:04 well it's paid to play
02:33:05 politics. You hire the right
02:33:05 people, you get what you want
02:33:09 done who cares about the big
02:33:10 picture here. The fact that
02:33:15 something is historical that
02:33:18 experts agree it's historical
02:33:19 we just keep throwing money at
02:33:22 the project you keep favoring
02:33:24 the people working in the
02:33:26 planning department giving
02:33:28 them gifts
02:33:32>> sir, excuse me were pausing
02:33:34 your time. Are you to speak in
02:33:35 support of the project were in
02:33:36 opposition of the project?
02:33:38>> in support of the project.
02:33:45 >> thank you.
02:33:46>> I know it May seem a little
02:33:47 overwhelming to you but in
02:33:48 support of the project.
02:33:49 Anything goes and nothing
02:33:50 matters in san francisco. There
02:33:55 is no more properties like that
02:33:58 and it's historical and so
02:34:01 forth. Those things don't
02:34:05 matter.. That's not san
02:34:06 francisco values. San
02:34:07 francisco values are completely
02:34:08 different than that. This is
02:34:13 the time of the low man. Where
02:34:16 anything goes. You can,
02:34:17 ultimately throw enough money
02:34:26 at a project which we've done
02:34:27 you can expect to get the
02:34:28 categorical exemption to be
02:34:30 continued. Because this is san
02:34:32 francisco. You pay to play and
02:34:33 you can get what you want
02:34:35 regardless of the facts because
02:34:37 the planning department are
02:34:40 part of the problem. Thank you
02:34:42 very much for your time.
02:34:45>> thank you. Next speaker,
02:34:52 please.
02:34:53>> good afternoon my name is
02:34:54 christina dyke's senior
02:34:58 architectural historian of page
02:34:59 in turn will either master's
02:35:02 degree in architectural history
02:35:03 and I meet with the sec. Of
02:35:03 interior standards professional
02:35:05 qualifications for
02:35:06 architectural historian. I
02:35:07 agree with and support all the
02:35:12 findings of the planning
02:35:13 department is made in their

02:35:14 categorical exemption appeal
02:35:14 response. I am here to defend
02:35:16 the findings that we made in
02:35:16 our historic resource
02:35:17 evaluation as we prepare the
02:35:23 hre in April 2015 at the
02:35:24 conclusion of our report was at
02:35:24 the cottage was not
02:35:25 individually significant or
02:35:26 eligible for lifting in the
02:35:26 listing in the california
02:35:27 register. To qualify a little
02:35:32 bit of the dual historic
02:35:33 resource status codes, three cs
02:35:40 and seven n early in our
02:35:44 report scoping process in 2015.
02:35:44 I have an email communication
02:35:47 specifically about this. If you
02:35:48 dig into the actual south
02:35:51 mission survey findings on the
02:35:54 planet from its website, not
02:35:54 the property information map,
02:35:55 it's clear the building was
02:35:59 never found to be individually
02:35:59 significant. I also reviewed
02:36:02 the property information map
02:36:03 and cemented a letter to the
02:36:03 planning commission on February
02:36:08 3. It was dated February 3
02:36:09 planning to the commission
02:36:09 hearing that only listed the
02:36:11 seven. It was dated February 3
02:36:11 planning to the commission
02:36:12 hearing that only listed the 7n
02:36:15 so I like to refute the claim
02:36:16 that the information on the
02:36:17 property information map was
02:36:19 updated after the planning
02:36:20 commission hearing. The appeal
02:36:23 letter notes former property
02:36:24 owner john senter and john
02:36:25 sensor company was a major
02:36:34 landowner that installed the
02:36:36 water supply system the
02:36:36 preventive destruction of
02:36:37 portion of the mission district
02:36:38 from the 1906 earthquake and
02:36:38 fires. While john senter May be
02:36:39 locally significant for this
02:36:42 feat the cottage at 953 treat
02:36:42 is not individually significant
02:36:43 direct association with this
02:36:45 act. The fire was halted at
02:36:46 20th st. A few blocks north
02:36:48 from 953 tree. Senter was not
02:36:50 the first owner of the property
02:36:51 and never lived at the property
02:36:54 during the time his company
02:36:54 only.
02:36:55>> thank you for your comments.
02:37:06 Next speaker, please.
02:37:06>> good afternoon. My name is
02:37:07 ruth todd. On the preservation
02:37:08 planner and preservation

02:37:08 architect and principal at
02:37:11 paige and turnbull. I leave the
02:37:12 cultural resources studio which
02:37:16 is composed of eight historians
02:37:17 architectural historians, and
02:37:17 preservation planners and three
02:37:19 offices throughout california.
02:37:22 For almost 45 years in business
02:37:27 we have evaluated thousands of
02:37:28 buildings to determine their
02:37:29 significance as historic
02:37:36 resource. Sometimes there
02:37:37 historic resources. Sometimes
02:37:37 they are not historic
02:37:38 resources. Being 130 years old
02:37:39 is not a criteria for
02:37:41 significance. When we do our
02:37:44 work, we are not advocates a
02:37:45 preservation and we are not
02:37:47 advocates of development. In
02:37:48 fact, for this particular
02:37:49 project we knew nothing about
02:37:51 the proposed project when we
02:37:55 made our findings. We are
02:37:56 objective historians making
02:37:58 professional and qualified
02:38:00 findings regarding our built
02:38:03 environment. It is easier to do
02:38:05 our job now that was 45 years
02:38:06 ago. The city has sponsored
02:38:08 surveys and contact statements
02:38:11 that serve as useful tools for
02:38:14 our determinations and findings.
02:38:15 Over the last 45 years there
02:38:18 have been very clear national
02:38:24 and state guidance and criteria
02:38:25 and bulletins that guide our
02:38:29 decisions. We review our work
02:38:31 in-house and as the applicant
02:38:34 stayed, two of our peer
02:38:38 competitors support our
02:38:39 findings. We do not feel that
02:38:41 the appellant has provided
02:38:42 significant evidence in support
02:38:45 of the claims that this
02:38:46 property is a historic recent.
02:38:47 Thank you.
02:38:48>> thank you for your comments.
02:38:51 Next speaker, please.
02:38:53>> hello. My name is
02:38:56 [Inaudible] Architectural
02:38:56 historian at-comedy in
02:38:58 architectural and preservation
02:39:02 from that has been in existence
02:39:03 since 1983. While we were
02:39:08 engaged to conduct a peer
02:39:08 review of this historic
02:39:09 resource evaluation for the
02:39:10 subject property. We looked at
02:39:19 the memo from 2005 page and
02:39:19 turbo report of 2015 planning
02:39:20 department review of 2016 and
02:39:22 [Inaudible] Letter dated 2017.
02:39:23 The three documents have

02:39:25 concluded that the property
02:39:28 doesn't possess historical
02:39:29 significance while a fourth one
02:39:30 found it to be at we conducted
02:39:31 an independent and unbiased
02:39:33 peer review of these evaluations
02:39:34 and we agree with the
02:39:41 planning departments and page
02:39:42 intervals conclusions the
02:39:43 property doesn't have historic
02:39:43 significance. Thank you.
02:39:44>> thank you for your comments.
02:39:52 Next speaker, please. Good
02:39:52 afternoon.
02:39:53 >>
02:39:56>> good afternoon. Ims donald
02:39:57 [Inaudible] I live directly
02:39:59 across the street from the
02:40:00 project it on our side of the
02:40:02 street there are six buildings
02:40:03 and I have the signatures of
02:40:05 all the buildings owners and
02:40:06 tenants long-term tenants that
02:40:14 live in these buildings. I've
02:40:16 lived on this block like I said
02:40:17 40 years. 19 years across the
02:40:17 street and I moved to the west
02:40:18 side of the street which is
02:40:19 directly across about 20 years
02:40:20 ago I raise my children on this
02:40:21 block. I've had grandchildren
02:40:22 born on this block. We're
02:40:24 definitely in favor having his
02:40:25 billing knockdown and the
02:40:30 building is a bit in terrible
02:40:31 condition for the last 30 years
02:40:32 that I can remember I've never
02:40:33 seen any great influence made
02:40:36 to it. It's very shoddy
02:40:36 construction. Nothing to write
02:40:37 home about older buildings
02:40:38 within two blocks of that
02:40:39 building from the 1860s. Their
02:40:41 older italianate style
02:40:45 buildingstwo blocks away also.
02:40:47 Thank you very much for your
02:40:47 time.
02:40:48>> thank you for your comments.
02:40:53 Next speaker, please.
02:40:54>> hello. My name is lauren
02:40:56 siegel and I live at 924
02:40:57 >> hello. My name is lauren
02:40:57 siegel and I live at 924 treat
02:40:58 ave. We have been in having a
02:41:00 conversation with the developer
02:41:02 for over the past two years as
02:41:13 far as I've lived at our home,
02:41:14 that building has been in
02:41:15 complete disrepair. I don't
02:41:15 even think you could save it. I
02:41:16 would love, love, to see other
02:41:17 families in the neighborhood
02:41:20 that we love in our choosing to
02:41:21 raise our children. I really

02:41:25 hope you guys think about that.
02:41:25 There is a children's park
02:41:26 right across the street that I
02:41:30 think would be lovely for
02:41:30 families.
02:41:33>> thank you for your comments.
02:41:36 Next speaker, please.
02:41:38>> hello. My name is zachary
02:41:40 siegel. I was actually raised
02:41:42 here in san francisco. I live
02:41:47 it 9243 treat with our away
02:41:48 form that were lacing our
02:41:49 family here on treat street. I
02:41:52 think it is the building
02:41:53 itself I lived there for six
02:41:54 years good so I haven't have
02:41:56 the history that don does, but
02:41:58 it's basically been vacant.. I
02:42:01 don't know what it has to do
02:42:02 with the historical status but
02:42:08 I think that it is bright
02:42:08 essentially. It's beyond
02:42:10 repair. There's nothing going
02:42:19 on therethat has anything of
02:42:20 value. To the point of
02:42:21 supervisor kim, when you're
02:42:21 said you're surprised the
02:42:22 neighbors all came together on
02:42:24 this, that should be assigned.
02:42:27 This building is not good.
02:42:28 Thank you.
02:42:29>> thank you. Are there any
02:42:31 other members of the public
02:42:33 that would like to speak in
02:42:34 support of the project?
02:42:38 Seeing none, public comment is
02:42:38 closed
02:42:39>> [Gavel]
02:42:40 >> all right we have the
02:42:42 appellant's you will have up to
02:42:50 three minutes for rebuttal.
02:42:51>> thank you supervise. You've
02:42:51 heard a lot of information.
02:42:54 There's a lot to say. I could
02:42:55 use a lot more than three
02:42:58 minutes to clarify things that
02:42:59 you've heard I'm not going to
02:43:00 do that get back to him and to
02:43:04 get to my last-minute because
02:43:04 I'd like her to make a
02:43:05 particular point. Basically, I
02:43:07 just wanted to refute a couple
02:43:11 of quick things for clarity.
02:43:12 The reason I got involved in
02:43:14 this project is that ernest
02:43:17 hunter, former owner called
02:43:18 heritage asking for help in
02:43:22 saving the building. My dealer
02:43:22 at heritage call me. Heritage
02:43:25 was never engaged. I did talk
02:43:26 to ernie hines are about
02:43:27 working on this project. That's
02:43:30 how I became aware of it. But he
02:43:33 is not my client and I been

02:43:34 doing this on a totally pro
02:43:35 bono effort for months and
02:43:40 months. I am sympathetic to the
02:43:42 developers frustration with the
02:43:43 timing and I have to bring that
02:43:46 back to the planning department
02:43:48 because article 31 of the
02:43:49 administrative code was
02:43:53 recently-in the last few years
02:43:54 amended in a does not allow the
02:43:58 appeal of a-the appeal on
02:43:59 bringing out is not even
02:44:02 allowed to be brought forward
02:44:03 until the first approval action
02:44:06 of the project. That means that
02:44:07 a developer develops his
02:44:09 project and is very far along
02:44:15 and at that first moment that
02:44:16 first action taken by the
02:44:17 planning commission is the
02:44:17 first time someone can appeal
02:44:21 it. That is advantageous
02:44:21 disadvantageous to the
02:44:27 developer and people who care
02:44:27 about historic reservation and
02:44:28 want to bring an appeal. The
02:44:29 developer and I spoke about
02:44:31 that and greed about that but
02:44:32 just a little bit of time and I
02:44:33 really want to just ask you
02:44:33 what I asked you at the start
02:44:40 of this hearing. Is, have you
02:44:40 asked yourselves, why we should
02:44:44 tear down this cottage that
02:44:45 stood for 130 years? We have a
02:44:49 great opportunity and as you
02:44:50 can see, there's a vacant space
02:44:52 that can be developed. A lot of
02:44:57 times we see historic buildings
02:44:57 being torn down. They don't
02:44:58 have the advantage of being on
02:45:01 such a large lot. There is no
02:45:02 option for keeping the building
02:45:06 and adding new housing like we
02:45:07 have here. So I do think
02:45:08 there's a win-win. Taking a
02:45:08 broader view I think it's
02:45:09 important to note the
02:45:12 immediate surroundings have
02:45:15 many historic buildings there's
02:45:17 market rate housing that's
02:45:18 coming online and that's all
02:45:20 the more important to balance
02:45:24 old and new and achieve visual
02:45:24 diversity to maintain the
02:45:28 historic character of the area
02:45:29 while adding new development
02:45:30 and finally, we are asking you
02:45:34 to reverse the exemption and
02:45:35 note that ceqa review which is
02:45:35 wilbur asking for, we are
02:45:38 asking for environmental review,
02:45:39 will provide an objective
02:45:41 review of project alternatives

02:45:44 so that May refute some of the
02:45:46 architects claims if it's
02:45:50 feasible or not. I'm going to
02:45:51 give my last time to susan
02:45:52 verna holly.
02:45:52>> thank you I'm sorry your
02:45:58 time is up. Okay. With that
02:45:58 this hearing has been held and
02:45:59 is now closed.
02:46:00 >> [Gavel]
02:46:01 >> this matter is in the hands
02:46:05 of the board. All right,
02:46:09 supervisor ronen.
02:46:09 >> colleagues, I really
02:46:13 struggled a lot with this
02:46:14 appeal. I read every single
02:46:16 document in the record and
02:46:18 usually when I do that I have
02:46:20 a strong lean one way or
02:46:27 another coming into the hearing
02:46:28 and I really do not have that
02:46:29 in this appeal. To me, it was a
02:46:31 close case coming in but I have
02:46:33 to say, after the additional
02:46:37 evidence additional experts I
02:46:39 heard I do think that
02:46:40 additional environment to
02:46:42 review is important and
02:46:46 necessary in this case. I will
02:46:51 explain why. I really want to
02:46:52 thank the May neighbors who
02:46:53 came out and testified and I
02:46:55 understand what it's like when
02:46:59 there's ablated property on
02:47:00 your street and what that does
02:47:05 to a neighborhood. But there is
02:47:08 a very viable development that
02:47:09 can happen at this site that
02:47:13 would provide sort of the twin
02:47:13 goals that we have as a city,
02:47:15 which is building warehousing
02:47:18 and more family housing and
02:47:20 preserving a very unique
02:47:22 historic building. I'm
02:47:26 compelled by the appellant's
02:47:27 argument and the additional
02:47:28 experts that come in spoke today
02:47:34 that there is not
02:47:34 opportunities like this left in
02:47:35 a city where there's really a
02:47:37 confluence of things going on
02:47:40 here with this particular site.
02:47:43 It is 130-year-old building..
02:47:45 It is of this particular style
02:47:48 which I'm learning it on brando
02:47:49 historic preservation but I'm
02:47:50 learning this vernacular style
02:47:53 is a very simple architectural
02:47:55 style. That was generally
02:47:59 occupied by working-class
02:48:00 folksand so it was probably in
02:48:02 the 1800s occupied, or
02:48:05 throughout the history, when
02:48:07 the neighborhood was primarily

02:48:08 irishby irish working-class
02:48:10 folks and then at some point
02:48:13 could have been a significant
02:48:14 to the latino community.
02:48:17 Fortunately, there's not enough
02:48:20 historic review here for us to
02:48:26 know fully the history of this
02:48:29 particular building. It also
02:48:32 was associated with this
02:48:34 historic figure in the mission,
02:48:35 john center. It was owned by
02:48:39 john center and while this
02:48:41 property wasn't on the fire
02:48:45 line itself, it was saved by
02:48:46 the fact that Mr. Senter built
02:48:48 this water works project in the
02:48:49 neighborhood which saved this
02:48:50 house and many others in the
02:48:53 neighborhood and that is
02:48:54 significant. So it's a very
02:48:58 unique particular style that is
02:49:02 130-year-old building owned by
02:49:03 a man that basically built this
02:49:03 system at save this property
02:49:06 during the earthquake and fire
02:49:07 in the confluence of those
02:49:09 different factors, I think are
02:49:13 significant. It's not just ivan
02:49:13 is not important but I think
02:49:16 because I'm not in our textual
02:49:16 strain but today we heard from
02:49:19 at least four architectural
02:49:20 historians that said that is a
02:49:22 significant site and I was
02:49:25 compelled by that testimony.
02:49:27 I'm very troubled, as well by
02:49:31 the whole history of this
02:49:31 designation, that was
02:49:33 designated in the planning
02:49:36 department records as
02:49:40 three -- cs. The fact that it
02:49:43 wasn't-whether it was
02:49:44 designated at one time three-cs
02:49:46 and that was it a mistake or
02:49:50 wasn't ever reviewed as part
02:49:50 of the south mission survey,
02:49:55 I'm troubled on both sides. I
02:49:59 believe that would suggest that
02:49:59 there is in a process that we
02:50:02 have in place that is truly
02:50:07 objective and not tied to a
02:50:07 particular developers desire to
02:50:10 make a profit of a particular
02:50:14 site. I would be remiss if I
02:50:18 did not set a precedent here
02:50:20 that required proper
02:50:24 environmental review when there
02:50:25 is substantial evidence like
02:50:26 there is here that this is a
02:50:28 historic acid. So with that,
02:50:29 colleagues, I will make a
02:50:36 motion to approve item 15 and
02:50:40 16 and table item 14.
02:50:44 >> okay. Supervisor ronen has

02:50:45 made a motion to approve item
02:50:46 15 and 16 and table 14. Is
02:50:49 there a second? Second by
02:50:54 supervisor peskin supervisor kim
02:50:54 >> I just want to reiterate a
02:50:55 point that supervisor peskin
02:50:58 had made earlier that I think
02:50:59 at some point it would be good
02:51:00 to review the process by which
02:51:02 historical review is done by
02:51:03 consultants. I don't have an
02:51:05 issue with the fact that the
02:51:07 developer paid for the
02:51:09 consultants that I do think
02:51:10 that there is an inherent bias
02:51:18 when the developer pays for and
02:51:18 picks the consultant. Even if
02:51:19 the consultant actually gave a
02:51:22 good objective review, it just
02:51:25 shines-it throws a little doubt
02:51:28 about the bias because I just
02:51:28 don't know how often I've seen
02:51:31 a consultant actually give a
02:51:32 final summary that was in
02:51:33 opposition to what the
02:51:36 developer would like to see.
02:51:42 actually, if we got one that
02:51:43 was evidently picked by the
02:51:44 planning department I would
02:51:44 actually have a lot more faith
02:51:47 in the evaluation that was
02:51:47 brought before us. It's
02:51:48 unfortunate because this
02:51:49 could've been a very good
02:51:54 evaluation. This is something
02:51:55 that didn't just come up for
02:51:56 this project but it's come up
02:51:56 for several other projects in
02:51:57 the past I do want to clarify
02:52:01 my point about ownership versus
02:52:08 water. I'm not saying that any
02:52:09 home that's owned by john
02:52:10 center should be considered
02:52:11 historical resource. I just
02:52:14 have trouble that with the
02:52:14 concept that the historic
02:52:16 preservation commission would
02:52:19 say that his water touching
02:52:22 housing makes you eligible for
02:52:23 historical resource but
02:52:24 ownership does. I don't really
02:52:28 see the distinction and then
02:52:28 the crying brings me to her
02:52:31 supervisor ronen is. He doesn't
02:52:32 seem to be a good set of
02:52:38 objective criteria by which we
02:52:39 determine kind of what's
02:52:40 historical resource and what's
02:52:40 not. I do want to say this a
02:52:42 very hard one for me. This was
02:52:43 7-0 at the planning commission
02:52:47 which says a lot to me. I
02:52:48 appreciate the staff's
02:52:50 presentation on how the detail

02:52:54 deviate from what most of the
02:52:55 other houses that are along
02:52:57 this lineage I guess. Would
02:53:00 like to be good so I understand
02:53:01 why this is a difficult
02:53:03 decision before the board today.
02:53:05 But my point is kind of an
02:53:06 overall systematic issue. I
02:53:08 think we need to reevaluate and
02:53:10 of how consultants are picked
02:53:13 because it just impacts my
02:53:14 ability to make what I think is
02:53:16 a fair determination of this
02:53:20 project. But I do want to say I
02:53:21 want to appreciate that volker
02:53:25 did a lot of work and good did
02:53:25 good development. It appears
02:53:26 to be a very good development
02:53:28 for the neighbor that's been
02:53:30 brought forward. Before us.
02:53:32 >> thank you supervisor 10 can.
02:53:37 Supervisor tang b thank you.
02:53:37 I definitely understand all the
02:53:38 concerns were raised by
02:53:39 supervisor ronin supervisor kim
02:53:41 and so forth and generally like
02:53:42 to do for the district
02:53:47 supervisor but here were not
02:53:48 opining whether we think the
02:53:49 project should be built or not.
02:53:49 Were planning about whether we
02:53:53 agree with this exemption that
02:53:53 was granted and so I think I do
02:53:55 deviate a bit from the comments
02:53:58 stated earlier. Mostly because
02:53:59 again I'm not a historic
02:54:01 preservation specialist by any
02:54:02 means and I know there's plenty
02:54:07 of you out there who are in our
02:54:08 audience today. Some of you of
02:54:09 which have differing opinions,
02:54:11 but just in terms of my
02:54:15 assessment of the situation
02:54:16 looking at the existing
02:54:17 building 9533, how it was
02:54:19 expanded, how it has shingles
02:54:21 versus the painted wood siding,
02:54:23 the window pattern, the fact
02:54:28 that it was one of the hundreds
02:54:29 of buildings owned by Mr.
02:54:30 Senter, although he is a
02:54:31 significant in our history, but
02:54:33 this was just one of again the
02:54:37 many buildings he owned, the
02:54:41 fact that the company that Mr.
02:54:41 Senter on was not operate out
02:54:43 of this building, he did not
02:54:44 live there, the fact that there
02:54:47 have been many different
02:54:51 reviews since 2005, not just by
02:54:52 the company that was hired by
02:54:53 the developer but several
02:54:55 different entities including
02:55:03 our own planning department, so

02:55:04 for me, this was also difficult
02:55:05 to, but I think that just based
02:55:05 on some of those facts I just
02:55:07 stated I would actually uphold
02:55:09 the planning department's
02:55:09 decision today.
02:55:12 >> thank you supervisor tang.
02:55:13 Supervisor ronen.
02:55:14 >> thank you I just want to
02:55:17 make a couple of points.
02:55:18 Supervisor tang I wasn't
02:55:19 opining on whether the project
02:55:21 should be built or not. I
02:55:23 really hoped that if my
02:55:25 colleagues agree with me and
02:55:26 meet some additional
02:55:29 environment will review that
02:55:30 environment additional review
02:55:30 will happen and the project
02:55:33 will be built here with the
02:55:34 appropriate treatment of this
02:55:37 potentially historic resource.
02:55:38 I will also forgot to mention
02:55:42 in my comments that my
02:55:43 understanding in talking to the
02:55:44 different parties was that this
02:55:48 building was occupied by a
02:55:49 tenant as recently as two years
02:55:52 ago. So when the architect was
02:55:53 comparing the number of
02:55:53 bedrooms between the different
02:55:58 options he wasn't including this
02:55:59 property that's currently
02:56:02 there. That could easily be
02:56:04 renovated and occupied again.
02:56:09 It's existing housing that
02:56:09 wouldn't require a delay in
02:56:10 terms of being placed on the
02:56:13 rental or purchase market. I
02:56:17 want to make the point that I
02:56:18 would love to see a developing
02:56:19 happen at this site.. I hope
02:56:24 that it does. And I hope that
02:56:25 after there is appropriate
02:56:26 amount of environmental review
02:56:32 that if it's found to be a
02:56:33 historic building that it is
02:56:35 incorporated into a project.
02:56:36>> thank you supervisor ronen.
02:56:37 Supervisor tang
02:56:39 >> thank you. I apologize if I
02:56:42 came off in a way that I
02:56:45 insinuated some about the
02:56:47 district supervisor what I
02:56:47 meant what I know for public
02:56:49 purposes, we tend to confuse
02:56:56 sometimes what were exactly
02:56:57 voted on so I just want to make
02:56:57 clear so it's public where
02:56:58 opining on whether the category
02:56:59 exemption to be upheld or not.
02:57:00 Secondly, just one other point
02:57:02 I want to make was in this
02:57:04 letter from Ms. Petrin that the

02:57:06 cottage at 953 treat built in
02:57:16 1887 predates the birth of
02:57:17 latino social and cultural
02:57:17 movements that occurred in this
02:57:18 part of the mission district
02:57:19 between 1950-2070 and so I know
02:57:20 there was a study that should
02:57:21 be done for the latino cultural
02:57:23 district but I think even Ms.
02:57:25 Petrin acknowledges that this
02:57:30 building in particular predates
02:57:30 the birth of that. Again just
02:57:34 another factor as to why I
02:57:35 would agree with the planning
02:57:36 department's decision today.
02:57:40>> thank you supervisor
02:57:41 tang.Supervisor peskin
02:57:42 >> just to be clear, the
02:57:44 categorical exemption under the
02:57:47 californian varmint equality
02:57:47 act is by definition a
02:57:52 statement that this project
02:57:53 could not in any way impact
02:57:54 environment. As a matter fact
02:57:55 that there needs to be no
02:57:56 review. When we hear from the
02:58:00 type of experts, the
02:58:01 preservation officer of san
02:58:05 jose, from former commissioner
02:58:06 martinez, that, to me is
02:58:08 substantial evidence in the
02:58:10 record from experts that gives
02:58:12 us enough information that we
02:58:17 can rely on. For those reasons,
02:58:22 i will be voting with
02:58:23 supervisor ronen. Her aunt
02:58:29 that many buildings left that
02:58:29 are 130 years old while this
02:58:30 has nothing to do with ceqa, as
02:58:31 you heard from when the
02:58:33 previous tenants, this is
02:58:33 affordable housing. It's
02:58:43 affordable by design. It 738
02:58:44 ft.2. They can be incorporated
02:58:45 into the subject was
02:58:45 incorporated in a previous
02:58:46 plan. That can happen again.
02:58:47 This is I think a profoundly a
02:58:47 statement by this board of
02:58:48 supervisors that we can build,
02:58:49 that we can continue to have
02:58:52 housing built in san francisco
02:58:52 and retained the fabric of our
02:58:55 neighborhoods. If it was a case
02:58:55 that we could prove that in
02:58:59 this is that this case.
02:59:02>> thank you supervisor peskin
02:59:03 supervisor yee
02:59:04 >> thank you President Lee.
02:59:08 This is really a tough one for
02:59:11 myself also.I would like to ask
02:59:15 the planning staffclarification
02:59:18 question. When you mentioned
02:59:18 that there's literally

02:59:26 hundreds of these examples of
02:59:30 italian style, is there any
02:59:33 overlap or the person that
02:59:36 we're talking about -- what is
02:59:46 the person's name? John
02:59:49 senter. You mention he owes
02:59:55 means had other parties is there
02:59:56 overlap where he owned another
02:59:58 italian style building that is
03:00:02 over 100 years? I am just
03:00:07 curious.
03:00:09 >> tina tam for the planning
03:00:10 department. It is our
03:00:13 professional expert opinion the
03:00:14 question about how many
03:00:20 properties owned by john senter
03:00:20 and how many are still in
03:00:21 existence in the mission or any
03:00:23 parts of the city, john senter
03:00:26 was an investor in his company
03:00:27 owned many properties
03:00:28 throughout the city. John
03:00:31 senter is an individual whose
03:00:32 important for owning and using
03:00:34 his waterworks company during
03:00:34 the fire to save a large part
03:00:36 of the mission. What is
03:00:40 relevant the properties that we
03:00:40 know our historic resource are
03:00:43 the ones that he saved that are
03:00:45 located directly near his
03:00:47 waterworks company. Those
03:00:48 properties have already been
03:00:55 identified in our survey.
03:00:56 >> that's on my question. With
03:00:56 them asking you if it's
03:00:57 relevant or not. I'm asking you
03:00:58 a straightforward question. If
03:00:59 you don't have the answer you
03:01:01 don't have the answer. I just
03:01:04 asked you, this is relevant to
03:01:04 me,
03:01:12 >> we did do a small sort of
03:01:12 reconnaissance survey of the
03:01:13 properties in the immediate
03:01:14 vicinity of this property we
03:01:14 were able to find two
03:01:15 properties that were previously
03:01:17 owned by john senter.
03:01:20 >> are these two buildings
03:01:27 italian style?
03:01:29 >> yes. One of them is in the
03:01:29 italianate style.
03:01:30 >> okay. Thank you for the
03:01:31 information
03:01:33 >> thank you I just want to say
03:01:37 since there's no other names on
03:01:38 the roster I tend to agree with
03:01:40 my colleague supervisor tang in
03:01:42 many instances I try to show
03:01:45 respect and support to the
03:01:46 district supervisor and their
03:01:53 desire to make a specific
03:01:53 decision that impacts their

03:01:54 district but in this particular
03:01:55 case unfortunately supervisor
03:01:56 ronen on not be able to support
03:01:57 you. With that seen no other
03:02:00 names on the roster, mme.
03:02:03 Clerk, on the motion which was
03:02:05 seconded to overturn the appeal
03:02:07 please call roll call
03:02:17 >> cohen nay farrell nay fewer
03:02:23 nay,, kim aye, peskin aye,
03:02:29 ronen aye, safai nay, sheehy
03:02:36 aye, tang nay, yee gentoo breed
03:02:40 nay there are four twin one and
03:02:46 710 to nay.
03:02:46>> okay. The motion fails.
03:02:47 >> [Gavel]
03:02:49 >> with that would someone
03:02:53 like to make an alternative
03:02:58 motion? Supervisor tending
03:02:59 >> thank you I'll make a motion
03:03:02 to move forward item 14 and
03:03:11 file item 15 and 16.
03:03:12 >> supervisor tang has made a
03:03:12 motion to approve item 14 and
03:03:13 table 15 and six and is there a
03:03:16 second? Seconded by supervisor
03:03:18 farrell. Mme. Clerk, on the
03:03:20 motion, please, roll call
03:03:27>> cohen aye farrell aye fewer
03:03:34 aye kim nay peskin nay ronen
03:03:42 nay safai aye sheehy nay, tang
03:03:47 aye yee aye breed aye. There
03:03:57 are seven aye and for nay.
03:03:57>> item 14 is approved and I
03:04:00 am 15 in 16 our table.
03:04:01>> [Gavel]
03:04:03 >> mme. Clerk let's go to
03:04:05>> item 22
03:04:07 >> yes.
03:04:07 >>
03:04:12>> item 22 is a resolution to
03:04:12 urge the office of the treas.
03:04:14 And tax collector to convene a
03:04:17 municipal public bank task
03:04:17 force to increase transparency
03:04:21 and equity across the cities
03:04:22 financial functions.
03:04:25>> supervisor trenton san
03:04:25 francisco
03:04:33>> thank you very much pretty
03:04:34 quickly the item before us as
03:04:35 the office of the treasure to
03:04:36 convene a task force six point
03:04:37 a possibility of pulling
03:04:38 together a municipal public
03:04:41 bank. The task force will of
03:04:43 course be committed to the
03:04:44 public process. It is going to
03:04:47 be bringing the city,, the
03:04:48 treasure, the san francisco
03:04:49 residents together to have a
03:04:52 substantive conversation about
03:04:54 finances and towards
03:04:56 implementation developing an

03:04:58 implementation plan for
03:04:59 financial transparency
03:05:05 empowerment and innovation. In
03:05:05 our city. I've done a little
03:05:06 bit of work with the office of
03:05:07 the city treasure as well as a
03:05:11 host of advocates in
03:05:12 particular, to the city-office
03:05:16 of the treasure, we will be
03:05:18 leaning on some of their
03:05:21 insights as well as financial
03:05:22 experts and the public that we
03:05:26 can glean from it we want to
03:05:30 push our city not just-our city
03:05:35 to not just talk about ideals
03:05:36 and principles but to ensure
03:05:37 were putting our money where
03:05:40 our mouth is. So colleagues, I
03:05:42 have circulated a amendment to
03:05:46 the initial resolution to
03:05:52 reflect very thoughtful
03:05:53 impact,, very thoughtful input,
03:05:54 from one of my cosponsors legal
03:05:55 sponsor, supervisor fewer to
03:05:57 ensure that our task force
03:06:00 strikes the right balance
03:06:01 ensuring we are incorporating
03:06:04 the citizens advocacy and that
03:06:05 voice innovation and the
03:06:07 demands of its be fans making
03:06:09 an investment program. The a
03:06:14 moment can be found on page 3,
03:06:16 line 23-25 and page 4, line
03:06:24 7-12. I believe that supervisor
03:06:25 fewer has a few remarks I think
03:06:25 she May have a few questions as
03:06:28 well she like to raise. Thank
03:06:28 you
03:06:29>> supervisor cohen before we
03:06:30 move forward with the mm and,
03:06:31 by the substantive or
03:06:36 nonsupportive amendments?
03:06:37 spews of their nonsubstantive
03:06:37 armaments
03:06:38>> okay. Supervisor trenton
03:06:39 has made a motion to amend and
03:06:43 it's the second circulated copy
03:06:44 . Supervisor cohen has made a
03:06:48 motion to amend. Is there a
03:06:51 second? Seconded by supervisor
03:06:53 gentry. Supervisor trenton
03:06:54>> thank you. I also want to
03:06:56 knowledge the cosponsors on
03:06:57 this initiative. Supervisor
03:07:06 fewer, supervisor brandon
03:07:07 ronon entergy spews college,
03:07:08 take that without objection?
03:07:08 Without objection humans passed
03:07:09 unanimously
03:07:09 >> [Gavel]
03:07:11 >> supervisor fewer
03:07:12>> it's my pleasure to work
03:07:13 closely with my colleague
03:07:16 supervisor leah cohen to

03:07:17 advance idea of a public bank
03:07:20 in san francisco and aligned
03:07:23 with cities like oakland santa
03:07:23 fe and so many others do we
03:07:26 know the situation of san
03:07:29 francisco municipal bank is a
03:07:30 significant undertaking but we
03:07:32 are ready for the challenge. As
03:07:35 we san francisco policymakers
03:07:36 discuss issues of affordable
03:07:38 housing relevant and financing
03:07:38 divestment from corporate
03:07:40 banks, financing pipelines and
03:07:43 fossil fuels, addressing the
03:07:44 cannabis industry unmet banking
03:07:44 needs, while ensuring low
03:07:45 income communities and
03:07:46 committees of color have access
03:07:49 to capital, all roads point to
03:07:50 the creation of a municipal
03:07:51 bank. There is no social
03:07:53 justice without economic
03:07:54 justice. I know that the
03:07:55 taxpayers of san francisco want
03:08:02 to see their tax dollars
03:08:02 invested in ways that reflect
03:08:03 their vows could a public bank
03:08:04 has been discussed for many
03:08:07 years in san francisco. But the
03:08:08 time is now to act. I look
03:08:09 forward to continuing to work
03:08:09 with supervisor cohen's office
03:08:10 the treasure's office and
03:08:15 others as we pass force gets
03:08:16 off the ground and I'm hopeful
03:08:16 the budget and legislative
03:08:18 analyst updated municipal
03:08:19 banking report completed next
03:08:20 month can help inform the
03:08:22 initial task force discussion.
03:08:23 Thank you very much
03:08:28>> thank you. Seeing no other
03:08:29 names on the roster mme. Clerk
03:08:29 on the item please call roll
03:08:30 call
03:08:33>> item number 22 as amended
03:08:37 cohen aye, farrell 21 fewer 10
03:08:42 one, kim kim tran 110 peskin
03:08:49 absent, ronen, aye safai aye
03:08:56 sheehy aye, tang aye, yee aye
03:09:01 breed aye. There are 10 aye
03:09:01>> the resolution as amended
03:09:02 is adopted unanimously
03:09:02 >> [Gavel]
03:09:04 >> mme. Clerk please, read the
03:09:05 in memoriam.
03:09:08>> I have no in the mornings
03:09:09 to report
03:09:09>> okay. Colleagues this
03:09:11 brings us to the end of our
03:09:15 agenda. Adam clerk is there any
03:09:16 further business before us
03:09:16 today?
03:09:17>> that concludes our business

03:09:18 for today.
03:09:20 >> we are adjourned. Thank you
03:09:20 everyone.
03:09:23>> [Gavel] >> [Adjournment]
03:09:23>>
03:09:25>>
03:09:42>>

1 [Affirming the Community Plan Exemption Determination for a Proposed Project at 1515
2 South Van Ness Avenue]

3 **Motion affirming the determination by the Planning Department that a proposed project**
4 **at 1515 South Van Ness Avenue is exempt from further environmental review under a**
5 **Community Plan Exemption.**

6
7 WHEREAS, On July 12, 2016, the Planning Department issued a Community Plan
8 Exemption under the Eastern Neighborhoods Rezoning and Area Plan Final Environmental
9 Impact Report (FEIR), finding that the proposed project located at 1515 South Van Ness
10 Avenue ("Project"): is consistent with the development density established by the zoning,
11 community plan, and general plan policies in the Eastern Neighborhoods Rezoning and Area
12 Plan project area, for which the FEIR was certified; would not result in new significant
13 environmental effects, or effects of greater severity than were already analyzed and disclosed
14 in the FEIR; and is therefore exempt from further environmental review under the California
15 Environmental Quality Act (CEQA), Public Resources Code, Section 21000 et seq., the CEQA
16 Guidelines, and Administrative Code, Chapter 31, in accordance with CEQA, Section 21083.3
17 and CEQA Guidelines, Section 15183; and

18 WHEREAS, The proposed project involves the demolition of an existing, vacant
19 building used for production, distribution, repair (PDR) and a surface parking lot and
20 construction of a five- to six-story, approximately 180,300-square-foot mixed-use building,
21 consisting of 157 residential dwelling units and approximately 1,080 square feet of retail uses,
22 as well as six ground floor trade shop spaces of approximately 4,200 square feet total; and

23 WHEREAS, By letter to the Clerk of the Board, received by the Clerk's Office on
24 September 12, 2016, J. Scott Weaver, on behalf of Calle 24 Latino Cultural District
25 Community Council (Appellant) appealed the exemption determination; and

1 WHEREAS, The Appellant provided a copy of the Planning Commission's Motion
2 No. 19727, adopted on August 11, 2016, approving a conditional use authorization under
3 Planning Code, Section 303 and a Planned Unit Development, finding that the proposed
4 project was within the scope of the FEIR and exempt from further environmental review under
5 CEQA, Section 21083.3 and CEQA Guidelines, Section 15183; and

6 WHEREAS, The Planning Department's Environmental Review Officer, by
7 memorandum to the Clerk of the Board dated September 15, 2016, determined that the
8 appeal had been timely filed; and

9 WHEREAS, On April 18, 2017, this Board held a duly noticed public hearing to
10 consider the appeal of the exemption determination filed by Appellant and, following the public
11 hearing, affirmed the exemption determination; and

12 WHEREAS, In reviewing the appeal of the exemption determination, this Board
13 reviewed and considered the exemption determination, the appeal letter, the responses to the
14 appeal documents that the Planning Department prepared, the other written records before
15 the Board of Supervisors, and all of the public testimony made in support of and opposed to
16 the exemption determination appeal; and

17 WHEREAS, Following the conclusion of the public hearing, the Board of Supervisors
18 affirmed the exemption determination for the project based on the written record before the
19 Board of Supervisors as well as all of the testimony at the public hearing in support of and
20 opposed to the appeal; and

21 WHEREAS, The written record and oral testimony in support of and opposed to the
22 appeal and deliberation of the oral and written testimony at the public hearing before the
23 Board of Supervisors by all parties and the public in support of and opposed to the appeal of
24 the exemption determination is in the Clerk of the Board of Supervisors File No. 161001 and is
25 incorporated in this motion as though set forth in its entirety; now, therefore, be it

1 MOVED, That the Board of Supervisors of the City and County of San Francisco
2 hereby adopts as its own and incorporates by reference in this motion, as though fully set
3 forth, the exemption determination; and, be it

4 FURTHER MOVED, That the Board of Supervisors finds that based on the whole
5 record before it there are no substantial project changes, no substantial changes in project
6 circumstances, and no new information of substantial importance that would change the
7 conclusions set forth in the exemption determination by the Planning Department that the
8 proposed project is exempt from environmental review; and, be it

9 FURTHER MOVED, That after carefully considering the appeal of the exemption
10 determination, including the written information submitted to the Board of Supervisors and the
11 public testimony presented to the Board of Supervisors at the hearing on the exemption
12 determination, this Board concludes that the project is consistent with the development
13 density established by the zoning, community plan, and general plan policies in the Eastern
14 Neighborhoods Rezoning and Area Plan project area, for which the FEIR was certified; would
15 not result in new significant environmental effects, or effects of greater severity than were
16 already analyzed and disclosed in the FEIR; and is therefore exempt from further
17 environmental review in accordance with CEQA, Section 21083.3 and CEQA Guidelines,
18 Section 15183.



City and County of San Francisco
Tails
Motion: M17-064

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 161002

Date Passed: April 18, 2017

Motion affirming the determination by the Planning Department that a proposed project at 1515 South Van Ness Avenue is exempt from further environmental review under a Community Plan Exemption.

October 25, 2016 Board of Supervisors - CONTINUED

Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

November 15, 2016 Board of Supervisors - TABLED

Ayes: 9 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin and Tang
Excused: 2 - Wiener and Yee

April 18, 2017 Board of Supervisors - APPROVED

Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Tang and Yee

File No. 161002

I hereby certify that the foregoing Motion was APPROVED on 4/18/2017 by the Board of Supervisors of the City and County of San Francisco.

A handwritten signature in dark ink, appearing to read "Angela Calvillo", written over a horizontal line.

for **Angela Calvillo**
Clerk of the Board



00:00:24>> good morning, everyone and
 00:00:28 welcome to the san francisco
 00:00:29 board of supervisors
 00:00:29 meeting for tuesday, April 18,
 00:00:29 2017,
 00:00:29 Madam Clerk Madam Clerk, please
 00:00:29 call the roll.
 00:00:29 >> thank you.
 00:00:31>> commissioner london breed
 00:00:34 pr supervisor cohen
 00:00:37 supervisor farrell not present
 00:00:38 supervisor fewer
 00:00:41 supervisor kim
 00:00:44 supervisor peskin
 00:00:46 supervisor ronen
 00:00:50 supervisor safai
 00:00:52 supervisor sheehy
 00:00:54 supervisor tang
 00:00:56 supervisor yee
 00:00:57 supervisor farrell
 00:01:00 Madam President all members are
 00:01:00 present.
 00:01:02>> thank you, ladies and
 00:01:05 gentlemen, please join us for
 00:01:07 the pledge of allegiance.
 00:01:18 >>
 00:01:19 america and to the republic for
 00:01:20 which it stands, one nation
 00:01:20 under God, indivisible, with
 00:01:21 liberty and justice for all.
 00:01:22 >> thank you
 00:01:25 Madam Clerk are there any
 00:01:26 communications.
 00:01:28 >> none to report Madam
 00:01:31 President and colleagues any
 00:01:32 changes to the approval of the
 00:01:33 minutes for July 20, 2016.
 00:01:36>> a motion to approve
 00:01:41 moved by supervisor cohen and
 00:01:43 seconded by supervisor yee
 00:01:45 approved an public comment.
 00:01:54 >> items 1 through 4
 00:01:54>> items 1 through 4 consent
 00:01:55 agenda
 00:01:55 all matters listed hereunder
 00:01:56 constitute a consent calendar,
 00:01:57 are considered to be routine by
 00:01:58 the board of supervisors and
 00:01:58 will be acted upon by a single
 00:01:59 roll call vote of the board.
 00:02:00 There will be no separate
 00:02:00 discussion of these items unless
 00:02:01 a member of the board so
 00:02:02 requests, in which event the
 00:02:02 matter shall be removed from the
 00:02:03 consent agenda and considered as
 00:02:04 a separate item.
 00:02:04 >>
 00:02:04 from the consent agenda and
 00:02:05 considered as a separate item.
 00:02:05 >>
 00:02:06 roll call vote.

00:02:07 >> commissioner london breed
00:02:07 supervisor cohen
00:02:08 supervisor farrell
00:02:08 supervisor fewer
00:02:09 supervisor kim
00:02:10 supervisor peskin
00:02:13 supervisor ronen
00:02:15 supervisor safai
00:02:18 supervisor sheehy
00:02:20 supervisor tang
00:02:21 supervisor yee
00:02:23 there are 11 I's.
00:02:26>> those items are approved
00:02:27 unanimously
00:02:29 Madam Clerk items 5 and 6
00:02:30 together
00:02:32 are two resolutions that approve
00:02:35 two leases for items 5 lease
00:02:37 with the american messaging, llc
00:02:39 for a portion of roof and
00:02:42 equipment and for item 6 the
00:02:45 lease is with spok inc. With the
00:02:51 equipment room for both lease at
00:02:52 zuckerberg san francisco general
00:02:54 hospital and trauma center 0 on
00:02:58 potrero at a rent of 5 thousand
00:03:01 dollars each will be waived
00:03:05 while the equipment is provide
00:03:06 for the city.
00:03:08 >> colleagues, can we take
00:03:09 that same house, same call?
00:03:09 Without objection the
00:03:11 resolutions are adopted
00:03:13 unanimously and item 7 please.
00:03:16 A resolution to approve a lease
00:03:19 between c and n, llc and the
00:03:22 landlord as city tenants for
00:03:25 equipment at the number one,
00:03:27 bayview park road through March
00:03:31 31st 2017 with 3, 5 year options
00:03:34 of 92 thousand.
00:03:35 >> same house, same call?
00:03:36 Without objection the resolution
00:03:37 is adopted unanimously
00:03:38 >> next speaker, please.
00:03:39 >> e next item, please.
00:03:41 >> item 8 a resolution to
00:03:44 approve a 25 year
00:03:46 telecommunication ground lease
00:03:50 after a radio telecommunication
00:03:51 tower with the state of
00:03:53 california department of general
00:03:56 services and rec and park as
00:03:58 left hand with the department of
00:04:00 emergency management and the
00:04:02 intentionally at the san bruno
00:04:05 mountain state park of a rent of
00:04:08 44 thousand to fair enough a one
00:04:12 and \$75,000 payment to the state
00:04:13 parks benefit funds.
00:04:14 >> same house, same call?
00:04:16 The resolution is adopted
00:04:17 unanimously
00:04:17 next item, please.

00:04:21 >> item 9 to approve the rec
00:04:26 and park department jd of a
00:04:28 catastrophic failure and needed
00:04:30 repairs to the estimated cost of
00:04:35 more than 200 and 50 thousand
00:04:37>> same house, same call?
00:04:39 The resolution is adapt
00:04:39 unanimously.
00:04:42>> 10 for the appropriations
00:04:46 limit of approximately
00:04:49 \$3.2 million for 2016/17.
00:04:50>> same house, same call?
00:04:51 Without objection the resolution
00:04:53 is adopted unanimously
00:04:56 item 11 to retroactively approve
00:04:58 a \$67 million grant agreement
00:05:01 between the home bridge for the
00:05:02 in-home care support and
00:05:03 provider training and support
00:05:07 program to the period to
00:05:07 June 2019.
00:05:08 >> supervisor peskin.
00:05:09 >> thank you, Madam President
00:05:12 i would respectfully ask to
00:05:14 request a one week continuance I
00:05:18 have my staff has spoken to
00:05:20 staff at the department of aging
00:05:21& adult services and concerns
00:05:22 were raised by workers covered
00:05:26 from the contract I want time to
00:05:29 ask questions of staff and as
00:05:34 far as this is a retroactive
00:05:36 approval one week will not be a
00:05:36 problem
00:05:38 supervisor cowen's has made a
00:05:42 motion to the meeting even if
00:05:44 April 25th and seconded by
00:05:46 supervisor kim colleagues
00:05:48 without objection that will be
00:05:53 continued to April 25th, 2017,
00:05:56 item 12 to authors the sheriff's
00:05:59 department for the agreement
00:06:01 with leaders and to extend the
00:06:04 term with no change in the
00:06:06 agreement museum not to exceed
00:06:09 \$2 million and the approving the
00:06:10 sheriff's department electronic
00:06:11 monitoring program rules and
00:06:13 regulations and approving
00:06:16 evidence of financial
00:06:16 responsibility.
00:06:18 >> demonstrate by program
00:06:21 administrator lc a for the
00:06:22 consent agenda.
00:06:23 >> same house, same call?
00:06:25 Without objection the resolution
00:06:27 is adopted unanimously
00:06:28 next item, please.
00:06:31>> item 13 for the
00:06:31 construction administrator
00:06:33 financial officer and contact
00:06:36 for a proposed project to
00:06:40 renovate county jail with the
00:06:43 \$6 million for county jail two

00:06:46 and sharing the ownership of
00:06:48 county jail number two.
00:06:49>> same house, same call?
00:06:51 Without objection the resolution
00:06:53 is adopted unanimously
00:06:53 next item, please.
00:06:57>> item 14 a resolution to
00:06:58 retroactively authors the
00:07:00 department of health to accept
00:07:04 and expend in one \$.3 million
00:07:07 from the california public
00:07:11 health for the hiv through 2017.
00:07:13 >> same house, same call?
00:07:14 Without objection the resolution
00:07:16 is adopted unanimously
00:07:16 next item, please.
00:07:20>> item 15 a resolution to
00:07:22 approve the issuance of revenue
00:07:25 bond by the authority in
00:07:27 agreeing aggregated principle
00:07:30 amount not to exceed
00:07:32 \$045 million for outstanding
00:07:34 debt obligations
00:07:35 same house, same call?
00:07:37 Without objection the resolution
00:07:39 is adopted unanimously
00:07:39 next item, please.
00:07:44>> 16 a special on sale
00:07:48 general theatre to the cutting
00:07:50 ball theatre on 277 taylor
00:07:53 street will serve the public
00:07:54 convenience
00:07:55 same house, same call?
00:07:56 Without objection the resolution
00:07:59 is adopted unanimously
00:07:59 next item, please.
00:08:06>> 17 to appoint members
00:08:08 (Calling names)
00:08:12 Terms ending 2018 to the market
00:08:13 octavia citizens advisory
00:08:14 committee program
00:08:15 same house, same call?
00:08:16 Without objection the motion to
00:08:18 approved a unanimously
00:08:19 next item, please.
00:08:23>> 18 a motion to appoint
00:08:25 supervisor safai for an
00:08:27 indefinite term to the san
00:08:28 francisco international airport
00:08:31 round table colleague a motion
00:08:34 to excuse supervisor safai
00:08:36 seconded by supervisor kim
00:08:38 without objection supervisor
00:08:40 safai is excused Madam Clerk on
00:08:43 the item Madam Clerk, please
00:08:43 call the roll.
00:08:44 >> 18
00:08:47 commissioner london breed
00:08:49 supervisor cohen
00:08:52 supervisor farrell
00:08:54 supervisor fewer
00:08:56 supervisor kim
00:09:02 supervisor peskin
00:09:02 supervisor

00:09:03 cohen
00:09:04 supervisor sheehy
00:09:06 supervisor tang
00:09:06 supervisor yee
00:09:09 there are 10 I's.
00:09:11 >> the motion is approved
00:09:12 unanimously
00:09:15 all right. Madam Clerk let's go
00:09:18 to committee reports.
00:09:22 >> item 26 was considered by
00:09:27 the at a regular meeting of on
00:09:28 April 13th item recommended to
00:09:30 the board as a committee report
00:09:33 the resolution to authors the
00:09:34 rec and park department to apply
00:09:37 for a grant in an amount of 200
00:09:40 and 45 thousand if the
00:09:43 california department of
00:09:44 forestry and green house gas
00:09:48 emissions reduction to carry out
00:09:51 a forest project
00:09:52 commissioner london breed
00:09:54 supervisor cohen
00:09:56 supervisor farrell
00:09:58 supervisor fewer
00:10:01 supervisor kim
00:10:04 supervisor peskin
00:10:06 supervisor ronen
00:10:09 supervisor safai
00:10:11 supervisor sheehy
00:10:13 supervisor tang
00:10:13 supervisor yee
00:10:15 there are 11 I's.
00:10:19 >> the resolution is adopted
00:10:19 unanimously
00:10:20 item 27.
00:10:25 >> was considered by the
00:10:26 transportation to demand
00:10:27 management committee on monday
00:10:28 April 17th was amended with the
00:10:31 same titles as a committee
00:10:34 report and 27 to amend the green
00:10:37 building code to establish the
00:10:39 installation of electrical
00:10:40 vehicle chargers infrastructure
00:10:43 in new buildings or undergoing
00:10:45 major alterations for the
00:10:47 building owners and making the
00:10:50 appropriate determinations and
00:10:50 findings.
00:10:51 >> same house, same call?
00:10:52 Oh, supervisor tang
00:10:55 thank you quickly I want to
00:10:57 thank everyone at the sf
00:10:58 environment for working hard on
00:11:02 this piece of legislation to get
00:11:07 how city to be electrical
00:11:10 vehicle ready colleagues, can we
00:11:11 take that same house, same call?
00:11:13 Passed on the first reading
00:11:14 Madam Clerk go to roll call.
00:11:16 For introduction.
00:11:18 >> Madam President your first
00:11:18 up today.

00:11:19>> submit.
00:11:20 >> supervisor cohen
00:11:22 thank you very much
00:11:22 good afternoon, everyone thank
00:11:25 you for joining us today, I'm
00:11:27 introducing legislation that
00:11:29 prohibits the sale of favored
00:11:32 tobacco products and that
00:11:36 includes the menthol cigarettes
00:11:39 whether cigarette or smokeless
00:11:42 or e product take into account
00:11:45 excuse me-addressing products
00:11:48 that are market that have added
00:11:51 flavor to the tobacco component
00:11:59 so tobacco loves to-
00:12:04 manipulate and to take advantage
00:12:06 of vulnerable populations
00:12:08 nationwide they advertise ten
00:12:10 times more in black
00:12:12 neighborhoods the targeted
00:12:15 marking things like gummy bears
00:12:18 and candy products tearing down
00:12:19 the lgbtq and the
00:12:21 african-american community and
00:12:23 the latino community and the
00:12:24 asian pacific islanders
00:12:25 community
00:12:28 many of us have seen the
00:12:29 commercial with children
00:12:32 identifying tobacco products as
00:12:34 candy and smelling good and
00:12:37 everything from the label to the
00:12:38 flavors that those companies
00:12:41 have chosen for the products are
00:12:44 all created and done with the
00:12:47 intent of malice to Miss Guide
00:12:48 our vulnerable members of the
00:12:49 population
00:12:54 and in the he said it is about
00:12:55 primary care their lived here my
00:12:58 whole life the tobacco pushes
00:13:01 new would be smokers favored
00:13:07 tobacco products and need new
00:13:09 smokers they're killing people
00:13:10 on an annual basis in the city
00:13:11 and county of san francisco we
00:13:12 spent \$380 million annually
00:13:16 addressing the healthcare costs
00:13:22 for cigarettes smokers not an
00:13:24 indictment but I'm here to talk
00:13:27 about the legislation that will
00:13:31 go restrict the sale of flavored
00:13:32 tobacco products
00:13:35 and regulating the sale is vital
00:13:38 to insuring we give the next
00:13:41 generation a fighting change to
00:13:43 live a life people are
00:13:46 disproportionately dying from
00:13:48 diseases that are preventable
00:13:51 focusing on favors to make sure
00:13:54 that the eye popping tobacco
00:13:57 illness and the outcome of
00:13:59 disproportionate aggressive
00:14:02 target marketing of those

00:14:03 harmful produced to the
00:14:05 vulnerable populations needs to
00:14:07 end earlier this afternoon I am
00:14:10 proud to stand with the mayor as
00:14:12 well as supervisor safai and
00:14:13 kicking off this legislation we
00:14:15 were introducing it today, I
00:14:18 think there is are a could have
00:14:19 of co-sponsors I'm sorry, I
00:14:22 don't have the list of
00:14:23 supervisor farrell and
00:14:24 commissioner london breed
00:14:27 sponsored any others spornlz who
00:14:29 supervisor tang is oh,
00:14:32 supervisor sheehy is on board to
00:14:33 supervisor kim, supervisor yee
00:14:35 and supervisor peskin and
00:14:36 supervisor ronen and supervisor
00:14:38 fewer I'll be knocking on our
00:14:40 door next that is important
00:14:43 measure about life and death
00:14:47 have an opportunity to real help
00:14:50 safe lives that policy driven
00:14:54 and driven by science and the no
00:14:56 one more okay. Now my other
00:14:59 piece of legislation oh, this is
00:15:01 very, very existing lamenting
00:15:03 also groundbreaking I'm glad
00:15:04 with a full audience san
00:15:07 francisco as a city that values
00:15:08 notification transparent and
00:15:12 problem solving the board of
00:15:12 supervisors is the public
00:15:14 steward of those values and
00:15:16 really passed with insuring that
00:15:22 their consistent and the public
00:15:22 process the public process that
00:15:24 brings you here today in the
00:15:27 chambers as how city and nation
00:15:30 is unequal meaning a growing
00:15:33 excuse me-a shrinking but
00:15:35 going percentage of one percent
00:15:37 and the rest are withering we
00:15:40 need to take control of our
00:15:42 destiny and continuing of the
00:15:45 future opportunity before us
00:15:47 our city treasurer our pension
00:15:49 rent board and the board of
00:15:53 supervisors has had to xhavnl
00:15:57 evaluate one divestment we've
00:15:59 heard from gun manufacturers
00:16:02 we're heard from fossil fuel
00:16:04 those calls need to be a
00:16:07 thoughtful approach needs to be
00:16:09 taken in understanding the
00:16:12 divestment calls this is an
00:16:14 attempt to safeguard our values
00:16:16 to make sure our city continues
00:16:19 security is not built on the
00:16:22 backs of the vulnerable
00:16:24 in the meanwhile you are
00:16:25 financial system can't serve
00:16:28 small businesses many people in
00:16:32 the chamber May come from places

00:16:36 not able to refinance their
00:16:39 house mortgages has targeted the
00:16:41 baby communities since 2008 and
00:16:43 think how to approach those
00:16:45 problems and support new
00:16:47 industries like the cannabis
00:16:50 that legalize last November I'm
00:16:53 introducing to create a task
00:16:55 force to create a muni bank in
00:16:58 the hope that we'll find a
00:17:00 systematic and thoughtful way of
00:17:03 insuring that our city financial
00:17:07 system provides the much needed
00:17:07 sustainability and forward
00:17:11 thinking policies we need as we
00:17:14 venture into the 21st century
00:17:17 but the solving of the problem
00:17:20 comprehensively without the
00:17:21 piecemeal legislation your
00:17:23 findings we as the members of
00:17:25 the board are talking about or
00:17:27 working with others shareholders
00:17:31 so I hope that we will be able
00:17:33 to have a comprehensive approach
00:17:37 and while we're able to continue
00:17:39 to build up the small business
00:17:41 entrepreneur the inspiring
00:17:44 homeowners and the hard working
00:17:47 stolen is to sum up I'm
00:17:50 requesting a request for a muni
00:17:52 bank task force to come together
00:17:55 and introducing legislation to
00:17:57 prohibit the sale of favored
00:17:58 tobacco the rest I submit.
00:18:01 >> thank you supervisor cohen
00:18:02 supervisor farrell
00:18:04 thank you, Madam Clerk one
00:18:07 resolution today following on
00:18:07 supervisor cohen's comments
00:18:11 we're a national leader we were
00:18:14 the first city to fight for
00:18:15 marriage equality and universal
00:18:18 healthcare for city resident and
00:18:21 the first for families leave for
00:18:23 patterns we were the first
00:18:26 employer in the country to offer
00:18:28 the healthcare as part of care
00:18:30 design and the internal revenue
00:18:33 service or first to cover the
00:18:36 gender reassignment for the
00:18:37 transgenders those were
00:18:38 recognized by paycheck to
00:18:42 paycheck the way for the U.S.
00:18:46 military to cover the sewers
00:18:50 costs of gender this is
00:18:53 prevalent a conflict between a
00:18:56 assigned his or her or they
00:18:58 identify and I can't imagine
00:18:59 they experience significant
00:19:02 depression and problems associated
00:19:05 with that conflict the way they
00:19:07 feel about their physical or
00:19:09 assigned gender to complicate
00:19:12 the matters further for the

00:19:14 transgenders community the
00:19:18 federal injunction suspected the
00:19:21 affordable health care that had
00:19:23 discrimination protects for
00:19:25 transgender as a result of
00:19:29 primary injunction some shows o
00:19:32 choose to drop their coverage
00:19:35 this is discriminates alive in
00:19:36 2017
00:19:37 with the trump and republicans
00:19:40 currently call for the repeal
00:19:41 and replacement of the
00:19:43 affordable health care the
00:19:45 future guarantee and protection
00:19:48 for transgender coverage are in
00:19:50 jeopardy
00:19:52 this past thursday our health
00:19:54 board I'm with the board of
00:19:56 supervisors representative in
00:19:57 response to the preliminary
00:19:59 injunction approved the
00:20:02 statement that they'll continue
00:20:05 to fully recognition the medical
00:20:08 treatment for genders as part of
00:20:11 a scope of coverage to members
00:20:14 the board with the professional
00:20:16 association for the transgender
00:20:18 on the necessity of treatment
00:20:21 with the carriers and healthcare
00:20:25 providers to eliminate
00:20:29 transgender from their policy
00:20:30 guidelines with supervisor
00:20:32 sheehy I'm introducing to
00:20:34 reaffirm the medically
00:20:37 transgender phobia benefits 0 we
00:20:39 are in solidarity with the
00:20:41 transgender not only in san
00:20:42 francisco but abroad the
00:20:44 resolution with the department
00:20:45 of health to continue over and
00:20:47 over genders benefits for the
00:20:48 affordable health care act is
00:20:51 repealed and replaced we'll not
00:20:53 let the transgender community be
00:20:56 bullied by trump and the
00:20:57 republican colleagues this will
00:20:59 send a strong message that san
00:21:02 francisco will stand up for and
00:21:03 with our transgender community
00:21:05 regardless of what happens in
00:21:08 washington I know we'll not let
00:21:11 trump and colleagues rollback
00:21:14 the work we've achieved here in
00:21:17 san francisco san francisco
00:21:18 colleagues the rest I submit.
00:21:20>> supervisor fewer.
00:21:22>> yes. Thank you very much
00:21:25 today is theian the 1906 san
00:21:27 francisco earthquake a disaster
00:21:30 that claimed lives and
00:21:33 demolished home I call for the
00:21:35 reports of the emergency supply
00:21:36 system to keep san francisco
00:21:39 safe and prepared for when the

00:21:42 next big one hits I sat on the
00:21:46 in on the recent hearing that
00:21:48 the puc emergency hearing and
00:21:51 heard how now neighborhood eat
00:21:53 the west side of san francisco
00:21:55 will be protected in case of an
00:21:57 earthquake and fire I understand
00:21:59 that most of central san
00:22:03 francisco is covered by the
00:22:06 auxiliary a w sf a high pressure
00:22:07 system with prior earthquakes
00:22:09 but the west side and south side
00:22:10 of san francisco are left
00:22:14 vulnerable isn't case of a major
00:22:14 disaster today supervisor peskin
00:22:18 and I are calling for a report
00:22:21 from the budget analyst to
00:22:24 examine the alternative water
00:22:26 system including a cost analysis
00:22:29 of extending the a w sf to the
00:22:30 west side of san francisco thank
00:22:32 you the rest I submit.
00:22:34 >> thank you supervisor fewer
00:22:36 supervisor kim
00:22:38 synonym submit.
00:22:40 >> supervisor peskin
00:22:41 submit superbowl thank you
00:22:41 supervisor ronen.
00:22:43>> hi colleagues today, I'm
00:22:45 introducing a resolution call on
00:22:47 the city to support the
00:22:50 community 0 lead action on
00:22:52 mayday in san francisco and
00:22:53 thank you every single for
00:22:55 covering this resolution this
00:22:57 resolution is about reinforcing
00:22:59 our cities values and doesn't to
00:23:02 the support all workers
00:23:05 including the independence their
00:23:06 invaluable lash makes san
00:23:09 francisco the incredible place
00:23:11 with the hour we're taking a
00:23:14 solidarity with the tens of
00:23:15 thousands of workers in san
00:23:18 francisco who lives are tabloid
00:23:23 by the trump modification this
00:23:26 is meaningful we've come
00:23:29 together with a day without
00:23:31 immigrants and recognizing
00:23:32 rectifying recognizes our
00:23:34 movements are stronger in the
00:23:38 face of federal that's as a city
00:23:41 continue to stand point against
00:23:45 trump policies for his bigoted
00:23:48 travel bans against muslims and
00:23:49 moving forward to expand the
00:23:53 wall between mexico and the
00:23:55 united states thank you. The
00:23:57 political correct of ton to one
00:24:00 a drafting this and mobile to be
00:24:01 where little cable cars climb
00:24:02 halfway to the stars
00:24:06 this today, I know that local 87
00:24:10 and fernandez from the mission

00:24:12 have been hard working to have
00:24:14 this historic day is recognizes
00:24:16 the importance of May day and
00:24:19 the challenging political times
00:24:21 but also encourages city
00:24:23 departments to participate in
00:24:25 May day action at this time I
00:24:26 want to thank and recognition
00:24:27 every single one of my
00:24:29 colleagues on this board that
00:24:32 have committed to taking part in
00:24:35 may day and a shout out to
00:24:36 supervisor fewer and supervisor
00:24:40 kim who along with me will be
00:24:44 closing our offices on May day
00:24:47 in support of immigrants and the
00:24:48 working community the rest I
00:24:48 submit.
00:24:49>> thank you, supervisor
00:24:50 ronen.
00:24:51>> supervisor safai
00:24:52 thank you, colleagues you might
00:24:55 have read in the news that one
00:24:59 of our new or only service
00:25:04 companies chariot in a major
00:25:08 labor dispute for all my
00:25:10 brothers and sisters in labor
00:25:13 they've been organizing anti
00:25:15 union campaigns we find out
00:25:19 yesterday they've hired
00:25:21 mendelsohn the attorney they're
00:25:24 the most anti labor attorneys in
00:25:27 the bay area and for those of
00:25:28 you who don't know that
00:25:32 understand neutrality 93 or 94
00:25:34 of the brothers and sisters from
00:25:37 those drivers had submitted
00:25:40 cards for election and now
00:25:44 chariot is diego's to change and
00:25:47 move the ball so today bans
00:25:51 previous work with sfmta back in
00:25:53 2015 in terms of submitting
00:25:56 labor harmony in the shuttle
00:25:57 operators we're essentially
00:26:01 asking for the same today
00:26:04 where multiple multiple drivers
00:26:06 as a result that have labor
00:26:07 harmony and negotiations with
00:26:10 the commuter services over 8
00:26:13 hundred drivers from loop and
00:26:15 compass we drive have all
00:26:17 negotiated with organized labor
00:26:19 to have full representation of
00:26:20 those drivers and that's a
00:26:21 positive outcome
00:26:25 so we've asked in our resolution
00:26:29 today, if the mta should
00:26:33 finalize a permit for a chariot
00:26:35 operators include the labor
00:26:37 harmony in the provision and
00:26:40 explore every way to encourage
00:26:43 them to immediately cease their
00:26:46 anti union tactics the rest I
00:26:47 submit.

00:26:49>> thank you supervisor sheehy
00:26:50 supervisor safai
00:26:51 submit.
00:26:52>> thank you, supervisor
00:26:53 supervisor tang
00:26:55 thank you, colleagues today, I'm
00:26:57 introducing a resolution to
00:27:00 declare April as national donate
00:27:02 life month in san francisco
00:27:06 curbing one 19 thousand people
00:27:07 in the natural transplant
00:27:09 waiting list and 6 hundred and
00:27:11 65 actually live in san
00:27:12 francisco
00:27:14 and there are actually
00:27:16 disproportionate number of
00:27:17 people waiting for a transplant
00:27:20 whether you compare in the city
00:27:23 44 percent of people waiting for
00:27:28 a life-saving a transport are
00:27:33 asian, 19 hispanic and 19
00:27:35 caucasian and another 10 minutes
00:27:38 someone is added to the waiting
00:27:42 list 22 people die everyday in
00:27:44 united states waiting for a
00:27:48 transplant a huge need of people
00:27:52 list themselves as donors only a
00:27:56 few allow for tissue donations
00:27:59 the reason I'm introducing this
00:28:00 to provide awareness and
00:28:03 education amongst the residents
00:28:05 here about organ donations but
00:28:08 because you know this issue hits
00:28:08 home
00:28:12 as some of you May know
00:28:15 colleagues my legislative aide
00:28:17 ashley her husband charley he
00:28:21 actually is waiting for a
00:28:23 life-saving kidney transport
00:28:24 right now
00:28:29 he suffers in a condition of
00:28:31 kidney disease and kinds of the
00:28:34 grow on his kidneys that cause
00:28:38 failure at a little of 34 only
00:28:41 four percent of kidney function
00:28:44 and performs diagnoses two hours
00:28:46 or more per week the average
00:28:49 time people wait is 5 to 10
00:28:52 years but charlie as only been
00:28:54 on the list for two years and
00:28:57 hearing about charlie undergoing
00:28:59 a kidney diagnoses at a young
00:29:01 age I can imagine what that is
00:29:04 like especially having a young
00:29:07 daughter at home personally I
00:29:10 saw my grandmother go through
00:29:12 kidney diagnoses.
00:29:14>> charging lists father
00:29:20 passed away at 44 years and his
00:29:23 brother always several years ago
00:29:26 so when living donors is
00:29:30 important they can not only save
00:29:33 lives like charging I didn't but
00:29:37 for other to receive a donor so

00:29:40 with this I'm trying to spread
00:29:44 the awareness and try to help
00:29:46 charlie find a building donor to
00:29:51 get back to his family and begin
00:29:54 his career in the fall as a
00:29:56 public school teacher that is a
00:29:58 personal decision for everyone
00:30:00 but maybe surprised to learn
00:30:01 that people can live what one
00:30:05 kidney and if you're interested
00:30:09 in donating to charging yes.
00:30:15 You can feel out a www.Donor.Org
00:30:17 and contact our office to find
00:30:19 out more information I'm existed
00:30:22 on friday I'll be joining for
00:30:28 network the mayor's office, c ph
00:30:32 the unidentified pool district I
00:30:33 know supervisor sheehy is having
00:30:37 a birthday but the city is
00:30:40 expanding educate people about a
00:30:43 donations and join this proper
00:30:47 information at the wellness
00:30:50 center you can designate
00:30:51 yourself as a donor thank you
00:30:56 for listening to this 0 effort
00:30:58 we have and hopefully, you'll
00:31:01 help us find charging I didn't.
00:31:04>> living donor the rest I
00:31:04 submit.
00:31:05>> supervisor yee.
00:31:06>> thank you, Madam Clerk
00:31:08 colleagues today, I'm requesting
00:31:11 a hearing on the safety and
00:31:14 testing of the san francisco
00:31:22 public works ground water supply
00:31:25 that blends hetch hetchy with
00:31:27 ground water this district one
00:31:32 2, 4, 8 and 11 are some of the
00:31:34 first district that will get the
00:31:37 majority of this bloentd water I
00:31:39 want to change supervisor sheehy
00:31:40 and supervisor safai and
00:31:42 supervisor farrell for covering
00:31:43 this hearing
00:31:46 currently san francisco see
00:31:49 water supply is mostly water
00:31:50 from the hetch hetchy reservoir
00:31:52 and 15 supplied by other
00:31:55 reservoirs, however, due to the
00:31:58 risk of drought or natural
00:32:01 disaster the puc created a plan
00:32:03 that would de, if any, the
00:32:06 source of water from a more
00:32:08 local source the san francisco
00:32:10 public works spent a decade
00:32:13 testing the use of ground water
00:32:15 in the city's water supply and
00:32:17 decided that when benevolent
00:32:21 there will be-be able to
00:32:23 provide customers with high
00:32:26 quality drinking water that
00:32:29 meets the qualities standards
00:32:33 set by california state water
00:32:36 resources control board drinking

00:32:38 of drinking water and I mean
00:32:41 division of drinking water and
00:32:43 the U.S. Protective agency the
00:32:47 water will mix water from the
00:32:51 west side ground water basin and
00:32:53 will think distributed across
00:32:55 san francisco the new blend I'm
00:32:58 sorry the new blend will not
00:33:01 include more than 50 percent of
00:33:03 ground water awhile san
00:33:04 francisco public works staff
00:33:07 assured the customers there will
00:33:10 not be a notable taste community
00:33:12 members across the city have
00:33:16 raised concerns some have asked
00:33:19 if the 91 trait levels will rise
00:33:22 to the health risk due to the
00:33:25 presence in the wells as part of
00:33:27 project and others are concerned
00:33:29 about the taste and odor as
00:33:33 noticed in December last year
00:33:35 when the self-public works
00:33:36 changed the hunters point water
00:33:39 in other reservoirs I want to
00:33:40 protect the puc san francisco
00:33:43 public works and another
00:33:45 opportunity to address the
00:33:50 public and hopefully resolve the
00:33:52 outlying questions since the
00:33:53 proposal was made
00:33:57 another item I want to introduce
00:34:02 is a resolution and this will be
00:34:04 an imperative item I'll talk
00:34:07 about right now a few weeks he
00:34:10 closed the March 23 board
00:34:14 meeting in memory of the great
00:34:16 chinese-american giant and san
00:34:19 franciscan phillip choi today, I
00:34:22 want to introduce a commentary
00:34:25 resolution declaring April 23,
00:34:28 2017, and phil p choi day in
00:34:30 honor of celebration of any life
00:34:32 this coming sunday that will be
00:34:34 held on treasure island I'm
00:34:37 proud to introduce this simple
00:34:40 resolution no honor of this
00:34:43 great legacy and his family from
00:34:45 the request of the phil's
00:34:46 colleagues at san francisco
00:34:48 state and the friends of the
00:34:49 chinese-american community to
00:34:51 honor in honor of the
00:34:54 celebration of his life today
00:34:57 marks the one hundred 11 of the
00:34:58 1906 san francisco earthquake in
00:34:59 san francisco and phillip choi
00:35:03 was one the 3 individuals to
00:35:08 whom the rove was dedicated the
00:35:12 other two were gladys and Mr.
00:35:15 Starring he he was a proirlg
00:35:17 chinese-american and proirlg of
00:35:19 chinese-american history
00:35:23 architect, professor, thorough,
00:35:26 activist devoted family man and

00:35:28 researched and promoted much of
00:35:31 what we know about the many
00:35:32 significant contributions
00:35:34 chinese-americans made towards
00:35:37 the development of our country i
00:35:40 community roll in americans
00:35:41 history
00:35:45 phil passed away at the age of
00:35:47 '90 diagnosed with cancer this
00:35:48 year
00:35:51 like me grew up in san francisco
00:35:52 chinatown and attended city
00:35:55 college and grateful for having
00:35:58 known him personally he listed
00:36:02 in the arm air corp. And trained
00:36:07 mississippi he missed the rash
00:36:10 injustice towards blacks his
00:36:11 advocacy on behalf of of the
00:36:14 civil rights is timely given the
00:36:17 recent anti immigrant policies
00:36:18 of the current modification and
00:36:24 this year is also the one and 35
00:36:28 anniversary of the bar of
00:36:30 chinese people from mating to
00:36:32 the us after world war ii
00:36:35 graduated if uc berkley as an
00:36:39 architect I want to honor his
00:36:40 contributions to the
00:36:43 chinese-american community
00:36:46 phil choi was tireless this
00:36:49 writing and chinese-american
00:36:52 history and accomplishments
00:36:54 together with him and mark he
00:36:56 helped to teacher the first
00:36:58 course in chinese-american
00:37:00 history in the country at san
00:37:03 francisco state in 1969 this
00:37:05 course substantially became the
00:37:08 model of course programs
00:37:11 throughout the country's growing
00:37:13 up a time against asian phillip
00:37:16 was not one to be easily
00:37:18 intimidate as a trained
00:37:21 architect working in a firm
00:37:23 discriminated because of this is
00:37:27 a rays and told not ever getting
00:37:31 a job he ran a business until
00:37:33 2000
00:37:38 when he was invited to the 1965
00:37:40 transcontinental through a was
00:37:44 no mention of the pivotal role
00:37:47 of the chinese played in the
00:37:51 western half the central pacific
00:37:56 which included the difficult era
00:37:59 phil was outraged by the
00:38:00 chinatown contributions to the
00:38:05 railroad and didn't take f this
00:38:07 injustice lying counsel gave an
00:38:09 interview to the chronicle that
00:38:12 made the front page news.
00:38:14>> gardened wide attention
00:38:18 simply phillip is inreplaceable
00:38:19 in the chinese-american
00:38:23 community and he played a major

00:38:25 roll in preserving the
00:38:27 immigration center and in
00:38:29 addition designed the chinese
00:38:31 museum in orville I encourage
00:38:33 you all to visit in the middle
00:38:35 of california
00:38:37 he was the President Of the
00:38:40 chinese historical society in
00:38:43 1965 and ongoing writing boxes
00:38:46 and creating documents, movies
00:38:47 and so forth
00:38:50 and I am personally grateful for
00:38:52 phillips work that taught me so
00:38:55 much about my heritage and he
00:38:57 will be socializing misses by
00:38:59 the chinese-american community
00:39:02 and survived by his children and
00:39:05 6 grandchildren and he was known
00:39:07 for his sharp witness and great
00:39:12 love for life learning and his
00:39:15 family I encourage those of you
00:39:20 to attend his celebration of
00:39:24 life in memoriam serve and at
00:39:26 the international infection at
00:39:30 the one P.M. And want to thank
00:39:31 supervisor kim, supervisor
00:39:32 peskin and commissioner fewer
00:39:34 and others for covering this
00:39:36 resolution the rest I submit.
00:39:37 >> thank you supervisor yee
00:39:39 Madam President that concludes
00:39:42 the introduction of new business
00:39:47 it is the for the.
00:39:51 >> xhomsdz this is from
00:39:53 supervisor commissioner fewer.
00:39:53>> thank you very much
00:39:54 President
00:39:57 Colleagues this week I'm dlthd
00:40:00 to be you honoring a valuable
00:40:02 institution the branch library
00:40:07 created it in 1932 it is the 17
00:40:09 branch to say established in the
00:40:10 san francisco public library
00:40:13 system and was created after
00:40:15 voters approved a charter
00:40:17 amendment to raise tax for
00:40:18 construction and what a
00:40:21 wonderful investment that has
00:40:22 been
00:40:26 amongst early supporter 85 years
00:40:29 with the neighborhood balboa
00:40:32 park merchant association over
00:40:35 the past 85 years there have
00:40:36 been many improvements on the
00:40:41 opening day in 1932 the branch
00:40:44 had 8 thousand plus today over
00:40:46 one and 90 thousand items in
00:40:49 circulation at that branch and
00:40:50 one thousand visitors this last
00:40:54 year the library there are went
00:40:58 a roopgs in not and 2011 it it
00:41:00 became the second san francisco
00:41:03 branch library for certification
00:41:07 and thanks to organ the branch

00:41:09 changed the charm and historic
00:41:11 character with feelings and
00:41:13 original built book shelves and
00:41:16 tables and chairs they serve an
00:41:20 important role for lifelong
00:41:22 learning education and programs
00:41:26 that range from reading if young
00:41:27 children and taken care of
00:41:30 languages and a community hub
00:41:33 the labor has posted story times
00:41:38 with 5 thousand attendees 52
00:41:42 class invites from c-3 reaching
00:41:44 students and preschool reaching
00:41:48 3 willed and 72 preschoolers and
00:41:50 adults program for many
00:41:52 attendees congratulation for the
00:41:54 amazing 85 years keep up the
00:41:56 good work and look forward to
00:42:01 our upcoming 90 celebration I
00:42:03 want to recognize our wonderful
00:42:06 and hard working larger than
00:42:10 megan branch manager and terry
00:42:16 carlson the northwest manager
00:42:16 division.
00:42:16>> (Clapping.)
00:42:20 >> hello. Thank you
00:42:22 supervisor fewer and members of
00:42:24 the board for this recognize and
00:42:26 the budget committee stowe of
00:42:28 this award chief suhr has
00:42:31 basically said a lot of what I
00:42:34 was about to say it is truly a
00:42:36 branch library for the residents
00:42:38 of san francisco as she
00:42:41 mentioned a special task was
00:42:45 tasked through the city charter
00:42:47 amendment and 50 thousand later
00:42:51 when the branch opened in 1932,
00:42:54 11 thousand books were in
00:42:55 circulation
00:42:58 today 85 yors later the branch
00:43:02 has 48 totality a genius amount
00:43:05 of toilets for the russian and
00:43:08 chinese community we serve the
00:43:10 residents west of 33 after the
00:43:12 branch follows the mission
00:43:13 statement of the san francisco
00:43:16 public library to serve owl
00:43:17 residents and visitors
00:43:22 throughout the entire world
00:43:26 we basically follow the
00:43:28 libraries mission statement that
00:43:33 is summed up in 3 world all is
00:43:37 welcome we have story times and
00:43:39 ti which he lessons and hosted
00:43:42 programs in the past that
00:43:45 include the citizenship classes
00:43:49 and hands on programs including
00:43:51 weaving, cooking, cheese making
00:43:54 and a petting zoo exhibit for
00:43:58 the young children and parents
00:44:00 on May 13th the san francisco
00:44:03 public library will lead the
00:44:04 summer reading program we hope

00:44:08 you have time to go to the local
00:44:10 library to participate
00:44:13 and doesn't closing thank you to
00:44:15 chief suhr for her recognition
00:44:18 of the branch library and the
00:44:20 next time you're in the outer
00:44:24 richmond check us out on 37th
00:44:26 avenue within geary thank you
00:44:45 very much
00:44:55 .
00:44:56 >> (Clapping.)
00:44:59 >> thank you supervisor fewer
00:45:01 and congratulations and thank
00:45:03 you for your services.
00:45:05 >> with that, Madam Clerk
00:45:14 please read public comment.
00:45:18 >> at this time, members of
00:45:19 the public May address the
00:45:23 commission items thirty to 32
00:45:28 public comment will not be
00:45:31 allowed advise sfgovtv, and take
00:45:31 it down when you are finished.
00:45:34 >> first speaker please.
00:45:43 I'm here to request that the rfp
00:45:53 for the formerly what is it-
00:45:58 the man, I got a senior moment
00:46:02 here oh, the addition now called
00:46:05 the addition once called the-
00:46:11 that rfp be put off for a month
00:46:17 and not be voted on, on
00:46:19 April 22nd because community has
00:46:21 met with some of the investors
00:46:25 and I tried to reach one of the
00:46:28 investors this morning September
00:46:31 e-mails and seems like that
00:46:34 person doesn't exist or they
00:46:38 have not gotten back to me so we
00:46:40 can't afford for anything to go
00:46:43 wrong with this this time the
00:46:44 building has been closed for a
00:46:47 long time in the community and
00:46:51 the community has been really
00:46:54 take advantage of and so I'm
00:46:57 asking the supervisors if you
00:47:11 would not accept the April 22nd
00:47:14 date and prolong it until I know
00:47:17 the bidders because we don't
00:47:20 know we meet with people and
00:47:23 can't get back in touch with
00:47:28 them I'm hoping that happens
00:47:30 forgive me for forgetting.
00:47:35 >> thank you and hold on a
00:47:36 second Mr. Yip? General public
00:47:40 comment if you're here for the
00:47:41 special order 3:00 P.M.
00:47:44 This is judge general public
00:47:47 comment Mr. Yip.
00:47:50 >> good afternoon andrew yip
00:47:53 civilization works on the
00:47:55 unintended for maximum mission
00:47:57 for the people for the democracy
00:48:00 for the people social
00:48:03 on the unitem no. 17-
00:48:03 2016-005702cua, 524a clement

00:48:04 street,conditional use
00:48:04 authorization.
00:48:05 >> for the people true
00:48:06 principle works on the universe
00:48:09 for the people
00:48:11 political leaders must struggle
00:48:13 for the amounting of the people
00:48:19 the destiny of a career through
00:48:21 political leaders must deliver
00:48:24 policy legislation with the
00:48:28 visual of good peace the social
00:48:33 and economic issue is the
00:48:35 downfall of human hearts
00:48:42 political leaders must apply the
00:48:45 holy reduce that is the process
00:48:49 to ones good nature pure and
00:48:52 kind and from an ideal state
00:48:54 everyone of the people have
00:48:56 self-control for the country by
00:48:59 virtue and everyone of the
00:49:01 people would practice virtue in
00:49:04 taking on the pathway to promote
00:49:07 love and kindness in the future
00:49:10 with the intellectual in
00:49:12 politically the universal laws
00:49:14 of principle of humanity and
00:49:19 william and destiny the true-
00:49:21 thank you.
00:49:24 >> thank you.
00:49:25>> next speaker, please.
00:49:27>> good job board of
00:49:29 supervisors my name is joseph
00:49:32 bryan the vice President Of ton
00:49:34 to one san francisco relocate
00:49:36 here with our director of the
00:49:39 regional david and also our
00:49:42 streevenl coordinator peter I
00:49:45 want to say thank you to the
00:49:47 board of supervisors so many
00:49:48 supportable resolutions
00:49:50 introduced today, we're here to
00:49:52 seek in regards to the
00:49:54 resolution to support the May
00:49:55 day action
00:49:58 we feel is that the mayday
00:50:00 action is part of a birth
00:50:03 resistance we're asking for the
00:50:04 support for in terms of
00:50:05 resolution but in terms of
00:50:08 spirit I think one of the things
00:50:10 we certainly realized is that
00:50:14 like with mayday needs to be
00:50:17 more political education
00:50:20 in May day is lights proffered
00:50:24 as immigrants national in a
00:50:27 national day but also derived
00:50:29 country's was the establishment
00:50:32 of part of establishment for the
00:50:34 8 hour workday under the new
00:50:38 modification I'm sure he wanted
00:50:40 to take that away
00:50:42 >> thank you to everybody for
00:50:44 their support.
00:50:45 >> thank you for you comments.

00:50:47>> I'm david the director for
00:50:51 10 to one and in support of
00:50:54 sxheflgz resolution on May day I
00:50:58 think that resolution will go a
00:51:02 long way to join the actions
00:51:03 they'll not be retaliated by the
00:51:04 city and county of san francisco
00:51:06 we hope to see you in overseeing
00:51:08 marches on May day.
00:51:11 >> thank you for your
00:51:11 comments.
00:51:12>> next speaker, please.
00:51:13>> good afternoon, supervisors
00:51:15 peter strategic coordinator for
00:51:18 ton to one and thank you to
00:51:20 supervisor ronen and give you a
00:51:21 little bit of background the
00:51:27 majority of world holds
00:51:30 celebrates labor day on May 1st
00:51:34 to commemorate the hay market
00:51:41 massacre a bomb was thrown by an
00:51:44 unidentified individual the
00:51:47 police charged 8 of the speakers
00:51:50 with conspire and hanged four of
00:51:52 them the rest of the world
00:51:54 celebrates this in honor the
00:51:55 united states we don't celebrate
00:51:59 that ourselves in 1921 named
00:52:03 this the american day in 1949
00:52:06 loyalty day and 1958 law day
00:52:09 this is how scared our
00:52:11 government is of the working
00:52:15 class and 2006 it was the day
00:52:17 without protesting.
00:52:20>> notice o now we have an
00:52:22 modification that is opposed to
00:52:23 workers and immigrants san
00:52:26 francisco want to be seen as the
00:52:29 beacon against the trump
00:52:30 administration it is imperative
00:52:33 this this body supports this
00:52:34 resolution and this city
00:52:36 condominiums to supporting the
00:52:39 workers that take that day off
00:52:41 to engagement if in the action
00:52:43 thank you for your comments next
00:52:44 item, please.
00:52:44 >> good afternoon. I'm
00:52:46 michael bear a resident of
00:52:50 district 3 and last year, I was
00:52:53 asking for a resolution to
00:52:57 against the prosecution of gay
00:53:00 member I'm here to support
00:53:02 condemning the lgbtq in the
00:53:02 chechen republic isn't that true
00:53:04 san francisco has historically
00:53:09 been a light house for people
00:53:10 coming all around the world to
00:53:12 speak and fits within the
00:53:15 political action and ask you to
00:53:18 support this resolution thank
00:53:18 you.
00:53:19>> thank you. Next speaker,
00:53:19 please.

00:53:22>> >> I'm mark a member of the
00:53:24 local 87 the executive board
00:53:26 members and here to speak in
00:53:30 support of May day resolution
00:53:33 I think that is really important
00:53:36 for everybody in the city to see
00:53:38 the supervisors out with us I'd
00:53:41 like to ask you all you guys to
00:53:44 support the resolution and thank
00:53:44 you.
00:53:46>> thank you
00:53:47 >> next speaker, please.
00:53:51 >> good afternoon, everybody
00:53:53 buenos dias
00:53:56 I'm the President Of the suv
00:53:58 local 87 and secretary treasurer
00:54:01 the labor council we took a
00:54:02 moment if the contract
00:54:04 negotiations to make sure that
00:54:09 we ask every one of our board of
00:54:11 sups to my own on the resolution
00:54:14 by sxhefl that is a critical
00:54:18 time in history the first mayday
00:54:20 March increase in new
00:54:25 modification this commitment
00:54:26 that every one of board members
00:54:28 has done san francisco is a
00:54:30 beacon but we want is to make
00:54:33 sure that the resolution has the
00:54:35 full support of every single one
00:54:36 of our board members and that we
00:54:38 are also you to instantly stand
00:54:49 with us and March with us on my
00:54:49 day.
00:54:50>> (Speaking spanish.)
00:54:53>> mayday is not solely for
00:54:56 immigrants it is about working
00:54:58 families and in san francisco
00:55:01 the brothers and sisters stand
00:55:04 behind me the carpenters can you
00:55:06 stand every single one of the
00:55:08 single carpenter in you're a
00:55:12 working if you have a hard hat
00:55:17 stand I believe that w two the
00:55:19 working families we're fighting
00:55:23 for labor day and mayday wire
00:55:26 struggling to provide I'm asking
00:55:30 you to sign on to the
00:55:30 resolution.
00:55:31 >> thank you for your
00:55:31 comments.
00:55:32>> (Clapping.)
00:55:35 >> I'm bill the chair the labor
00:55:38 studies at the city college of
00:55:43 san francisco also a member of
00:55:46 2121 and the lash history is
00:55:49 important to note that mayday is
00:55:52 too hot to handle the tradition
00:55:54 in united states it is history
00:55:56 denying labor day in September
00:55:58 and May day come out of
00:56:01 structural for the 8 hours day
00:56:04 people have to work up to 14
00:56:07 hours a day and chicago was an

00:56:10 immigrant city people fought for
00:56:13 the 8 hour day but people have
00:56:16 to work two or three jobs to
00:56:20 work and make ends meet I'm here
00:56:22 to thank my supervisor
00:56:23 supervisor ronon and those who
00:56:26 are in support of May and urging
00:56:28 full support from the city
00:56:30 government you know that city
00:56:33 college was almost taken down we
00:56:36 were able to save the college we
00:56:37 educate the immigrants workers
00:56:39 as to their voting rights and
00:56:42 english and job skills and this
00:56:44 was in defense of working people
00:56:45 with the immigrants in
00:56:47 particular so I ask you, please
00:56:50 give our full support in this
00:56:53 and join us in marching on May
00:56:54 day thank you.
00:56:57 >> thank you for your
00:56:58 comments.
00:56:58>> next speaker, please.
00:56:59>> I'm automobile and
00:57:00 representing city college in
00:57:02 support of May day resolution
00:57:05 I believe 0 as long as we allow
00:57:08 this prosecution of immigrants
00:57:10 all workers are disadvantaged
00:57:13 and I'm unwillingly to be party
00:57:18 to that and hope the board votes
00:57:19 according thank you, thank you
00:57:21 for you comments.
00:57:22 >> next speaker, please.
00:57:23 >> hi my name is monique here
00:57:26 as a private citizen in district
00:57:30 5 and thank you all, all members
00:57:31 of the board of the board of
00:57:33 supervisors for supporting in
00:57:34 May 1st resolution I've not been
00:57:36 to the board of supervisors this
00:57:39 is my first time speaking but I
00:57:42 am torn and heart broken by the
00:57:45 people just couldn't sit back in
00:57:47 the haight and be silent so
00:57:50 thank you all for that and
00:57:53 especially thank you to say
00:58:02 supervisor jane kim and
00:58:03 supervisor
00:58:04 for
00:58:05 closing our officer.
00:58:06 >> thank you supervisor fewer
00:58:08 is a flower.
00:58:10>> sorry.
00:58:11 >> next speaker, please.
00:58:14 >> my name is raphael I'm a
00:58:18 seu 1021 school district
00:58:22 department and in here to hope
00:58:23 every board members supports May
00:58:27 first and one the organizes of
00:58:29 May 1st, the action taken a day
00:58:32 without an immigrant more than a
00:58:35 day without an immigrant
00:58:37 everybody's rights brown and

00:58:40 black or gay or lesbian this is
00:58:42 all our fights trump is coming
00:58:47 down on everybody we see that
00:58:48 everywhere whether the
00:58:50 working-class people or our
00:58:52 communities we need action we
00:58:53 need the President To hear our
00:58:55 voices
00:58:58 we need to be a big event in san
00:59:00 francisco hopefully it is one of
00:59:02 the biggest events inform where
00:59:04 the people are standing up
00:59:06 and taking a stance guns the
00:59:10 racism and the bigotry that
00:59:11 donald trump is showing our
00:59:14 country we can't stand for this
00:59:17 is a community multiple times
00:59:23 are uniting we the board of
00:59:26 supervisors to take a stance
00:59:28 this is a sanctuary city
00:59:29 utilizes prove that by signing
00:59:31 the resolution and walk the
00:59:33 streets and March thank you,
00:59:34 thank you for your time.
00:59:37>> thank you for your comments
00:59:38 >> next speaker, please.
00:59:41 >> my name is ace washington
00:59:43 first of all, apologize to the
00:59:47 city specifically to supervisor
00:59:51 cohen for my out busts last week
00:59:53 and thank you for supervisor kim
00:59:56 to chill me out I'm here I sweet
01:00:01 and look like a ravaged person
01:00:03 with sweat my name is ace and
01:00:03 I'm on the case.
01:00:04 >> thank you to my supervisor
01:00:06 had a wonderful meeting in the
01:00:09 west side so that's out of the
01:00:11 way my apologizes accepted and
01:00:13 tell you what I'm here for
01:00:16 mayday I'm here for immigrants
01:00:20 but here about out migration and
01:00:22 talking about and will to the
01:00:27 day recognized was as are in a
01:00:30 state of energy mayday mayday
01:00:32 what the hell is happening in
01:00:35 the city by the bay I want to
01:00:39 talk to trump we talk to tweet
01:00:41 tweet tow truck on fillmore
01:00:44 street street to talk about what
01:00:46 we lost I'm an advocate please
01:00:51 forgive me, I'm a troubled man
01:00:54 like marvin gay stay in our line
01:00:58 I'm lawsuit for the black folks
01:01:05 I keep on saying 3 generations I
01:01:08 have a moral obligation you
01:01:11 instant stop me the man upstairs
01:01:14 can I am looking at for the
01:01:18 black necessarily gross I'm not
01:01:19 a rate of interest I'm a
01:01:21 realistic we're in the state of
01:01:23 emergency and if the city didn't
01:01:26 admit to it I'm on my way to
01:01:29 washington, D.C. I'm on my way

01:01:33 but stop until sacramento and
01:01:36 talk to the governor newsom's
01:01:40 what is happening to the city by
01:01:44 the bay area my name is ace and
01:01:45 I'm on the case.
01:01:47 Forgive me supervisor cohen.
01:01:50 >> good afternoon. I'm halley
01:01:53 and work for downtown streets
01:01:55 for homeless individuals in the
01:01:58 area I brought something to pass
01:01:59 out if this is okay
01:02:02 the clerk will be there in a
01:02:02 moment to pick up.
01:02:06>> I'm here to advocate for a
01:02:08 smooth new neighborhoods we're
01:02:11 the team in bright yellow shirts
01:02:13 on the civic center thank you
01:02:16 those folks including the person
01:02:18 behind me are unhouse
01:02:21 individuals we're there everyday
01:02:25 to beautiful that and pickup
01:02:27 several needles and the folks
01:02:29 behind me are using their time
01:02:31 to contribute to the community
01:02:32 but their working on further
01:02:34 goals for housing and employment
01:02:37 like calculated and the impact I
01:02:40 passed out right now we're
01:02:43 active in civic center and union
01:02:46 plaza and in May opening up a
01:02:49 tenderloin team and looking for
01:02:53 other areas something we found
01:02:54 specifically in san francisco
01:02:57 hoe who wants to go to the
01:03:00 mission and any other
01:03:02 neighborhood they want to clean
01:03:04 up the neighborhoods best we can
01:03:06 open up positions for the
01:03:09 neighbors had already live and
01:03:12 stay there thank you for your
01:03:14 comments
01:03:14>> next speaker, please.
01:03:19>> local I'm george I work for
01:03:21 d s t it's been a good
01:03:24 experience for me helped me
01:03:27 reestablish mitchel as being my
01:03:34 work ethic and helped me try to
01:03:39 regain a status in life to where
01:03:43 I have housing and a full-time
01:03:47 job opportunities and its been a
01:03:49 good thing to beautiful the
01:03:51 civic center area union square
01:03:54 and other areas so we feel good
01:03:55 about that and hopefully, we're
01:03:59 a positive force for the city
01:04:01 and whoever is involved in our
01:04:04 existence in our future thank
01:04:04 you very much.
01:04:07 >> thank you for your
01:04:07 comments.
01:04:08>> next speaker, please.
01:04:14>> my name is otto and support
01:04:19 mayday in its fullest meaning
01:04:25 if you look at the image here

01:04:31 who know that he was a chemist I
01:04:35 hope that some of the people
01:04:40 practicing the religion if we
01:04:43 continue to take as important a
01:04:49 focus on the things he I am not
01:04:52 I don't believe in kick
01:04:56 california comes around but jose
01:04:59 recognizes a problem with
01:05:02 superficial like alternating
01:05:06 traffic parents is not remotely
01:05:12 enough how hard to get
01:05:13 electrical vehicles we are
01:05:16 scraping the surface an approach
01:05:20 to global climatic change will
01:05:23 not displace people long term
01:05:24 residents not at that particular
01:05:26 time what in their immigration
01:05:28 status
01:05:41 thank you for your comments.
01:05:41 >> next speaker, please.
01:05:47 >> tom gilberty President
01:05:51 Trump as allowed the managers of
01:05:55 40 is k they reduce the amount
01:06:00 of returns for people but a
01:06:02 payoff a kickback
01:06:05 last week, I mentioned we have a
01:06:10 chief of justice it decided that
01:06:14 corporate orders superseded a
01:06:17 trucker leaving his rig and
01:06:19 saving his life the corporations
01:06:26 rule and you as a that he on a
01:06:31 capitalist ideal lit 49 years
01:06:34 old and last week he mentioned
01:06:36 gavin newsom tried to establish
01:06:38 a court procedure keeping that
01:06:43 open to over roll the it to one
01:06:46 vote to negative at 8 washington
01:06:49 because it restricts the
01:06:52 financial growth of the real
01:06:58 estate industry I presume he's
01:06:59 what we call a social corporate
01:07:02 democrat and now I kind of want
01:07:06 to read from an article from the
01:07:13 chronicle September I sat in a
01:07:15 restaurant one of the developers
01:07:18 walked in late to one meeting I
01:07:21 saw him disappear into the back
01:07:25 I ask do waiter yeah, he said
01:07:27 the mayor is there I had a slow
01:07:31 finish to the meal and watched
01:07:34 as every major builder left the
01:07:36 restaurant from what I hear the
01:07:38 basement was the cool
01:07:42 \$1.2 million or the mayor that
01:07:47 was written by willie brown, Jr.
01:07:54 Do we have reforms from those
01:07:54 people.
01:08:01 >> Madam President
01:08:02 seeing no other members of the
01:08:03 public public comment is closed.
01:08:05 Madam Clerk go to the special
01:08:05 order 3:00 P.M.
01:08:10 >> items 19 through 22 is the
01:08:14 special order continued if March

01:08:16 27 in the determination of
01:08:18 exemption from the environmental
01:08:20 review under the california
01:08:21 environmental quality act
01:08:22 orientated as a exemption and
01:08:23 approved by the planning
01:08:26 commission on September 22,
01:08:29 2016, for the proposed project
01:08:32 locked other 277 taylor street
01:08:34 to allow the occasion of 3
01:08:35 two-story houses and
01:08:37 construction of a 40 foot
01:08:39 toddler residential building and
01:08:42 item 20 to affirm the planning
01:08:46 department proposed to exempt
01:08:48 this project from future
01:08:49 environmental review in the
01:08:51 community plan exemption and
01:08:52 item 2 is reverses that
01:08:56 determination and item 22 the
01:08:59 motion to direct the findings.
01:09:00>> okay
01:09:03 before I review the details of
01:09:06 that hearing want to acknowledge
01:09:07 supervisor ronen.
01:09:08>> thank you commissioner
01:09:09 borden.
01:09:12>> colleagues a month ago you
01:09:13 allowed me to continue this item
01:09:16 for a month so I can common with
01:09:19 parties to see if they could
01:09:23 have a meeting of mind which
01:09:25 would allow the wall of this
01:09:27 appeal and want to assure you,
01:09:31 we have been working hard over
01:09:33 the past month assess
01:09:35 development groups and calle
01:09:38 quarto have come together and
01:09:41 working hard and really been
01:09:43 trying to hear one another and
01:09:44 make agreements that can get us
01:09:47 to an agreement on this project
01:09:50 we are close to an agreement but
01:09:53 there are a few details that
01:09:57 need to be accounted so I'll ask
01:10:02 you for the last time to
01:10:07 indepartment of technology me to
01:10:08 the May 9th meeting and
01:10:11 4 o'clock I'll appreciate that
01:10:13 time and if we would make use of
01:10:16 it to reach on agreement on that
01:10:16 project.
01:10:17>> thank you
01:10:19 commissioner melgar has made a
01:10:21 motion to continue this appeal
01:10:25 to the meeting of May that 9 at
01:10:27 4 o'clock P.M. And seconded by
01:10:31 supervisor peskin I will now
01:10:32 open up for public comment
01:10:34 specifically to talk about the
01:10:37 turns any members of the public
01:10:38 that would like to make comments
01:10:41 about the continuance ever this
01:10:47 appeal please come forward.

01:10:51>> my name is owning martinez
01:10:54 representing well, a member the
01:10:55 san francisco latino historical
01:10:57 society not representing them I
01:11:01 support the continuance but to
01:11:01 give you a little bit of
01:11:02 background on this whole
01:11:06 situation back in the early 2000
01:11:07 in the eastern neighborhoods
01:11:11 plan was started the planning
01:11:13 department didn't think they had
01:11:15 to do the historic surveys and
01:11:18 took a couple of years after a
01:11:20 lot of public pressure and
01:11:22 pressure from the board of
01:11:24 supervisors that they finally
01:11:27 did the survey and the eir for
01:11:28 the eastern neighborhoods
01:11:31 acknowledges that the resources
01:11:32 survey with lagging behind
01:11:35 seriously behind and when the
01:11:37 mission-the survey for the
01:11:38 mission was completed and
01:11:41 present to the public it was
01:11:43 discovered a serious omissions
01:11:46 in the latino history was not
01:11:51 covered after 1848 we're in the
01:11:55 process of doing a historic
01:11:58 statement technically the work
01:12:00 shouldn't have happened without
01:12:04 the work being done now the plan
01:12:06 should include the historic
01:12:08 cultural heritage and the
01:12:10 support for the sustainability
01:12:12 of resources including the
01:12:16 cultural resources so never the
01:12:19 ground work for the latino
01:12:21 historic resources in an ideal
01:12:24 world that would have been put
01:12:28 off until after December when we
01:12:30 had the statement available but
01:12:32 for now I support the
01:12:33 continuance thank you.
01:12:35>> thank you. Next speaker.
01:12:38 >> noipdz a ann good
01:12:38 afternoon, supervisors I one of
01:12:41 the researchers and also with
01:12:43 the latino historical society
01:12:46 the reason we started it because
01:12:49 we were left out of this our
01:12:52 history was left out of historic
01:12:54 resources report and one the
01:12:57 finding to date the mission
01:13:00 district was the center the
01:13:02 china movement that recognizes
01:13:03 internationally and our
01:13:05 political latino political and
01:13:07 social justice movement as well
01:13:09 as the latino labor movement for
01:13:10 those of you who don't know is
01:13:14 it hadn't been the effort of
01:13:22 social central caucus of labor
01:13:25 two 61 and others latinos would
01:13:29 in not to have a political voice

01:13:31 in the city and a building they
01:13:34 taught language to their workers
01:13:37 so 0 without the union force we
01:13:39 wouldn't have had a political
01:13:42 voice and would have never had
01:13:46 the city hall the L.B. S where
01:13:49 the dignitaries in mexico and
01:13:53 movie stars fernandez and all of
01:13:54 those historical moments caesar
01:13:57 chavez who was involved a lot of
01:13:58 for those of you who don't know
01:14:01 the union agreement was signed
01:14:06 off on at the goorm center when
01:14:10 we started out had an office of
01:14:13 the item on 16th street a lot of
01:14:16 the stuff has not been
01:14:18 documented I support the stuns
01:14:20 we spent 66 years in trying to
01:14:26 get a voice we need the voice
01:14:27 ben martini basically stated you
01:14:30 have to hear us you need to hear
01:14:34 us you need to hear our voice we
01:14:37 support the continuance but
01:14:38 hopefully, the context statement
01:14:39 will be implemented.
01:14:40 >> can I remind the members of
01:14:41 the public that is specifically
01:14:45 about the continuance so if we
01:14:47 can focus our comments on the
01:14:50 continuance that will be
01:14:51 appreciated
01:14:51 next speaker.
01:14:53 >> good afternoon.
01:14:54 Supervisors corey smith on
01:14:56 behalf of the housing coalition.
01:15:00 Hopefully in a another of touch
01:15:03 couple of weeks this is a ceqa
01:15:04 issue rather than other
01:15:05 difficult challenges
01:15:09 I hope that two weeks we're not
01:15:11 taking another day to plug that
01:15:16 out that's the plug thank you.
01:15:16>> thank you.
01:15:21 >> next speaker, please.
01:15:21 >> good evening board of
01:15:21 supervisors I'm carla san
01:15:23 francisco resident and a labor
01:15:27 journey man laborer and in
01:15:28 support of this project going
01:15:30 forward because this is the
01:15:33 helping me to raise my family in
01:15:36 san francisco and pay for their
01:15:39 education forward in their
01:15:39 lives.
01:15:40>> thank you very much.
01:15:40>> next speaker, please.
01:15:45>> good afternoon. My name is
01:15:47 latisha perps san francisco
01:15:50 resident I live in fulsome
01:15:55 street between 14 and 15 I'm a
01:15:59 laborer union for 12 years and
01:16:05 work with fisher and I'm here in
01:16:10 support it is good for me and my
01:16:11 family.

01:16:13>> thank you very much.
01:16:14>> next speaker, please.
01:16:21>> hello supervisors
01:16:22 I'm a san
01:16:24 francisco resident I work for
01:16:27 fisher and I'm here to support
01:16:31 this project and against the
01:16:32 appeal.
01:16:34>> sir it is this is
01:16:37 particularly about the
01:16:39 continuance so if you could
01:16:40 stick to whether or not you
01:16:42 support the continuance.
01:16:45 >> I support the project.
01:16:47>> thank you for your time.
01:16:48>> next speaker, please.
01:16:51>> good afternoon. Members
01:16:53 I'm alex with carpenters local
01:16:55 22 we're here in support of
01:16:58 continuance we understand the
01:16:59 project sponsors and the
01:17:01 appellants reached a tentative
01:17:02 agreement to continue this year
01:17:04 for a couple of weeks to the
01:17:07 continuance you know one of the
01:17:09 things I've been doing a
01:17:10 research analyzed I've been
01:17:12 outstanding why housing prices
01:17:15 with the way they are and a good
01:17:18 touchstone is the research for
01:17:22 the state of california the
01:17:24 supportive of housing committee
01:17:26 one of the things that showed is
01:17:28 that meetings over and over and
01:17:30 over and over again have some of
01:17:32 the most significant costs or
01:17:35 significant impacts to the
01:17:36 project costs so let's look at
01:17:40 where we are this is our 5
01:17:45 continuance we support that but
01:17:48 step back and ask yourself
01:17:50 whether this has nothing to do
01:17:52 with with the ceqa issues and
01:17:54 ask ourselves if 0 anyone there
01:17:56 are our need to house people
01:17:58 that are living other than the
01:18:01 street or more specifically
01:18:05 whether or not it in any way
01:18:07 advances or reduces the pushing
01:18:09 of people out of our community
01:18:10 right now
01:18:15 lastly I want to ask you to ask
01:18:18 yourselves what did it do to the
01:18:20 people these people took time
01:18:23 out of their day and now will
01:18:26 support a project to be able to
01:18:28 and be able to provide the
01:18:31 livelihoods of their family yet
01:18:35 we keep on going around in
01:18:37 circles that doesn't have
01:18:40 relevant we need to make that
01:18:42 project happen and get on with
01:18:46 building housing for people
01:18:47 I will remind members of the

01:18:50 public that this is to
01:18:52 specifically state about whether
01:18:55 or not you support or you don't
01:18:56 support the continuance please
01:19:00 keep our comments in around the
01:19:02 continuance thank you very much.
01:19:03>> next speaker
01:19:07 >> I'm tim
01:19:08 senior organizes for carpenters
01:19:09 local 22
01:19:12 I'm here tonight to represent
01:19:13 the members standing apprehend
01:19:16 me we hope to have a chance to
01:19:18 speak about the appeal we
01:19:20 understand we want this project
01:19:22 to go through we hoped you'll
01:19:25 have a had an to tell those
01:19:27 workers they got their books and
01:19:29 believe in their livelihood and
01:19:31 need this job we hope that
01:19:33 you'll have the chance to tell
01:19:36 them you support the career
01:19:39 pathways for motorist and women
01:19:42 and say yes to our homegrown
01:19:44 developers that don't have deep
01:19:47 pockets that believe in what we
01:19:51 do and last night this developer
01:19:57 met with the members and add to
01:19:58 their demands still they
01:20:01 addressing agreed to the appeal
01:20:02 the folks nationwide are
01:20:04 fighting for the livelihood we
01:20:06 fight against right to work
01:20:09 legislation we fight for tax on
01:20:13 prevailing wage and n rb it is
01:20:16 stacked and fighting our own
01:20:18 instrument for the livelihood
01:20:19 supervisor peskin ounce told
01:20:23 they so goes in san francisco so
01:20:26 goes in california and
01:20:28 nationwide I believe in these
01:20:31 comments we hope that ceqa
01:20:32 process dealing projects that
01:20:36 need to go forward is not the
01:20:37 new normal
01:20:40 but we can support the housing
01:20:42 and development support our
01:20:47 communities thank you.
01:20:47>> thank you.
01:20:48 >> next speaker, please.
01:20:49 >> good afternoon, supervisors
01:20:51 I'm eric and we're in support 37
01:20:52 continuance
01:20:55 we want to make sure that all
01:20:59 our local laborers here in san
01:21:00 francisco go jobs in san
01:21:03 francisco and our youth in the
01:21:05 area we're in favor of this
01:21:08 continuance and work on those
01:21:08 issues.
01:21:10>> thank you very much.
01:21:11>> next speaker, please.
01:21:14>> my name is lauren gary's
01:21:17 I'm with the latino historical

01:21:19 and cultural society you all
01:21:21 received our letter all the
01:21:23 points still hold I supports the
01:21:25 continuance and hoping that is
01:21:26 you move forward with the
01:21:29 continuance that you will take
01:21:32 note of detailed we laid in p
01:21:34 there not only includes the
01:21:37 workers but includes people that
01:21:41 make us up the complex culture
01:21:43 complexity of the mission calle
01:21:47 quarto so I hope out not lose
01:21:50 sight of that that is all I have
01:21:52 to say and please review that
01:21:53 letter thank you.
01:21:55>> thank you very much.
01:21:56>> next speaker, please.
01:21:57>> good afternoon my name is
01:21:59 john I'm in support of the
01:22:00 continuance
01:22:04 I want to read one short
01:22:06 paragraph this is a strong
01:22:08 carpenters town they were
01:22:10 established after the borders
01:22:11 were changed the city and county
01:22:12 of san francisco needs to decide
01:22:15 if they want to be a union town
01:22:19 or whether or not they want a
01:22:23 blue color workforce.
01:22:25 >> thank you.
01:22:26>> next speaker, please.
01:22:26>> good afternoon. My name is
01:22:29 laura I'm here to support the
01:22:31 continuance
01:22:32 I think we'll get a better
01:22:36 project my husband is a retired
01:22:38 carpenters local 22 and I
01:22:40 totally support the trades and I
01:22:42 think that holding this off for
01:22:45 a couple of more weeks will mean
01:22:47 that all trade workers will have
01:22:51 a better deal on the project
01:22:52 thank you any member of the
01:22:53 public that would like to
01:22:53 comment?
01:22:56 To the continuance of this
01:22:58 project please come forward
01:22:59 seeing none, public comment is
01:23:00 closed.
01:23:03 This item has been moved to
01:23:08 continue for May 9, 2017 at
01:23:10 4:00 P.M. And seconded Madam
01:23:12 Clerk Madam Clerk, please call
01:23:12 the roll.
01:23:15>> commissioner london breed
01:23:17 supervisor cohen
01:23:19 supervisor farrell
01:23:21 supervisor fewer
01:23:23 supervisor kim
01:23:26 supervisor peskin
01:23:28 supervisor ronin
01:23:30 supervisor safai
01:23:31 ?
01:23:33 Not present

01:23:34 supervisor safai absent
01:23:37 supervisor sheehy
01:23:39 supervisor tang
01:23:40 supervisor yee
01:23:43 there are 10 I's that will be
01:23:46 continued to the meeting of May
01:23:49 9, 2017 at the 4:00 P.M. Madam
01:23:51 Clerk call the special order
01:23:51 3:00 P.M.
01:23:54 >> items 23 through 25 are the
01:23:56 special order this hearing has
01:23:58 been scheduled pursuant to a
01:24:00 motion approved in 2016 for a
01:24:01 hearing of persons interested in
01:24:04 the determination of exemption
01:24:06 from the environmental review
01:24:08 under the california
01:24:09 environmental quality act issued
01:24:12 as a-by the planning
01:24:13 department on July 2016 and
01:24:15 approved by the planning
01:24:17 commission on August 11th.
01:24:21 >> providing an additional
01:24:22 information and analysis
01:24:27 regarding a location of 1515
01:24:29 south van ness avenue will
01:24:32 result in the greater soviet in
01:24:35 the eastern neighborhoods
01:24:38 rezoning districts and ifrpt and
01:24:41 item 24 to have the departments
01:24:42 determinations this project is
01:24:43 further exempt from
01:24:45 environmental review under the
01:24:46 community plan exemption and
01:24:49 item 24 to reverse that
01:24:49 determination.
01:24:51 >> thank you before we precede
01:24:53 I want to ask the members of the
01:24:56 jury if you can exit the chamber
01:24:58 quiet we have business to attend
01:24:59 to and thank you very much for
01:25:02 being here today
01:25:04 supervisor ronon.
01:25:04 >> yes. Colleagues I'm
01:25:08 extremely glad to say that the
01:25:17 parties involved lennar I see
01:25:19 calle quarto have reached a
01:25:21 settlement and the process that
01:25:23 withdrawn I feel that the
01:25:25 outcome was incredibly positive
01:25:27 for the community again, thank
01:25:31 you loren our calle quarto doing
01:25:34 the hard work to get there and
01:25:43 with that I'd like to move to
01:25:44 table.
01:25:46 >> supervisor ronon made a
01:25:49 motion to table item-sorry.
01:25:51 >> can I read that.
01:25:52 >> thank you.
01:25:57 >> make a motion to file items
01:26:05 23, and 25 and I'm sorry 23 and
01:26:09 25-and to approve item 24.
01:26:12 >> okay. So supervisor ronon
01:26:16 has made a motion to approve

01:26:22 item 24 and table item 25.
01:26:23 >> yeah.
01:26:25 >> yes and it is seconded by
01:26:26 supervisor peskin
01:26:27 supervisor peskin I saw your
01:26:30 hand like up for 3 minutes.
01:26:32 >> you have said what the
01:26:34 maker of the motion meant to say
01:26:36 that is table 25.
01:26:40>> okay. And before I open up
01:26:41 for public comment commenting
01:26:43 you had comments.
01:26:46>> yes. I wanted to thank and
01:26:47 acknowledge supervisor ronen
01:26:48 office and previously supervisor
01:26:51 campos for the work on this and
01:26:53 want to recognize and
01:26:56 acknowledge lennar for being the
01:26:59 first to commit to 24 percent
01:27:00 affordable housing and come Mr.
01:27:02 Pickering with prop c even
01:27:04 you've started your fire without
01:27:06 up zoning that is a great
01:27:08 commitment to the neighborhood
01:27:10 and really demonstrating we can
01:27:12 get working-class in the housing
01:27:13 so thank you very much for doing
01:27:14 that and thank you for your
01:27:16 office and the community work in
01:27:17 making sure we have a great
01:27:19 project that all of us support.
01:27:23>> you're here.
01:27:24 >> thank you
01:27:26 any members of the public that
01:27:27 want to provide public comment
01:27:31 on this hearing related to this
01:27:34 particular project Mr. Campbell.
01:27:42>> thank you board supervisor
01:27:43 President London breed and
01:27:43 members of the board good
01:27:44 afternoon danny the
01:27:47 representative for local one 04
01:27:50 and thank the folks with lennar
01:27:52 working with the community and
01:27:55 reaching out early to the san
01:27:56 francisco building and
01:27:58 construction trades council all
01:28:00 the affiliates of the council
01:28:05 that project is demonstrates
01:28:07 with affordable housing meeting
01:28:08 the requirements that supervisor
01:28:10 kim just said the voters adapted
01:28:13 along with the pdr says that the
01:28:15 other community benefits that
01:28:20 it's going to be be build 100
01:28:22 percent union meaning that all
01:28:24 the youth men and women and the
01:28:27 mists will have career pathways
01:28:32 regardless of which craft they
01:28:34 choose whether or not sheet
01:28:35 metal workers or carpentry
01:28:38 whatever will be afforded that
01:28:40 opportunity thanks to lennar so
01:28:43 we look forward to approving the

01:28:46 item 24 that supervisor ronen
01:28:47 suggested thank you.
01:28:50>> thank you.
01:28:50 >> next speaker, please.
01:28:55 >> iris a nurse 40 years to
01:28:58 the mission senior and getting
01:29:01 older everyday at those hearings
01:29:04 on in front of 15, 2016 at the
01:29:06 last board of supervisors
01:29:10 hearing on 1515 south van ness
01:29:13 avenue you voted for a third eir
01:29:15 on the gentrification and on the
01:29:17 mission and throughout the city
01:29:19 some supervisors spoke about
01:29:22 needing a sea change that will
01:29:24 be 100 percent real affordable
01:29:26 housing at the site creating a
01:29:27 community of families for
01:29:29 example, the families that were
01:29:32 victims of fire an missions and
01:29:35 29 street a community of
01:29:38 maturity aid with the senior on
01:29:40 shot well instead of the
01:29:43 urgently needed sea change
01:29:47 question get the sea items 30
01:29:47 through 32.
01:29:50 Will continue with displacement
01:29:54 and out regionally unaffordable
01:29:56 housing I do appreciate the
01:29:58 efforts of the supervisors to
01:30:01 hammer out a compromise for more
01:30:01 affordable housing units and
01:30:03 relieved that people that are
01:30:05 homeless will have an navigation
01:30:07 center but on temporarily but
01:30:10 can't accept the agreement in
01:30:11 light of the despite need you
01:30:14 see everyday on the streets of
01:30:17 mission in addition lennar has a
01:30:19 history ever hiring contractor
01:30:26 that produce radioactive soil
01:30:28 samples and violating and
01:30:28 department of water & power
01:30:31 people if la and vallejo and
01:30:32 treasure island, bayview hunters
01:30:34 point and the mission those
01:30:38 actions should be reasons to
01:30:39 reject lennar's proposal not to
01:30:42 come up with a compromise I feel
01:30:43 will contributed to the
01:30:46 destruction of our neighborhoods
01:30:48 thank you
01:30:50 thank you
01:30:50>> next speaker, please.
01:30:54>> good afternoon, supervisors
01:30:57 my name is eddie live on folsom
01:31:00 street at the corner of 21st and
01:31:05 folsom I live between the lennar
01:31:08 and access project lived in
01:31:11 district since 1992 and folsom
01:31:15 for 12 years before I was
01:31:18 evicted and ellis acted and been
01:31:20 there 12 years opposed to the
01:31:22 lennar project and opposed to

01:31:24 this deal as iris mentioned the
01:31:26 effects of this live project
01:31:28 will be raise property values in
01:31:30 the neighborhood that is an
01:31:32 incentive for property owners to
01:31:34 sell they're building where
01:31:37 people live under 6 units these
01:31:40 attendant will be evicted that
01:31:42 May not happen immediately but
01:31:44 bargain a shock to the city it
01:31:48 happened to me twice and my
01:31:50 neighbor across the street and a
01:31:51 building one the last year ellis
01:31:55 acted are a crisis in the city
01:31:57 and this body is virtually done
01:31:59 nothing to stop it so I'm
01:32:01 opposed to this deal a
01:32:03 maintained into a fund will not
01:32:06 bow one building in the mission
01:32:08 and in the meantime 6, wanted
01:32:10 building will be flipped you're
01:32:12 not southern california the 0
01:32:15 project by making a deal not see
01:32:16 the million dollars and rather
01:32:18 see the people on this board
01:32:20 stand point and vote yes or no
01:32:23 on the project that's what I
01:32:26 rather see we see who your
01:32:29 you're with the renters want the
01:32:31 property values to stay or go
01:32:34 down or stay with the property
01:32:36 owners that profit off the loss
01:32:39 of affordable housing I'm
01:32:41 opposed to the project when it
01:32:44 comes up in three weeks I'll be
01:32:46 opposed to whatever that won
01:32:48 those projects hurts the
01:32:50 neighborhood I find it ironic in
01:32:54 a day you supported the March
01:32:55 with a day without immigrants
01:32:58 you've lied to a neighborhood
01:33:00 without-
01:33:02 >> in such
01:33:03 again tom gilberty I'm thinking
01:33:06 of a need of the community
01:33:08 basically maybe that's what the
01:33:09 people of san francisco want is
01:33:11 to help the needs and what we're
01:33:16 seeing on the streets of the
01:33:18 homeless seniors being sent away
01:33:22 families sent away none in the
01:33:23 local environmentalist being
01:33:26 able to for the record a newly
01:33:30 built home no great movement
01:33:35 from a long time rental to a new
01:33:37 places they can for the record
01:33:39 and help the oldest landlord and
01:33:41 the new landlord to spread the
01:33:43 wealthy around the community
01:33:46 keep the gentrification down and
01:33:48 also help that community stay a
01:33:52 community I was in this chamber
01:33:56 when a few years ago when
01:33:57 representatives of japtown

01:34:00 came and said thank you for this
01:34:02 little piece of legislation so
01:34:04 we can hold on the remedy
01:34:07 amenity of japantown we have
01:34:09 chinatown, we have the mission
01:34:12 and great cultural centers and
01:34:14 the people that live there that
01:34:18 made this to we need to be able
01:34:21 to move people into the new
01:34:22 housing from the locals zip
01:34:25 codes and the community and the
01:34:26 status of the city of san
01:34:28 francisco I think we can do this
01:34:33 if we just open up to thirty
01:34:36 percent open market and
01:34:37 especially, if it is thirty
01:34:43 percent open market in this
01:34:45 rental we want that
01:34:46 rent-controlled we want those
01:34:49 people to be part of community
01:34:51 and have a chance instead of
01:34:53 their rent increases or the
01:34:54 common things that people can't
01:34:58 afford that will in the city.
01:34:59 >> thank
01:34:59 >> next speaker, please.
01:35:02 >> good afternoon corey smith
01:35:02 on behalf of the housing
01:35:03 coalition.
01:35:05 Thrilled to be supporting the
01:35:06 highest privately financed
01:35:07 affordable housing project in
01:35:09 the history of san francisco
01:35:12 this will help people coupled
01:35:13 with neighborhood preference
01:35:14 legislation low income and the
01:35:15 tenant in the neighborhood that
01:35:18 will get to live here the safety
01:35:20 and that's really, really cool
01:35:22 in my opinion I also want to
01:35:23 point out that last year san
01:35:26 francisco is the highest number
01:35:29 of total highest marketing and
01:35:31 generally building this has
01:35:34 helped to lead to prices are
01:35:36 down citywide and putting
01:35:39 additional housing on the market
01:35:42 helps to prevent displacement
01:35:45 we're very, very supportive.
01:35:45 >> thank you.
01:35:46 >> any other members of the
01:35:49 public would like to speak on
01:35:51 this item seeing none, public
01:35:53 comment is closed.
01:35:55 And we'll be filed
01:35:59 and on the item Madam Clerk to
01:36:03 approve 24 and not approve or
01:36:06 table item 25 please call the
01:36:06 roll.
01:36:08 >> supervisor President Breed.
01:36:12 >> supervisor cohen
01:36:14 supervisor farrell
01:36:16 supervisor fewer
01:36:18 supervisor kim

01:36:21 supervisor peskin
01:36:23 supervisor ronen
01:36:25 supervisor safai
01:36:28 supervisor sheehy
01:36:29 supervisor tang
01:36:30 supervisor yee
01:36:33 there are 11 I's.
01:36:37>> the motion to approve item
01:36:41 24 and table item 25 is approved
01:36:42 unanimously
01:36:44 Madam Clerk let's go to the
01:36:46 items for adoptions without
01:36:48 reference to committee.
01:36:54>> items 0 thirty through 32
01:37:01 are considered a single vote
01:37:04 have an item severed colleagues
01:37:06 those items sheriff mirkarimi
01:37:08 without objection approved
01:37:09 unanimously
01:37:14 supervisor safai
01:37:18 yes can we make a motion to
01:37:21 rescind that supervisor safai
01:37:25 has asked for a rescinding and
01:37:27 colleagues without objection the
01:37:31 vote has been rescinded to
01:37:33 continue the folsom hearing to
01:37:36 the meeting of May 9 at
01:37:43 4:00 P.M. And on the item
01:37:44 colleagues, same house, same
01:37:45 call? Without objection the
01:37:47 folsom street will be continued
01:37:52 to the meeting of May 9 2017 at
01:37:54 4:00 P.M. Madam Clerk the in
01:37:56 memoriams for for the imperative
01:37:56 agenda.
01:37:59>> forget about that offered
01:38:03 by supervisor yee a resolution
01:38:06 declaring April to be phil choi
01:38:07 day in the city and county of
01:38:08 san francisco.
01:38:09 >> supervisor yee would you
01:38:12 like to make the motion for this
01:38:13 particular imperative item.
01:38:16 >> sure I'd like to make a
01:38:19 motion to move this item.
01:38:21>> that it is purely
01:38:24 commentary and the need for
01:38:27 action has taken care of after
01:38:28 the agenda was made public.
01:38:33>> that is because of the
01:38:33 (Laughter)
01:38:37 You got you supervisor yee
01:38:40 ceasing a second seconded by
01:38:41 supervisor farrell without
01:38:43 objection those finding with
01:38:46 approved unanimously and on the
01:38:50 specific item are there any
01:38:52 public comment on this item?
01:38:56 To provide public comment on the
01:38:57 combefrts item and public
01:38:58 comment is closed.
01:38:58 Same house, same call?
01:39:01 Without objection that item is
01:39:03 approved unanimously

01:39:05 Madam Clerk please read the
01:39:07 memoriams will be adjourned in
01:39:10 memory on behalf of supervisor
01:39:16 peskin for the late Ms. Joan.
01:39:18>> all right. Colleagues to the
01:39:21 end of business today
01:39:22 Madam Clerk, is there any
01:39:22 additional business to come
01:39:23 before this body?
01:39:24 >> that concludes our business
01:39:25 for today
01:39:28 folks we're adjourned have a
01:39:45 wonderful

File No. 161002

Committee Item No. _____

Board Item No. 24.

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: _____

Date: _____

Board of Supervisors Meeting

Date: April 18, 2017

Cmte Board

- | | | |
|--------------------------|-------------------------------------|----------------------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

- | | | |
|--------------------------|-------------------------------------|----------------------------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Board Motion No. M16-176 - December 6, 2016</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Prepared by: Brent Jalipa

Date: April 13, 2017

Prepared by: _____

Date: _____

1 [Affirming the Community Plan Exemption Determination for a Proposed Project at 1515
2 South Van Ness Avenue]

3 **Motion affirming the determination by the Planning Department that a proposed project**
4 **at 1515 South Van Ness Avenue is exempt from further environmental review under a**
5 **Community Plan Exemption.**

6
7 WHEREAS, On July 12, 2016, the Planning Department issued a Community Plan
8 Exemption under the Eastern Neighborhoods Rezoning and Area Plan Final Environmental
9 Impact Report (FEIR), finding that the proposed project located at 1515 South Van Ness
10 Avenue ("Project"): is consistent with the development density established by the zoning,
11 community plan, and general plan policies in the Eastern Neighborhoods Rezoning and Area
12 Plan project area, for which the FEIR was certified; would not result in new significant
13 environmental effects, or effects of greater severity than were already analyzed and disclosed
14 in the FEIR; and is therefore exempt from further environmental review under the California
15 Environmental Quality Act (CEQA), Public Resources Code, Section 21000 et seq., the CEQA
16 Guidelines, and Administrative Code, Chapter 31, in accordance with CEQA, Section 21083.3
17 and CEQA Guidelines, Section 15183; and

18 WHEREAS, The proposed project involves the demolition of an existing, vacant
19 building used for production, distribution, repair (PDR) and a surface parking lot and
20 construction of a five- to six-story, approximately 180,300-square-foot mixed-use building,
21 consisting of 157 residential dwelling units and approximately 1,080 square feet of retail uses,
22 as well as six ground floor trade shop spaces of approximately 4,200 square feet total; and

23 WHEREAS, By letter to the Clerk of the Board, received by the Clerk's Office on
24 September 12, 2016, J. Scott Weaver, on behalf of Calle 24 Latino Cultural District
25 Community Council (Appellant) appealed the exemption determination; and

1 WHEREAS, The Appellant provided a copy of the Planning Commission's Motion
2 No. 19727, adopted on August 11, 2016, approving a conditional use authorization under
3 Planning Code, Section 303 and a Planned Unit Development, finding that the proposed
4 project was within the scope of the FEIR and exempt from further environmental review under
5 CEQA, Section 21083.3 and CEQA Guidelines, Section 15183; and

6 WHEREAS, The Planning Department's Environmental Review Officer, by
7 memorandum to the Clerk of the Board dated September 15, 2016, determined that the
8 appeal had been timely filed; and

9 WHEREAS, On April 18, 2017, this Board held a duly noticed public hearing to
10 consider the appeal of the exemption determination filed by Appellant and, following the public
11 hearing, affirmed the exemption determination; and

12 WHEREAS, In reviewing the appeal of the exemption determination, this Board
13 reviewed and considered the exemption determination, the appeal letter, the responses to the
14 appeal documents that the Planning Department prepared, the other written records before
15 the Board of Supervisors, and all of the public testimony made in support of and opposed to
16 the exemption determination appeal; and

17 WHEREAS, Following the conclusion of the public hearing, the Board of Supervisors
18 affirmed the exemption determination for the project based on the written record before the
19 Board of Supervisors as well as all of the testimony at the public hearing in support of and
20 opposed to the appeal; and

21 WHEREAS, The written record and oral testimony in support of and opposed to the
22 appeal and deliberation of the oral and written testimony at the public hearing before the
23 Board of Supervisors by all parties and the public in support of and opposed to the appeal of
24 the exemption determination is in the Clerk of the Board of Supervisors File No. 161001 and is
25 incorporated in this motion as though set forth in its entirety; now, therefore, be it

1 MOVED, That the Board of Supervisors of the City and County of San Francisco
2 hereby adopts as its own and incorporates by reference in this motion, as though fully set
3 forth, the exemption determination; and, be it

4 FURTHER MOVED, That the Board of Supervisors finds that based on the whole
5 record before it there are no substantial project changes, no substantial changes in project
6 circumstances, and no new information of substantial importance that would change the
7 conclusions set forth in the exemption determination by the Planning Department that the
8 proposed project is exempt from environmental review; and, be it

9 FURTHER MOVED, That after carefully considering the appeal of the exemption
10 determination, including the written information submitted to the Board of Supervisors and the
11 public testimony presented to the Board of Supervisors at the hearing on the exemption
12 determination, this Board concludes that the project is consistent with the development
13 density established by the zoning, community plan, and general plan policies in the Eastern
14 Neighborhoods Rezoning and Area Plan project area, for which the FEIR was certified; would
15 not result in new significant environmental effects, or effects of greater severity than were
16 already analyzed and disclosed in the FEIR; and is therefore exempt from further
17 environmental review in accordance with CEQA, Section 21083.3 and CEQA Guidelines,
18 Section 15183.

19
20
21
22
23
24
25

1 [Rescinding Motion Reversing the Community Plan Exemption Determination and Requesting
2 Additional Information - Proposed Project at 1515 South Van Ness Avenue]

3 **Motion rescinding Board of Supervisors Motion No. 16-156 reversing the Planning**
4 **Department's determination that a proposed project at 1515 South Van Ness Avenue**
5 **does not require further environmental review under a Community Plan Exemption;**
6 **removing the motion in Board File No. 161002 from the table; and requesting further**
7 **information from the Planning Department related to the potential environmental**
8 **impacts of the proposed project.**

9
10 WHEREAS, On July 12, 2016, the Planning Department issued a Community Plan
11 Exemption under the Eastern Neighborhoods Rezoning and Area Plan Final Environmental
12 Impact Report (FEIR), finding that the proposed project located at 1515 South Van Ness
13 Avenue ("Project"): is consistent with the development density established by the zoning,
14 community plan, and general plan policies in the Eastern Neighborhoods Rezoning and Area
15 Plan project area, for which the FEIR was certified; would not result in new significant
16 environmental effects, or effects of greater severity than were already analyzed and disclosed
17 in the FEIR; and therefore does not require further environmental review under the California
18 Environmental Quality Act (CEQA), Public Resources Code Section 21000 *et seq.*, the CEQA
19 Guidelines, and San Francisco Administrative Code Chapter 31, in accordance with CEQA
20 Section 21083.3 and CEQA Guidelines Section 15183; and

21 WHEREAS, The proposed project involves the demolition of an existing, vacant
22 building used for production, distribution, repair (PDR) and a surface parking lot and
23 construction of a five- to six-story, approximately 180,300-square-foot mixed-use building,
24
25

1 consisting of 157 residential dwelling units and approximately 1,080 square feet of retail uses,
2 as well as six ground floor trade shop spaces of approximately 4,200 square feet total; and

3 WHEREAS, By letter to the Clerk of the Board, received by the Clerk's Office on
4 September 12, 2016, J. Scott Weaver, on behalf of Calle 24 Latino Cultural District
5 Community Council (Appellant) appealed the exemption determination; and

6 WHEREAS, The Appellant provided a copy of the Planning Commission's Motion No.
7 19727, adopted on August 11, 2016, approving a conditional use authorization under
8 Planning Code Section 303 and a Planned Unit Development, finding that the proposed
9 project was within the scope of the FEIR and does not require further environmental review
10 under CEQA Section 21083.3 and CEQA Guidelines Section 15183; and

11 WHEREAS, The Planning Department's Environmental Review Officer, by
12 memorandum to the Clerk of the Board dated September 15, 2016, determined that the
13 appeal had been timely filed; and

14 WHEREAS, On November 15, 2016, this Board held a duly noticed public hearing to
15 consider the appeal of the exemption determination filed by Appellant and, by Motion No. 16-
16 156 following the public hearing, reversed the Planning Department's determination and
17 requested additional information and analysis be provided; and

18 WHEREAS, In reviewing the appeal of the environmental determination, this Board
19 reviewed and considered the Planning Department's determination, the appeal letter, the
20 responses to the appeal documents that the Planning Department prepared, the other written
21 records before the Board of Supervisors and all of the public testimony made in support of
22 and opposed to the exemption determination appeal; and

23 WHEREAS, Following the conclusion of the public hearing, the Board of Supervisors
24 by Motion No. 16-156 reversed the exemption determination for the project based on the
25

1 written record before the Board of Supervisors as well as all of the testimony at the public
2 hearing in support of and opposed to the appeal; and

3 WHEREAS, The Board of Supervisors also tabled the proposed motion in Board File
4 No. 161002, affirming the determination by the Planning Department that a proposed project
5 at 1515 South Van Ness Avenue is exempt from further environmental review under a
6 Community Plan Exemption; and

7 WHEREAS, The written record and oral testimony in support of and opposed to the
8 appeal and deliberation of the oral and written testimony at the public hearing before the
9 Board of Supervisors by all parties and the public in support of and opposed to the appeal of
10 the exemption determination is in the Clerk of the Board of Supervisors File No. 161001 and is
11 incorporated in this motion as though set forth in its entirety; and

12 WHEREAS, Public Resources Code Section 21083.3 and CEQA Guidelines Section
13 15183 require that where a proposed project is consistent with the development density
14 established by the zoning, community plan, and general plan policies in the Eastern
15 Neighborhoods Rezoning and Area Plan project area, for which the FEIR was certified and
16 would not result in new significant environmental effects, or effects of greater severity than
17 were already analyzed and disclosed in the FEIR, further environmental review under the
18 California Environmental Quality Act (CEQA), Public Resources Code Section 21000 et seq.,
19 the CEQA Guidelines, and San Francisco Administrative Code Chapter 31, shall not be
20 required; and

21 WHEREAS, CEQA Guidelines Section 15382 states that "economic or social change
22 by itself shall not be considered a significant effect on the environment" but that "social or
23 economic change related to a physical change may be considered in determining whether the
24 physical change is significant"; and
25

1 WHEREAS, This Board considered these issues, heard testimony, and shared
2 concerns that further information and analysis was required regarding whether the proposed
3 project would result in social or economic change such as displacement and gentrification
4 and, if so, whether such social or economic change could lead to physical impacts on the
5 environment with regard to traffic or air quality within the geographic boundaries of the Calle
6 24 Latino Cultural District; and

7 WHEREAS, This Board heard and shared concerns that any such additional
8 environmental analysis should consider both potential project specific and cumulative impacts
9 to the physical environment resulting from any such social or economic change; and

10 WHEREAS, This Board now finds that this additional information and analysis should
11 be brought before this Board so that such information and analysis may be considered as part
12 of the Board's decision regarding whether to uphold the appeal of the environmental
13 determination for the proposed Project; and

14 WHEREAS, It was not the intent of the Board to reverse the Community Plan
15 Exemption on November 15, 2016, but rather to request that further information be provided
16 to aid this Board in its decisionmaking; now, therefore, be it

17 MOVED, That because the Board of Supervisors has not yet adopted findings as
18 required by Administrative Code, Section 31.16(b)(8), to support its decision to reverse the
19 exemption determination for the project, the appeal is not yet fully resolved and the Board has
20 requested further information to aid in its decisionmaking; and, be it

21 FURTHER MOVED, That this Board of Supervisors rescinds Motion No. 16-156,
22 reversing the determination by the Planning Department that a proposed project at 1515
23 South Van Ness Avenue is exempt from further environmental review under a Community
24 Plan Exemption, and in so doing waives any requirement of the Board of Supervisors Rule of
25 Order 5.24 that a motion be rescinded at the same meeting at which it was passed; and be it

1 FURTHER MOVED, That pursuant to Rule 5.34 of the Board of Supervisors' Rules of
2 Order, this Board of Supervisors removes from the table the proposed motion in Board File
3 No. 161002, affirming the determination by the Planning Department that a proposed project
4 at 1515 South Van Ness Avenue is exempt from further environmental review under a
5 Community Plan Exemption; and, be it

6 FURTHER MOVED, That this Board of Supervisors directs the Planning Department to
7 provide additional information and analysis by report to this Board regarding whether the
8 proposed project would result in new significant environmental effects, or effects of greater
9 severity than were already analyzed and disclosed in the FEIR with regard to whether the
10 proposed project would cause social or economic change such as displacement or
11 gentrification that would result in physical impacts to the environment, either cumulatively or at
12 the projects-specific level, within the geographic area of the Calle 24 Latino Cultural District;
13 and, be it

14 FURTHER MOVED, That the appeal regarding the project at 1515 South Van Ness,
15 the motion in Board File No. 161002 that the Board has removed from the table, and the
16 motion in Board File No. 161003 that the Board adopted and has now rescinded, shall all be
17 continued to such date the Clerk of the Board shall specify within 30 days following receipt of
18 the report requested above.

19
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21
22
23
24
25



City and County of San Francisco

Tails

Motion: M16-176

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 161277

Date Passed: December 06, 2016

Motion rescinding Board of Supervisors Motion No. 16-156 reversing the Planning Department's determination that a proposed project at 1515 South Van Ness Avenue does not require further environmental review under a Community Plan Exemption; removing the motion in Board File No. 161002 from the table; and requesting further information from the Planning Department related to the potential environmental impacts of the proposed project.

November 29, 2016 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

November 29, 2016 Board of Supervisors - CONTINUED AS AMENDED

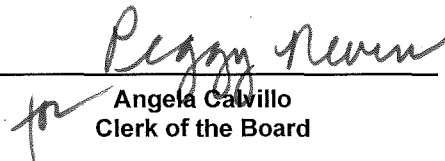
Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

December 06, 2016 Board of Supervisors - APPROVED

Ayes: 10 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang and Yee

File No. 161277

I hereby certify that the foregoing Motion was APPROVED on 12/6/2016 by the Board of Supervisors of the City and County of San Francisco.


Angela Calvillo
Clerk of the Board

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- ☐ 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- ☐ 2. Request for next printed agenda Without Reference to Committee.
- ☒ 3. Request for hearing on a subject matter at Committee.
- ☐ 4. Request for letter beginning "Supervisor [] inquires"
- ☐ 5. City Attorney request.
- ☐ 6. Call File No. [] from Committee.
- ☐ 7. Budget Analyst request (attach written motion).
- ☐ 8. Substitute Legislation File No. []
- ☐ 9. Reactivate File No. []
- ☐ 10. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):


Clerk of the Board

Subject:

Affirming the Community Plan Exemption Determination for a Proposed Project at 1515 South Van Ness Avenue

The text is listed below or attached:

Motion affirming the determination by the Planning Department that a proposed project at 1515 South Van Ness Avenue is exempt from further environmental review under a Community Plan Exemption.

Signature of Sponsoring Supervisor: 

For Clerk's Use Only:

161002

File #: 161002 Version: 1

Type: Motion

Title: Affirming the Community Plan Exemption Determination for a Proposed Project at 1515 South Van Ness Avenue

Mover: [Hillary Ronen](#) Seconded: [Aaron Peskin](#)

Result: Pass

Agenda note:

Minutes note:

Action: APPROVED

Action text: Supervisor Ronen, seconded by Supervisor Peskin, moved that this Motion be APPROVED. The motion carried by the following vote:

- Votes (11:0)

11 records

Group

Export

Person Name	Vote
London Breed	Aye
Malia Cohen	Aye
Mark Farrell	Aye
Sandra Lee Fewer	Aye
Jane Kim	Aye
Aaron Peskin	Aye
Hillary Ronen	Aye
Ahsha Safai	Aye
Jeff Sheehy	Aye
Katy Tang	Aye
Norman Yee	Aye

Lew, Lisa (BOS)

From: BOS Legislation, (BOS)
To: BOS Legislation, (BOS); jscottweaver@aol.com; mnadhiri@axisdevgroup.com; toliphant@axisdevgroup.com
Cc: Givner, Jon (CAT); Stacy, Kate (CAT); Byrne, Marlena (CAT); Sanchez, Scott (CPC); Rodgers, AnMarie (CPC); Starr, Aaron (CPC); Sucre, Richard (CPC); Horner, Justin (CPC); Gibson, Lisa (CPC); Ionin, Jonas (CPC); BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela (BOS); Somera, Alisa (BOS); Rahaim, John (CPC); Lew, Lisa (BOS); Goldstein, Cynthia (PAB); victormarquezsq@aol.com; alexis@pelosilawgroup.com; Flores, Claudia (CPC); Peterson, Pedro (CPC); Kern, Chris (CPC)
Subject: PLANNING MEMO: - Appeal of Community Plan Exemption - Proposed 2675 Folsom Street Project - Appeal Hearing on May 9, 2017

Good afternoon,

Please find linked below a memorandum received on May 3, 2017, by the Office of the Clerk of the Board from the Planning Department, concerning the Community Plan Exemption Appeal for the proposed project at 2675 Folsom Street.

[Planning Memo - May 3, 2017](#)

The appeal hearing for this matter is scheduled for a 4:00 p.m. special order before the Board on May 9, 2017.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the link below:

[Board of Supervisors File No. 161146](#)

Regards,

Lisa Lew

Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
P 415-554-7718 | F 415-554-5163
lisa.lew@sfgov.org | www.sfbos.org



Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form

The [Legislative Research Center](#) provides 24-hour access to Board of Supervisors legislation, and archived matters since August 1998.

Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors' website or in other public documents that members of the public may inspect or copy.

Carroll, John (BOS)

From: Jalipa, Brent (BOS)
Sent: Wednesday, May 03, 2017 7:22 PM
To: BOS Legislation, (BOS)
Subject: Fwd: PLANNING DEPT APPEAL RESPONSE: 2675 Folsom St Appeal:
Attachments: Memo to BOS dated May 2 2017.pdf; ATT00001.htm

Categories: 161146

Sent directly to me.

Sent from my B-Phone

Begin forwarded message:

From: "Horner, Justin (CPC)" <justin.horner@sfgov.org>
Date: May 3, 2017 at 4:44:13 PM PDT
To: "Jalipa, Brent (BOS)" <brent.jalipa@sfgov.org>
Cc: "Kern, Chris (CPC)" <chris.kern@sfgov.org>
Subject: PLANNING DEPT APPEAL RESPONSE: 2675 Folsom St Appeal:

Brent,

Please find attached a memo from the Planning Department in response to the appeal of the Community Plan Exemption for 2675 Folsom Street (File No. 161146).

Please let me know if you have any questions or need any additional information.

Justin Horner, MCP
Environmental Planner

Planning Department, City and County of San Francisco
1650 Mission Street, Suite 400, San Francisco, CA 94103
Direct: 415-575-9023
Email: justin.horner@sfgov.org
Web: www.sfplanning.org



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

DATE: May 2, 2017

TO: Members of the San Francisco Board of Supervisors

FROM: John Rahaim, Director of Planning, San Francisco

RE: ARB | Chapple Study & Planning

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

As you know, we have been working to understand and address the impacts of gentrification and displacement, such as the work we are doing on the Mission Action Plan 2020 (MAP 2020). As I described in my memo to the Board from December 2016, attached, we believe these trends are pervasive citywide and regionally. We are especially focused on how we can protect existing residents and small businesses, and create potential policy actions to help us be a diverse and equitable city with opportunity for all. We have long believed that these trends are the results of a strong economy and growing population coupled with insufficient housing production across the entire spectrum of housing needs.

As you also know, several CEQA appeals have been filed recently on a number of approved housing projects, particularly in the Mission District. One of the central themes of these appeals is the assertion that new market rate housing, even if accompanied by inclusionary below market rate (BMR) housing, is a major driver of gentrification and displacement. Furthermore, these appeals have argued that displacement results in physical environmental impacts such as increased traffic as measured by vehicle miles travelled (VMT), because lower income households who rely on transit might move to less expensive and more automobile-oriented areas, and because higher income residents in the Mission have a higher rate of car ownership and thus drive more.

We fully understand the frustrations of many residents and business owners feeling the effects of displacement in their neighborhoods. However, based on our own work and that of other researchers, we believe that it is not market rate housing which is causing these impacts, but the growing economy and population in itself. The population of the city and region is growing, even if we are not building sufficient housing for this population --- they are coming, even if we don't build.

More specifically, it is becoming clear that insufficient housing production overall is one of the confounding factors underlying spiking housing prices, particularly of our existing housing stock. In a regional context of high housing demand and increasing jobs, new housing is necessary not just for keeping prices under control, but new residential development in areas well-served by transit is essential to meeting our local and regional environmental goals to reduce VMT and GHGs. I want to emphasize that we do not believe that housing production in itself will relieve housing cost pressures; rather, housing production must be coupled with a variety of other policy actions such as those found in MAP 2020, to protect existing residents and to preserve housing stock.

It was very timely that just a few weeks ago a large and comprehensive study was published that addresses a couple of these key questions. The study, entitled "Developing a New Methodology for Analyzing Potential Displacement," was funded by the California Air Resources Board (CARB) and CalEPA, and was conducted by researchers at UC Berkeley and UCLA, including Karen Chapple, who also has been the lead researcher for Berkeley's Urban Displacement Project. The appellants to these projects have submitted the CARB

Memo

report as evidence that new market-rate development near transit causes displacement, and that this displacement increases regional VMT. These are significant misinterpretations of the study's findings and analysis, which we believe to be a result of confusing language in the report's abstract. The report shows that housing is more expensive in neighborhoods served by transit. In the abstract, the authors conflate the term "TOD" (or transit-oriented development) with proximity to transit and transit-served neighborhoods broadly-speaking, even where *no new market rate development has occurred*. Without a full reading of the report itself, one could reasonably conclude that new development near transit causes displacement of low-income households. However, the report explicitly concludes that increased housing cost and displacement of existing low-income households is **not** associated with new housing construction.

Planning staff has reviewed the CARB report in detail and engaged in an in-depth conversation with the authors. We would like to take this opportunity to summarize the report's actual findings. First, the study does confirm that transit-oriented neighborhoods in general are seeing significant gentrification and displacement of lower and middle income households in both the Bay Area and Los Angeles. This confirms what the many communities have long understood and is why we are engaged in processes like MAP2020 and our broader housing policy efforts. In periods of intense economic expansion such as the one we are experiencing, transit accessibility to jobs (in addition to the overall desirability of our urban neighborhoods) commands a premium, which is reflected in rising housing costs. Unfortunately, many existing residents are unable to afford these rising costs and are therefore displaced to areas where housing is cheaper, often to the outer portions of the region. Policies such as rent control, tenant protections, and the production of BMR units through our inclusionary housing program are important, but have been insufficient in meeting the enormity of this challenge. We have long known this to be true, and it is why we are engaged in processes like MAP2020 in addition to our broader housing research and policy efforts.

Two key findings of the report support our response to the 2675 Folsom appeal and our overall understanding of the issues in question, specifically:

1. ***New residential development is not the cause of displacement and gentrification pressures in these neighborhoods; and***
2. ***Limiting the development of market rate housing near transit will actually increase regional VMT/GHGs and that displacement of lower/middle-income populations from transit-oriented neighborhoods will not result in net increase in VMT/GHGs at a regional scale.***

The researchers make the first conclusion (p.91) by showing that the vast majority of Bay Area transit-served census tracts that gentrified between 2000 and 2013 saw relatively little market-rate housing development. Only 3 out of 63 census tracts with transit access that gentrified experienced substantial market-rate development, none of which were in San Francisco. Furthermore, it finds (p.180) that

"a policy that reduced market-rate housing development in locations that encourage lower auto use, even if the policy reduced displacement and preserved affordable housing, would likely result in a net regional increase in VMT compared to a policy that increased the production of (dense) housing near transit."

This highlights the need to address displacement and achieve VMT reductions concurrently, through expanding housing opportunities near transit for people of all incomes.

Other recent research has also pointed to the need to add more housing (at all income levels) as one of the necessary ingredients to curb displacement. A recent California Legislative Analyst's Office report, for example, found that "Between 2000 and 2013, low-income census tracts (tracts with an above-average concentration of low-income households) in the Bay Area that built the most market-rate housing experienced considerably less displacement," (p. 9). Karen Chapple's Urban Displacement Project published a study showing that "building more housing, both market-rate and subsidized, will reduce displacement," (p. 4) adding that BMRs are more strongly correlated with easing displacement, but that both are effective and necessary.

We have shared our understanding of the CARB report's analysis and findings with the study's authors, namely Karen Chapple and Miriam Zuk, who authored the chapters on residential displacement, and Dan Chatman, who led the analysis on VMT. The authors agreed with our specific reading of their conclusions and, with the support of CARB, are in the process of issuing a clarified version of the abstract to replace the original version that led to the misunderstanding. We are also scheduling a moderated workshop to allow the authors, interested community members, and staff to discuss the report's findings in more depth.

In sum, I wanted both to bring this study to your attention and to correct the record as to the study's findings, since they are so critical to issues we are grappling with as a city and region. I also want to assure you that the Planning Department remains fully committed to continuing and to growing our efforts to address displacement and gentrification in all of our neighborhoods. We can be a city for all and I am committed to doing all that we can to make that happen.



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

DATE: December 9, 2016
TO: Members of the Board of Supervisors
FROM: John Rahaim, Planning Director
RE: Addressing Socio-Economic Changes and the Mission Action Plan 2020

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
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415.558.6377

Dear Honorable Members of the Board:

In light of ongoing community concerns about Mission District projects, I would like to review with you our actions in addressing socio-economic changes in the Mission and other neighborhoods.

The concerns and direction you articulated in your decision on the 1515 South Van Ness Avenue appeal are at the heart of our work in many of our community development efforts. I want to let you know that I personally share many of the concerns raised at the hearing about the serious challenges to our city's racial, cultural, and economic diversity posed by the current economic climate.

The reality of displacement and gentrification across all of San Francisco – and the entire region – is undeniable, and of serious concern. In 2013, 45 percent of renters paid more than 30 percent of their income for rent; that means that nearly half of renters in San Francisco are rent burdened. Evictions are taking place across the City, with the Mission, Richmond, Sunset, Excelsior, Tenderloin, and Lakeshore neighborhoods having the highest eviction notices in 2015 and 2016. The Latino population in the Mission had declined to 39 percent in 2014, down from 50 percent in 2000.

We know that these trends are deeply interconnected. We know that there is simply not enough housing regionally or in San Francisco to meet our needs. We know that producing housing at all income levels is critical, and that is why we are working with you and other elected officials to strengthen our affordable housing policies. We also know that it will take a broad set of smart, bold strategies to address the totality of the causes and effects of high housing costs and displacement. This is why the Planning Department has devoted an unprecedented level of resources and focus on the affordability and displacement crisis facing our communities, and we share the goal that San Francisco be a place that provides housing for all.

We are working every day with the community, Planning Commission, elected leaders, and our City partners to undertake a series of policy and implementation efforts aimed at pursuing this goal. These include efforts to stabilize our neighborhoods and existing housing stock; to create more housing options for San Franciscans at every income level and strengthen our affordable housing requirements; to deepen our understanding of the complex forces behind these issues; and adapt our housing supply to the unique needs of every San Franciscan. I look forward to

Memo

providing you a full overview of this work and discuss additional efforts that should be considered.

While economic displacement is a citywide phenomenon, we recognize heightened effects are acutely felt in communities of color, families, and neighborhoods that have historically been havens for immigrants and others seeking opportunity or freedom. To that end, the Department is at work on its Racial & Ethnic Equity Action Plan to train our staff on these issues, and has been especially engaged in efforts with Supervisor Campos and the Mayor's Office to preserve the viability of the Latino community in the Mission, including the Mission 2016 Interim Zoning Controls and Calle 24 Special Use District.

Our most robust effort to date, the Mission Action Plan 2020 (MAP2020), is of special note. MAP2020 is a major, and unprecedented collaboration between the City family and Mission community organizations and residents. I have been proud to be personally involved in nearly every stage of this work, which has included a thorough and productive dialogue with community members, city agencies, and elected leaders over the past two years. I'm encouraged by the innovative approach that MAP2020 has taken in building a set of broad strategies to protect existing residents, community services, local businesses, and the Mission's unique character. Enclosed is a summary of these efforts; the most significant of these is, to provide nearly 1,000 affordable housing units in the neighborhood. I look forward to bringing MAP2020 in its entirety to the Planning Commission in 2017, and working with you to advance its specific strategies through legislation.

In addition, we are exploring how we undertake a broader socio-economic analysis of displacement, gentrification and growth with a focus on equity. I recognize that many community members are frustrated that such analysis cannot be conducted under CEQA, and we have accelerated our work toward this effort. We expect to have a draft by spring 2017.

As we continue speaking about these issues in the context of specific project approvals and appeals, I would offer that they extend far beyond the scope of any one project. I welcome any opportunity to join in this critical conversation with you over the coming weeks and months.

Sincerely,

John S. Rahaim
Director of Planning

Attachment: Overview of Recent Planning Activities in the Mission District

Overview of Recent Planning Activities in the Mission District

MAP2020

The goal of MAP2020 is to retain low to moderate income residents and community-serving businesses (including Production, Distribution and Repair), artists, and nonprofits in order to strengthen and preserve the socioeconomic diversity of the Mission neighborhood. MAP2020 has short to long term strategies to advance its goal and objectives of community stabilization. The full set of solutions is in the report in detailed and in a matrix format. They are organized into the following topics:

- a. Tenant protections
- b. Housing preservation
- c. Affordable Housing production and access
- d. Economic development (small businesses, arts, PDR, jobs and nonprofits)
- e. Community planning (enhance community participation and engagement)
- f. Single Room Occupancy (SRO) hotels
- g. Homelessness
- h. Funding

While some of the strategies fall within existing City programs, the strategies that were included in the report were arrived at in two key ways:

1. Members of the community prioritized which existing programs are most needed or require increased resources or tailoring to this particular neighborhood.
2. The collaborative approach helped identify which additional areas are lacking attention or resources. For example, the report includes several items related to SROs and the arts which have not been receiving as much attention and tend to be more unique to this neighborhood relative to others in the City.

Therefore, it is the packet of solutions together tailored to specific neighborhood needs, the collective process to arrive at these solutions and priorities, and the emphasis on addressing equitable development that is different about this effort.

The Planning Commission will consider endorsement of the Plan in early 2017. In order to address most urgent issues quickly, implementation of the short-term (6-12 month) items was prioritized and is underway since they are primarily tenant and business protection strategies and are therefore of critical importance for the immediate retention and stabilization of the neighborhood.

After the Planning Commission hearing, the Plan will be presented to the Board. We have also begun to draft the short-term legislative items related to PDR and neighborhood-serving business protection and will be proposing that the Planning Commission initiate some of these items in the next 2 months. Additionally, we have begun a study on the medium-term zoning changes related to increasing affordable housing capacity and hope to bring those to the Commission in summer of 2017.

Before endorsement action and legislative items come to the Board, we would like to have the opportunity to brief each of you on the work. In particular, we want to update you on the zoning changes to zoning districts that exist in more than one Supervisorial District, such as the PDR districts.

LATINO CULTURAL DISTRICT

In regard to its work in the LCD, the Planning Department has been actively engaged with Supervisor Campos and the community in the formation of the Calle 24 SUD, a multi-phased endeavor.

- The first phase focuses on helping preserve the commercial character of the LCD, and 24th Street in particular, and will include the introduction of the Calle 24 SUD in January by the Board.
- The second phase builds on the goal of preserving the unique character of the LCD. The Department is currently preparing an analysis about the potential for adjusting allowed building heights along 24th Street as an additional strategy to take pressure off the corridor and protect existing businesses since actual development potential on 24th is very limited. *Calle 24*-specific design guidelines for new development will also be developed as a next step in this work.

MISSION 2016 INTERIM CONTROLS & PIPELINE PROJECTS

The Mission 2016 Interim Zoning Controls were adopted by the Planning Commission to allow projects to move forward with additional scrutiny until MAP2020 is finalized. The Department is engaged in policy analysis as part of the review of most development in the Mission through the Interim Zoning Controls. These Controls require that staff analyze materials submitted about many of the issues of concern to the community. These include: housing production, including changes in affordability; housing preservation, including occupancy types; nearby development, to understand serial effects; displacement or loss of PDR, arts uses, and community building services. These factors are studied for all medium-sized projects between 25 and 75 units. For projects with more than 75 units, we also look at demographic changes, changes of economic pressure that may affect affordability of housing, certain nonresidential displacement, a jobs and economic profile, and whether relocation assistance has been provided to certain community building uses. This level of project scrutiny is unique to the Mission, if not the country, and is a testament to the Department's concern about the potential loss of the Latino and low-income community and its presence in the Mission. We believe that the interim controls have made projects sponsors more sensitive to these concerns and have contributed to projects making adjustments to their projects such as voluntarily increasing their affordability, including more PDR space, providing relocation assistance to businesses being displaced, and having more conversations with the community.

In addition, after Supervisor Campos' request to delay pipeline projects, I also pledged to hold a series of conversations about each pending pipeline project within the LCD with the Calle 24 council and the sponsoring developers. Several meetings took place to ensure that these projects sponsors were aware of these planning efforts and community concerns so they can best serve the LCD by providing community benefits and mitigating their impacts as best as possible. We believe that these conversations presented an opportunity to examine the possible benefits to the LCD and the Mission, I have been personally facilitating discussions between the Latino Cultural District representatives and the developers of pipeline projects. These discussions will continue with the goal of further enhancing the projects' compatibility with the district and advancing the goals of all of our Mission stabilization work.

Between these current long-term community planning efforts of MAP2020 and the LCD, the overarching policy guidance that the Eastern Neighborhoods provides, and the scrutiny of projects through the Interim Zoning Controls, the Department is dedicated to ensuring the stabilization of the community and that development projects contribute to the goals of MAP2020 and the LCD. I am personally committed to continue to work with my staff to deepen the analysis and the conversations about these critical issues.

We believe that MAP 2020 represents a national model for how urban neighborhoods might address issues of gentrification and displacement. We are also having this conversation in other neighborhoods, such as the Tenderloin and through the SoMa Filipinas work. We appreciate the opportunity to engage with you all on these complex policy issues and we will continue to work with you and the community to understand these socio-economic pressures affecting the Mission and our City.

MEMORANDUM

Date: April 17, 2017
To: Chris Kern, San Francisco Planning Department
From: Teresa Whinery and Eric Womeldorff, Fehr & Peers
Subject: **Updated Eastern Neighborhoods Traffic Counts**

SF16-0908

Fehr & Peers recently contracted with a traffic count firm to perform additional vehicle counts at key intersections studied in the Eastern Neighborhoods Plan Environmental Impact Report (EIR). These counts were used for analysis of transportation trends presented in a January 12, 2017 letter discussing Eastern Neighborhoods / Mission District Transportation and Demographic Trends.

Traffic counts were originally performed on Tuesday, December 13, 2016 due to the need to provide analysis prior to the appeal hearing for 2675 Folsom Street. While traffic counts are not generally conducted in December, care was taken to perform the counts while local schools were in session, on a day with average weather. The additional counts, taken on Tuesday, April 4, 2017 and on Tuesday, April 11, 2017 are intended to supplement the original counts, and provide a second data point taken in a typical spring month. San Francisco schools were in session on both of the April count dates.

The amended **Table 8** below shows the vehicle counts collected in April. Three of the four intersections are within three percent of PM peak hour traffic volumes collected in December. At the fourth intersection (Valencia / 16th), total PM peak hour vehicle volumes were around eight percent higher, though still within an industry-accepted daily fluctuation level of 10 percent during peak hours. Updating the prior analysis concerning contributions and expected vehicle volumes with these new April counts does not result in any substantive differences in findings presented in Fehr & Peers' January 2017 letter.



TABLE 1: COMPARISON OF OBSERVED AND ESTIMATED TRAFFIC VOLUMES AT MISSION INTERSECTIONS

Intersection	2000 Baseline Total Volume	2025 Option C Projected Volume	2017 To Date Projected Volume ¹	2017 Observed Volume ²	Net Difference (2017 Observed – 2017 Projected)	% Difference
Guerrero / 16 th	2,704	2,895	2,729	2,652	-77	-3%
S. Van Ness / 16 th	2,513	2,682	2,534	2,688	154	6%
Valencia / 15 th	1,848	2,168	1,885	1,616	-269	-14%
Valencia / 16 th	2,287	2,438	2,311	2,089	-222	-10%
Average					-104	-4%

1. 2017 to date projected volume is derived from the 2000 baseline volume plus 10 percent of Option C added project trips. Actual completed development analyzed in Option C amounts to 25% of studied residential units, and 4% of non-residential new development.

2. Observed volumes are from traffic counts conducted at three intersections on April 4, 2017, and at Guerrero/16th on April 11 2017. Counts at Guerrero were rescheduled due to vandalism of the count equipment.

Source: Fehr & Peers, 2017; Eastern Neighborhoods TIS, 2008



April 17, 2017

Hon. London Breed
San Francisco Board of Supervisors
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: 2675 Folsom Street
File No. 161146 (CEQA Appeal)
Hearing Date: April 18, 2017

Dear President Breed and Supervisors,

On behalf of Axis Development Group (Axis), the Respondent in the 2675 Folsom Street CEQA Appeal (Board of Supervisors File No. 161146), attached please find supplemental information for inclusion in the Administrative Record. The attachment consists of a displacement study recently completed.

If you have any questions, please do not hesitate to contact me at (415) 273-9670.

Very truly yours,

Alexis M. Pelosi

Developing a New Methodology for Analyzing Potential Displacement

University of California, Berkeley

Principal Investigator:

Karen Chapple

Co-Principal Investigators:

Paul Waddell

Daniel Chatman

With Miriam Zuk

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*Prepared for the California Air Resources Board and the California Environmental Protection Agency
By the University of California, Berkeley and the University of California, Los Angeles*

ARB Agreement No. 13-310

March 24, 2017

The statements and conclusions in this Report are those of the contractor and not necessarily those of the California Air Resources Board. The mention of commercial products, their source, or their use in connection with material reported herein is not to be construed as actual or implied endorsement of such products.

Acknowledgements

This Report was submitted in fulfillment of ARB Agreement No. 13-310 by the University of California, Berkeley under the partial sponsorship of the California Air Resources Board. Work was completed as of 10/9/15.

Chapter 2 and 5:

The UC-Berkeley team is grateful for the advice of its advisory committee at MTC/ABAG, including Vikrant Sood, Carlos Romero, Peter Cohen, Gen Fujioka, Wayne Chen, Bob Allen, Duane Bay, Jennifer Martinez, and Johnny Jaramillo. Our case study research (groundtruthing and policy) in East Palo Alto, Chinatown, Marin City, the Mission, and San Jose benefited deeply from the participation of local community groups, including San Francisco Organization Project/Peninsula Interfaith Action, Chinatown Community Development Center, Marin Grassroots, PODER, and Working Partnerships.

Chapter 3:

Development of UrbanSim has been previously supported by the National Science Foundation Grants CMS-9818378, EIA-0090832, EIA-0121326, IIS- 0534094, IIS-0705898, IIS-0964412, and IIS-0964302 and by grants from the U.S. Federal Highway Administration, U.S. Environmental Protection Agency, European Research Council, Maricopa Association of Governments, Puget Sound Regional Council, Oahu Metropolitan Planning Organization, Lane Council of Governments, Southeast Michigan Council of Governments, Metropolitan Transportation Commission and the contributions of many users. The application of UrbanSim to the San Francisco Bay Area was funded by the Metropolitan Transportation Commission (MTC).

The following persons participated in the development of the research to adapt UrbanSim to address displacement issues in its application to the San Francisco Bay Area:

Paul Waddell, City and Regional Planning, University of California Berkeley
Samuel Maurer, City and Regional Planning, University of California Berkeley
Samuel Blanchard, City and Regional Planning, University of California Berkeley

This project has been done in close collaboration with the staff of the Metropolitan Transportation Commission (MTC) and of the Association of Bay Area Governments (ABAG). In particular, we wish to acknowledge the leadership of Mike Reilly at MTC, with additional assistance from Aksel Olsen at ABAG. Many other staff at MTC and at ABAG have participated in the development of the data, the scenarios and the analysis described in this report.

Chapter 4:

Many thanks to those who provided assistance with NHTS and CHTS confidential data, and the remote system for using the CHTS, including Brennan Borlaug, Evan Burton, Jeff Gonder, Susan Liss, Jasmy Methipara, and Adella Santos. Thanks also to Karen Chapple for helpful comments that improved the paper, and for a large set of comments from numerous anonymous reviewers, organized by the California Air Resources Board.

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¹ We ran an analysis looking at the change in public housing units in TOD and non-TOD areas and found that changes in TOD areas are essentially the same as in non-TOD areas (the difference in proportion is not statistically different). From 2000 to 2013, non-TOD areas lost 5.8% of their public housing units, whereas non-TOD areas lost 6%.

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Abstract

In 2008, California passed Senate Bill 375, requiring metropolitan planning organizations to develop Sustainable Communities Strategies as part of their regional transportation planning process. While the implementation of these strategies has the potential for environmental and economic benefits, there are also potential negative social equity impacts, as rising land costs in infill development areas may result in the displacement of low-income residents. This report examines the relationship between fixed-rail transit neighborhoods and displacement in Los Angeles and the San Francisco Bay Area, modeling patterns of neighborhood change in relation to transit-oriented development, or TOD. Overall, we find that TOD has a significant impact on the stability of the surrounding neighborhood, leading to increases in housing costs that change the composition of the area, including the loss of low-income households. We found mixed evidence as to whether gentrification and displacement in rail station areas would cause an increase in auto usage and vehicle miles traveled (VMT). The report also examines the effectiveness of anti-displacement strategies. The results can be adapted into existing regional models (PECAS and UrbanSim) to analyze different investment scenarios. The project includes an off-model tool that will help practitioners identify the potential risk of displacement.

Executive Summary

Background

To comply with state climate change legislation, regions across California are pursuing more compact, transit-oriented development as a key strategy to achieve greenhouse gas reductions through their sustainable communities strategy (SCS). Concern has been raised that such development and investment patterns may result in heightened property values and the displacement of low income households. This report examines the relationship between fixed-rail transit in neighborhoods and gentrification and displacement in California, specifically in the Los Angeles and San Francisco metro areas.

Objectives and Methods

This report examines the relationship between fixed-rail transit neighborhoods and displacement in California by modeling past patterns of neighborhood change in relation to transit-related investment (also called transit-oriented development, or TOD). It identifies anti-displacement strategies in use and examines their effectiveness in different neighborhood contexts. The report also analyzes the relationship between displacement and travel behavior, including mode choice and vehicle miles traveled (VMT). It develops an off-model tool to examine gentrification and displacement around TODs and explores the feasibility of using the UrbanSim and PECAS modeling tools to predict likely displacement outcomes around TODs.

We use a mixture of quantitative and qualitative data and methods to compensate for the inadequacy of existing secondary datasets, supplementing neighborhood-level census data with parcel-level and address-based data while also conducting extensive key informant interviews.

Results

Fixed-rail transit has a significant impact on the stability of the surrounding neighborhood. In transit neighborhoods, housing costs tend to increase, changing the demographic composition of the area and resulting in the loss of low-income households. We find that low-income households both near and farther away from rail stations have lower VMT than high-income households, but that higher-income households either reduce their driving more in response to being near rail, or that there is no difference in VMT impacts between income categories when considered at a regional level. Our findings generally confirm earlier research on gentrification and displacement, but extend previous work by explicitly linking transit investment to gentrification and displacement, and investigating how income and proximity to transit influence VMT. Implications for board. The study results have implications for how ARB monitors and supports affordable housing goals via SB 375.

Conclusions

We find a significant and positive relationship between TOD and gentrification, particularly in downtown areas and core cities, and in some cases the loss of affordable housing or low-income households as well. Yet, the timeframe of impacts, as well as the role of intervening variables, is less clear and warrants additional research. Given the lack of appropriate data, it is hard to predict how households will alter their VMT with displacement, for instance as high-income households replace

low-income households near transit. More research is needed to understand the dynamic impacts that occur as residents adjust their travel behavior in new locations. Finally, the effectiveness of policy solutions varies by context, and it is unclear whether any of the existing approaches are sufficient to address displacement in the core neighborhoods where it is most prevalent. More research is needed to develop responsive policy tools, as well as to understand better the trade-offs between anti-displacement and VMT reduction goals. Despite these remaining concerns, it is not too soon to begin incorporating these results into existing regional models (PECAS and UrbanSim) to analyze different investment scenarios and market conditions. We also recommend that practitioners begin to use our off-model tool to help identify the potential risk of displacement.

Introduction

The impetus for this study lies in state climate change legislation. Recognizing the role good planning can play in achieving our AB32 goals, California passed Senate Bill 375, requiring the California Air Resources Board (ARB) to set regional greenhouse gas reduction targets for passenger vehicles. The bill also requires metropolitan planning organizations (MPOs) to develop Sustainable Communities Strategies (SCSs) as part of their regional transportation planning process to illustrate how integrated land use, transportation, and housing planning will achieve these targets. Regions are pursuing more compact, transit-oriented development as a key strategy to achieve these reductions.

While the implementation of these strategies has the potential to bring environmental, health, and economic benefits, planning for SCSs across the state has raised awareness of the potential social equity effects of land-use-based greenhouse gas reduction strategies. Locals are likely to benefit from improved mobility, neighborhood revitalization, reduced transportation costs, and other amenities that spill over from the new development (Cervero et al. 2004). However, more disadvantaged communities may fail to benefit, if the new development does not bring appropriate housing and job opportunities, or if there is gentrification that displaces low-income and minority residents (Pollack, Bluestone, and Billingham 2010, Chapple 2009). Specifically, there is concern that new transit investment and development may increase housing costs, forcing low-income communities, often of color, to move to more affordable locations, preventing these communities from sharing in the benefits of this type of development. Replacing low-income households in transit-oriented developments with higher-income residents more likely to own a car may reshape travel behavior, including vehicle-miles traveled (VMT).

This report examines the relationship between fixed-rail transit neighborhoods and displacement in California, modeling past patterns of neighborhood change in relation to transit-related investment (also called transit-oriented development, or TOD).ⁱ After establishing the relationship between TOD and displacement, the report identifies anti-displacement strategies in use and examines their effectiveness in different neighborhood contexts. The report also analyzes the relationship between displacement and travel behavior, including mode choice and VMT. We find that low-income households both near and farther away from rail stations have lower VMT than high-income households, but that higher-income households either reduce their driving more in response to being near rail, or that there is no difference in VMT impacts between income categories. When gentrification is accompanied by densification, these results imply it will reduce regional VMT on net. However, when displacement is significant enough and population density declines, regional VMT is expected to increase.

The results of this analysis form the basis of a predictive model that can be adapted into existing regional models (PECAS and UrbanSim) to analyze different investment scenarios and market conditions. We also produce an off-model tool that will help practitioners quantify the potential magnitude of displacement.

In total, this study produces the strongest evidence to date of the relationship between TOD and displacement. Surprisingly little research has addressed the relationship between transit neighborhoods and social equity, outside of an advocacy literature has focused largely on the importance of affordable housing near transit stations to reduce transportation cost burdens for low-income households (CTOD 2004; Great Communities Collaborative 2007; CHPC 2013). One reason for the relative lack of research on equity issues related to transit neighborhoods is the

challenge of operationalizing displacement, due to lack of appropriate data. Further, most studies neglect to examine the role of private or public investment in spurring gentrification, examining it as a purely demographic phenomenon, i.e., the influx of higher-income households into low-income neighborhoods. They also generally fail to examine the possibility that rather than rent increases pushing households out, the key displacement mechanism is rent increases preventing minority households from moving in. Studies typically investigate only a 10-year period; however, given the length of time it takes to plan, fund, and build transportation improvements, examining a longer period of time may be more appropriate.

Several innovations distinguish our approach from previous and related work. First, we use a mixture of quantitative and qualitative data and methods to compensate for the inadequacy of existing secondary datasets, supplementing neighborhood-level census data with parcel-level and address-based data on property transactions, building permits, building characteristics, and affordable housing subsidies, along with field observations. We develop the neighborhood change models in close collaboration with regional agency officials, with the idea that they will begin to integrate displacement effects into their regional models. Second, the report complements the neighborhood change analysis with an extensive inventory and key informant interviews to identify policies supporting transit neighborhoods and mitigating displacement. Finally, using data from household travel surveys, we link neighborhood types and displacement to VMT.

This report focuses on the San Francisco Bay Area and Los Angeles County. Though both regions have experienced significant levels of transit investment, they have different development trajectories. Much of the Bay Area's transit development occurred with the development of the BART system in the 1970s and 1980s, while Los Angeles developed fixed rail much more recently. Moreover, urban form and land markets function very differently in the two places, and the San Francisco region remains a stronger real estate market than most of Los Angeles County. As a result, in the analysis of neighborhood change, we take slightly different analytic approaches in the two regions. While both models analyze gentrification and loss of affordable housing, the San Francisco model adds an analysis of the displacement of low-income households. However, the newness of transit development in Los Angeles, as well as its weaker housing market (outside of Downtown), may make it most comparable to the many other areas of California with new rail systems.

The remainder of this report is organized by analytic tasks, as follows. Chapter 1 provides an in-depth review of the literature to date on neighborhood change, gentrification, public investment, displacement, urban simulation models, and change assessment tools. Chapter 2 analyzes historic patterns of neighborhood change in both regions in both transit and other neighborhoods. Different sections describe the construction of the neighborhood and parcel-level databases; the typologies of transit neighborhoods and displacement; the models of neighborhood mobility, displacement, and change; and the groundtruthing of our findings (through neighborhood observation). Chapter 3 describes how the UrbanSim and PECAS models can incorporate displacement, through adding anti-displacement policies and incorporating housing affordability into real estate development models. It also provides a methodology to assess displacement "off-model," i.e., in an Excel tool readily accessible by practitioners. Chapter 4 analyzes the VMT and auto ownership impacts of displacement; and Chapter 5 examines strategies to minimize displacement from transit investment and TOD. A conclusion summarizes the major findings of each task.

ⁱ We define TOD here broadly to include any form of development, from new construction to rehabilitation of older structures, within a half-mile radius of a fixed-rail transit station. We use the term TOD interchangeably with "transit neighborhood."

Chapter 1: Literature Review of Gentrification, Displacement, and the Role of Public Investment

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Acronyms Used in This Chapter

- ACS (American Community Survey)
- BRT (Bus Rapid Transit)
- CCI (Center for Community Innovation)
- HOV (High-Occupancy-Vehicle)
- HUD (Department of Housing and Urban Development)
- LISC (Local Initiative Support Corporation)
- NYCHVS (New York City Housing and Vacancy Survey)
- PSID (Panel Survey of Income)
- PSRC (Puget Sound Regional Council)
- TOD (Transit-Oriented Districts/Development)

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A significant body of work examines neighborhood change, gentrification, and displacement. This chapter assesses this research, beginning with accounts of neighborhood change from the Chicago School in the 1920s. After summarizing research that examines trends in economic and racial segregation, the chapter turns to the literature on neighborhood decline and ascent, with a focus on the state of knowledge about gentrification and the role of public investment. The heart of the chapter addresses the literature on displacement, describing the methodologies used to understand displacement – and how they fall short. The next section addresses how neighborhood change dynamics differ in strong versus weak markets. After an assessment of how urban simulation models treat neighborhood change, the chapter concludes with a description of the rise of early warning systems for gentrification and displacement.

Chapter 1 Introduction

The ever-changing economies, demographics, and morphologies of the metropolitan areas of the United States have fostered opportunity for some and hardship for others. These differential experiences “land” in place, and specifically in neighborhoods. Generally, three dynamic processes can be identified as important determinants of neighborhood change: movement of people, public policies and investments, and flows of private capital. These influences are by no means mutually exclusive. In fact, they are very much mutually dependent, and they each are mediated by conceptions of race, class, place, and scale. How scholars approach the study of neighborhood change and the relative emphasis that they place on these three influences shapes the questions asked and attendant interventions proposed.

These catalysts result in a range of transformations—physical, demographic, political, economic—along upward, downward, or flat trajectories. In urban studies and policy, scholars have devoted volumes to analyzing neighborhood decline and subsequent revitalization at the hands of government, market, and individual interventions. One particular category of neighborhood change is gentrification, definitions and impacts of which have been debated for at least 50 years. Central to these debates is confronting and documenting the differential impacts on incumbent and new residents, and questioning who bears the burden and who reaps the benefits of changes. Few studies have addressed the role of public investment, and more specifically transit investment, in gentrification. Moreover, little has been written about how transit investment may spur neighborhood disinvestment and decline. Yet, at a time when so many United States regions are considering how best to accommodate future growth via public investment, developing a better understanding of its relationship with neighborhood change is critical to crafting more effective public policy.

This literature review will document the vast bodies of scholarship that have sought to examine these issues. First, we contextualize the concept and study of neighborhood change. Second, we delve into the literature on neighborhood decline and ascent (gentrification). The third section examines the role of public investment, specifically transit investment, on neighborhood change. Next, we examine the range of studies that have tried to define and measure one of gentrification’s most pronounced negative impacts: displacement. After describing the evolution of urban simulation models and their ability to incorporate racial and income transition, we conclude with an examination of gentrification and displacement assessment tools.

Historical Perspectives on Neighborhoods and Change

neighborhoods have been changing since the beginning of time—people move in and out, buildings are built and destroyed, infrastructure and amenities are added and removed, properties are transferred, and so on. Despite the constancy of change, our current paradigms for understanding and studying neighborhoods and change stem from the early 20th century when urban America experienced dramatic change due to rapid industrialization, extensive flows of immigrants from Europe, and mass migration of African-Americans from the rural south. In this time of great transition, emergent social problems, and heightened middle class anxiety about the ills of urban society, new ideas were formulated to understand urban growth, neighborhood change, and attendant tensions.

We review these ideas here because they continue to be prominent in today's scholarship and current understandings about neighborhoods and change. Three key ideas that took shape were: 1) the primacy of neighborhood as the unit of analysis in studying the city; 2) specific concepts of the substantive nature of neighborhoods, including: theories of a social ecology, cycles of equilibrium to disequilibrium, ideas of social disorganization, and assimilation; and 3) attention to race and ethnicity and their association with persistent neighborhood poverty.

While today the notion of the “neighborhood” is one that practitioners, scholars, and laypersons alike take for granted, its definitions vary, and not all assign equal importance to its role in social processes. The neighborhood has come to be understood as the physical building block of the city for both “social and political organization” (Sampson 2011, 53), conflating physical and non-physical attributes. Early scholars hypothesized that cities' physical elements like size and density, as well as their heterogeneous demographics, influenced the mechanisms and processes of neighborhood change (Park 1936; Park 1925; Wirth 1938). Theorists suggested that there were natural areas in the city for specific types of land uses and people, such as the concentric zone model with a central business district at the center, transitional zones of light industrial and offices next, followed by worker housing, and finally newer housing for the middle class in the outer ring (Burgess 1925).

These ideas about neighborhoods and urban morphology presented a deterministic model in which neighborhoods were considered a closed ecosystem, and neighborhood change had a natural tendency toward social equilibrium. New residents—distinguished by ethnicity and class—would enter the ecosystem and disrupt the equilibrium. Competition for space followed, and neighborhood succession occurred when less dominant populations were forced to relocate. The dominant groups that stayed established a new equilibrium. In these conceptualizations of neighborhood change, competition for space drove locational decisions of different groups in a natural and inevitable way. Observed deviant behavior was thought to be a natural reaction to urbanization; new arrivals to the city fostered social disorganization, which would return to equilibrium once the immigrants assimilated (Park 1936; Park 1925; Wirth 1938).

This “ecological” model also naturalized segregation. New arrivals to the city—specifically the “poor, the vicious, the criminal”—would separate themselves from the “dominant moral order” (Park 1925, 43) into segregated neighborhoods to live among people with a similar moral code of conduct. Like disorganization, this “voluntary segregation would eventually break down as acculturation brought assimilation” (Hall 2002, 372). These concepts set the foundation for subsequent study and policy premised on notions of marginality in which immigrants, African-Americans, and low-income people were assumed to operate based on logics divergent from

mainstream, middle-class society, and of assimilation as a key mechanism to mitigate social disorganization.

Although early researchers were most concerned with immigrant influx and increasing ethnic diversity among white populations, others—notably black sociologists—observed that neighborhoods with burgeoning African-American populations seemed to experience neighborhood succession differently than the model of naturalized assimilation would predict. Unlike white ethnic immigrant in-movers to Chicago, the African-American population was involuntarily contained in specific neighborhoods (DuBois 2003).

These approaches to neighborhoods and neighborhood change have been widely adopted in today's policy and research agendas, perhaps understandably, since about half of all United States metropolitan areas conform to the concentric zone model (Dwyer 2010). Yet, these early ideas have their weaknesses. The deterministic and ecological theories naturalize the transition process and leave very little room for politics. The conflation of geographic units (neighborhoods) with social and political units masks other processes in cities. Public institutions also remain notably absent in these early theories, and these approaches fail to take into account larger city and regional forces that influence neighborhood-level change. Subsequent research has improved upon these weaknesses by de-naturalizing market phenomena, incorporating the role of public sector actors and public policy, and by embedding neighborhood in other macro- and meso-scale processes (Goetz 2013; Jargowsky 1997).

Finding: Influential early models of neighborhood change present processes of succession and segregation as inevitable, underemphasizing the role of the state.

Trends in Mobility and Neighborhood Segregation

Despite the emphasis that urban models place on change, what is perhaps most startling about this literature is how slowly neighborhood change happens. Analysis of change over time suggests that neighborhoods are surprisingly stable (Wei and Knox 2014). Over individual decades, the change that researchers are discussing amounts to a few percentage points; neighborhood transformation takes decades to complete. And, in fact, overall, Americans have become significantly more rooted over time; just 12% of United States residents moved in 2008, the lowest rate since 1948 and probably long before (C. S. Fischer 2010). Sociologist Claude Fischer credits growing security, as well as technology, for the shift, but adds: “Americans as a whole are moving less and less. But where the remaining movers—both those forced by poverty and those liberated by affluence—are moving is reinforcing the economic and, increasingly, the cultural separations among us” (Fischer 2013). For many at the lower end of the economic spectrum, stability means imprisonment: even though many families have left, researchers estimate that some 70% of families in today's impoverished neighborhoods were living there in the 1970s as well (Sharkey 2012).

Questions of urban morphology and neighborhood change have continued to capture academic and popular imagination because of the perceived and real impacts of neighborhoods on residents. Scholars writing on the “geographies of opportunity” (Briggs 2005) argue that the spatial relationships between high-quality housing, jobs, and schools structure social mobility. Patterns of urban development in the United States have resulted in uneven geographies of opportunity, in which low-income households and people of color experience limited access to affordable housing, high quality schools, and good-paying jobs. A range of studies have found that living in poor neighborhoods negatively impacts residents, particularly young people, who are more likely than

their counterparts in wealthier neighborhoods to participate in and be victims of criminal activity, experience teen pregnancy, drop out of high school, and perform poorly in school, among a multitude of other negative outcomes (Crane 1991; Ellen and Turner 1997; Galster 2010; P. A. Jargowsky 1997; Jencks et al. 1990; Ludwig et al. 2001; Sampson, Morenoff, and Gannon-Rowley 2002; Sharkey 2013). However, geographic proximity does not affect opportunity in the same way for all variables; living next door to a toxic waste site may impact life chances more than living next to a major employer (Chapple 2014).

Economic Segregation

Economic segregation has increased steadily since the 1970s, with a brief respite in the 1990s, and is related closely to racial segregation (i.e., income segregation is growing more rapidly among black families than white) (Fischer et al. 2004; Fry and Taylor 2015; P. Jargowsky 2001; Lichter, Parisi, and Taquino 2012; Reardon and Bischoff 2011; Watson 2009; Yang and Jargowsky 2006). Increases are particularly pronounced in more affluent neighborhoods: between 1980 and 2010, the share of upper-income households living in majority upper-income tracts doubled from 9 to 18 percent, compared to an increase from 23 to 25 percent in segregation of lower-income households living in majority lower-income tracts (Fry and Taylor 2012).

The sorting of the rich and poor is even more pronounced between jurisdictions than between neighborhoods in the same city (Reardon and Bischoff 2011). Over time, the poor are increasingly concentrated in high-poverty places, while the non-poor shift to non-poor cities (Lichter, Parisi, and Taquino 2012). Upper-income households in metropolitan areas like Houston or Dallas are much more likely to segregate themselves than those in denser older regions like Boston or Philadelphia or Chicago (Fry and Taylor 2012). This suggests that segregation is related to metropolitan structure and suburbanization. The concentric zone model is particularly strongly associated with the segregation of the affluent (Dwyer 2010). In other words, in metropolitan areas where the affluent are most separated from the poor, they are living on land further from the center.

Metropolitan areas that conform to the concentric zone model (for example, places like Chicago, Los Angeles, and Philadelphia) tend to be larger and more densely populated, often with a higher degree of both affluence and inequality, a larger African-American population, and a greater share of population in the suburbs. In the remaining metropolitan areas, there is greater integration between the affluent and the poor (Dwyer 2010). In these places, such as Seattle, Charleston, and Boulder, the rich concentrate in the urban core, allowing more opportunity for interaction with the poor. Growing racial/ethnic diversity may be reshaping some of these areas, with suburban immigrant enclaves creating more fragmented, checkerboard patterns of segregation (Coulton et al. 1996).

Public choice theorists, most prominently Charles Tiebout (1956), have long understood economic segregation to result from the preference of consumers for distinct baskets of public goods (e.g., schools, parks, and the like); local jurisdictions provide these services at different levels, attracting residents of similar economic means (Peterson 1981). However, the causality here is unclear: government policies shape free markets and preferences, as well as respond to them. Thus, transportation policies favoring the automobile, discrimination and redlining in early federal home ownership policies, mortgage interest tax deductions for homeowners, and other urban policies have actively shaped or reinforced patterns of racial and economic segregation, while severely constraining choices for disadvantaged groups (Dreier, Mollenkopf, and Swanstrom 2004).

But we also now understand that neighborhood income segregation within metropolitan areas is influenced mostly by income inequality, in particular, higher compensation in the top quintile and the lack of jobs for the bottom quintile (Reardon and Bischoff 2011; Watson 2009). Income inequality leads to income segregation because higher incomes, supported by housing policy, allow certain households to sort themselves according to their preferences – and control local political processes that continue exclusion (Reardon and Bischoff 2011). Other explanatory factors include disinvestment in urban areas, suburban investment and land use patterns, and the practices generally of government and mortgage underwriters (Hirsch 1983; Levy, McDade, and Dumlaio Bertumen 2011). Nonetheless, were income inequality to stop rising, the number of segregated neighborhoods would decline (Reardon and Bischoff 2011, Watson 2009).

Finding: Neighborhoods change slowly, but over time are becoming more segregated by income, due in part to macro-level increases in income inequality.

Racial Transition and Succession

In the United States, income segregation is highly correlated with racial/ethnic segregation, which has a long history. As many scholars have documented, African-American segregation peaked in 1960 and 1970, and has declined since then (Logan 2013; Vigdor 2013). The growth of Asian and Hispanic populations in the last several decades has led to more diverse, multi-ethnic neighborhoods. Ellen and coauthors (2012) find both the increase of previously white neighborhoods that became integrated through the growth of non-white populations, as well as a smaller but accelerating number of previously non-white neighborhoods that became integrated through the growth of white populations. It is important to note two countervailing trends, however. First, while the number of integrated neighborhoods increased from 1990 to 2010, the large majority of non-integrated neighborhoods remained so over each decade. Furthermore, African-American-white segregation has persisted in major metropolitan areas, especially in the Northeast and Midwest, and a large share of minorities still live in neighborhoods with virtually no white residents (Logan 2013). Second, a significant number of integrated neighborhoods reverted to non-integration during each decade, though the stability of integration increased after 2000. These findings of increasing integration over time, persistence of non-integration in a majority of neighborhoods, and instability of some integrated neighborhoods are corroborated by a number of other researchers (Farrell and Lee 2011; Quercia and Galster 2000; Chipman et al. 2012; Sampson and Sharkey 2008; Logan and Zhang 2010).

Looking at the neighborhood and metropolitan correlates of these demographic shifts, Ellen et al. (2012) find a number of interesting patterns. Focusing on a case pertinent to the study of gentrification – the integration of African-American neighborhoods by white in-movers – the authors find that neighborhoods that become integrated start off with lower income and rates of homeownership and higher rates of poverty than those that remain non-integrated. Additionally, these neighborhoods are more likely to be located in central cities of metropolitan areas with growing populations. Looking at rates of transition to integration by racial and ethnic category, the researchers contradict previous work (Logan and Zhang 2010; Reibel and Regelson 2011; Lee and Wood 1991) by finding that multi-racial or multiethnic neighborhoods integrate with white in-movers at a relatively infrequent rate. This contradiction may be explained, however, by the lack of nuance employed by the various authors in categorizing race and ethnicities, as various subgroups can display markedly different residential movement patterns (Charles 2003).

Several main theories have been put forward to account for both the persistence and change of neighborhood racial compositions over time. With respect to the integration of formerly white neighborhoods, a primary mechanism described by Charles (2003) is that of “spatial assimilation,” which argues that as the gap between socioeconomic status of racial and ethnic groups narrows, so too does their spatial segregation. While this mechanism may help explain the integration of Hispanic and Asian households into previously white neighborhoods, it does not help explain the experience of African-American households (Charles 2003). For these groups, a theory of “place stratification” is a better fit, incorporating discriminatory institutions that limit residential movement of African-Americans into white neighborhoods and factors such as, biased residential preferences among non-Hispanic whites and discriminatory practices in the real estate market (Charles 2003; Krysan et al. 2009; Turner et al. 2013).

The converse neighborhood process, the transition from integration back to segregation, has been explained by economists through theories of neighborhood “tipping,” which hold that as the neighborhood proportion of non-white racial and ethnic groups increases past a certain threshold, a rapid out-migration of other (white) groups will ensue (Schelling 1971; Charles 2000; Bruch and Mare 2006). The precise threshold at which neighborhoods “tip” varies according to a number of metropolitan-level attributes, and researchers have found that places with small non-white populations, high levels of discrimination, large homicide rates, and a history of racial riots tip at lower thresholds than other places (Quercia and Galster 2000; Card, Mas, and Rothstein 2008).

A number of other macro-level and institutional influences have been attached to racial transition. For instance, rates of macro-level population movement are seen to have a substantial impact on neighborhood racial compositions, with the movements of the Great Migration out of the South and into metropolitan areas of the Northeast, Midwest, and West leading to greater degrees of black segregation in urban neighborhoods (Ottensmann, Good, and Gleeson 1990) and more recent movements of immigrants into neighborhoods leading to greater rates of out-migration among native-born residents (Crowder, Hall, and Tolnay 2011).

Finally, a number of studies have gone beyond place-level analyses of neighborhood racial change to examine the determinants of individual household movements. For instance, (Hipp 2012) has found a strong correlation between the race of the prior resident of a housing unit and the race of the in-moving resident, a phenomenon that he attributes to a signaling mechanism for neighborhood belonging. (Sampson 2012) similarly finds that Hispanic and black residents overwhelmingly move to predominantly Hispanic and black neighborhoods of Chicago, respectively. Additionally, he finds strong effects of spatial proximity on selection of destination neighborhoods, as well as strong associations with similarities in income, perceptions of physical disorder, and social network connectedness between origin and destination neighborhoods. These findings may help explain results from other researchers that have found limited impact of housing policies and programs such as inclusionary zoning and housing choice vouchers to reduce neighborhood racial segregation (Glaeser 2003; Kontokosta 2013; Chaskin 2013). The literature on gentrification, discussed below, revisits this question of how in-migration patterns reshape neighborhoods. For further detail on racial transition and succession studies, see Appendix A.

Finding: Racial segregation persists due to patterns of in-migration, “tipping points,” and other processes; however, racial integration is increasing, particularly in growing cities.

Dimensions of Neighborhoods and Change

In general, studies of neighborhood change began with preoccupations about decline and have evolved into concerns about the impacts of neighborhood ascent, variously defined. Public investment – and disinvestment – has played a role in both types of change.

Neighborhood Decline

The story of neighborhood decline in the United States is oft-told. While early researchers naturalized processes of neighborhood transition and decline, the drivers of decline are anything but natural and stem from a confluence of factors including: federal policy and investments, changes in the economy, demographic and migration shifts, and discriminatory actions. Neighborhood conditions and patterns of physical investment (or disinvestment) have been conflated with challenges of poverty (Katz 2012). Given this conflation, our review examines not only studies concerned with physical change but also research that investigates demographic and social dynamics that accompany neighborhood-level transitions.

Between the 1920s and 1950s, the African-American population in northern cities swelled due to the mechanization of agricultural production in the South and Jim Crow laws, even as deindustrialization started to take hold and jobs began moving out of central cities (Sugrue 2005). Simultaneously federal programs, (e.g., the Federal-Aid Highway Program and Home Owners Loan Corporation) provided quick automobile access (in the case of the former) and large subsidies for home ownership in the suburbs (in the case of the latter). The confluence of government subsidy and investment in infrastructure and regulation with private lending practices led to subsidies for racial segregation, with restrictive covenants on deeds and lending practices governed by racially discriminatory stipulations, i.e., redlining (K. Jackson 1987).

The demographic shifts enabled by these public policies and private actions left cities with a severely depleted tax base to support the more disadvantaged communities who did not have options to leave the city (Frieden and Sagalyn 1989). Ostensibly to address the persistent poverty in cities, urban renewal sought to revive downtown business districts and provide adequate housing for all. However, the divergent interests of stakeholders including developers, mayors, and affordable housing advocates resulted in a diluted policy that prioritized downtown redevelopment at the expense of primarily low-income communities and particularly African-American communities, leading many to refer to urban renewal as “Negro Removal.” Meanwhile, public housing development served as a tool to physically and socially buffer central business districts from neighborhoods of poverty, which were predominantly African-American (Halpern 1995; Hirsch 1983). These efforts emphasize the approach of “solving” social, economic, and political problems with spatial and physical solutions. In essence, this period conflated urban policy with anti-poverty policy, due in part to the real policy challenges of addressing structural poverty (O’Connor 2002).

By the late 1980s, inner city poverty and metropolitan inequality were cemented. Wilson (1987), drawing on some of the earlier notions of neighborhood succession, argued that the key mechanisms driving inner-city poverty were: structural economic shifts; shifting migration flows; changes in the age structure; and the out-migration of middle-class blacks as a result of Civil Rights gains. These shifts resulted in “concentration effects,” leaving residents even more isolated from

mainstream institutions, labor markets, and politics, which manifested spatially in the creation of the black ghetto neighborhood. Beyond Wilson's focus on class, Massey and Denton (1993) argued that neighborhood decline is caused by systems of discrimination pervasive in the housing market, and that "racial segregation...and the black ghetto – are the key structural factors responsible for the perpetuation of black poverty" (Massey and Denton 1993, 9). They suggest a "culture of segregation" forms from geographic isolation, resulting in limited political power, less resilience available to respond to economic shifts, and little or no access to job opportunities and mainstream institutions.

Sociologist Loic Wacquant offers another way of understanding the relationship between race, poverty, and space, extending Massey and Denton's focus on residential segregation. For Wacquant (1997), racial enclosure is a critical component to understanding urban decline. Analyses and proposed interventions focused only on poverty will never mitigate and deconstruct the ghetto, since it is, in fact, the racial and ethnic enclosure and control that creates poverty, not the other way around. He argues that the shift to class-based segregation at the expense of an analysis of race is a "tactical" choice by scholars, given the politics of influencing policy: "[scholars] have diligently effaced from their analytical framework the one causal nexus that the American state stubbornly refuses to acknowledge, confront, and mitigate when dealing with disparity and destitution: race" (1998, 149).

Complicating the issue of segregation for policymakers is the need to distinguish between the ghetto and the enclave (Marcuse 1997). In contrast to the ghetto, where society segregates residents involuntarily in a process of exclusion, the enclave is a spatial cluster where residents choose to congregate in order to achieve economic goals (such as Chinatown) or social cohesion (such as Hasidic Williamsburg, Brooklyn). The urban enclave may strengthen social groups or subcultures and more effectively provide the resources to prosper than an integrated neighborhood does (Fischer 1984).

More recently, scholars using quantitative methods have broadened analyses from the neighborhood level to metropolitan, county, and state geographies (Fischer et al. 2004; Massey, Rothwell, and Domina 2009; Reardon et al. 2008). Jargowsky's (1997) empirical work links ghetto poverty with metropolitan economies and finds that changes in economic opportunity at the metropolitan level impact the levels of inner city poverty. Further, Jargowsky's work raises questions about the concept of neighborhood as a self-contained ecosystem, highlighting neighborhoods' interdependency and their dependence on broader metropolitan economies and infrastructures. Neighborhood decline and disinvestment may reflect regional economic distress, but may also be related to the shift of investment elsewhere in the metropolitan area.

Finding: Neighborhood decline results from the interaction of demographic shifts, public policy, and entrenched segregation, and is shaped by metropolitan context.

Neighborhood Ascent and Gentrification

Following decades of public and private initiatives to regenerate the inner city, scholars are increasingly paying attention to the causes and consequences of the upward trajectories of neighborhoods, also known as neighborhood ascent or upgrading. Much like decline, neighborhood ascent exhibits a variety of trajectories, which depend greatly on their starting points. Owens (2012), for instance, identified nine different types of neighborhoods that are all experiencing some form of upgrading in the United States: minority urban neighborhoods, affluent neighborhoods,

diverse urban neighborhoods, no population neighborhoods, new white suburbs, upper-middle-class white suburbs, booming suburbs, and Hispanic enclave neighborhoods. While different actors and catalysts may be at play in these different types of neighborhood ascent, Owens does not suggest any causality, and does not investigate the role of investment or public policies on these trajectories. In this section we provide an overview of the literature on gentrification, the most commonly studied form of neighborhood ascent involving the racial and economic transformation of low-income neighborhoods.

The first documented use of the term “gentrification” (Glass 1964) describes the influx of a “gentry” in lower-income neighborhoods in London during the 1950s and 60s.¹ Today, gentrification is generally defined as simultaneously a spatial and social practice that results in “the transformation of a working-class or vacant area of the central city into middle-class residential or commercial use” (Loretta Lees, Slater, and Wyly 2008, xv).² Often, gentrification has been understood as a tool of revitalization for declining urban neighborhoods, defined primarily by their physical deterioration. However, revitalization, as first noted by Clay (1979) can take two forms: incumbent upgrading and gentrification. Incumbent upgrading, whereupon existing residents improve the conditions of their neighborhood, is catalyzed by the cost of housing, the rise of neighborhood consciousness, demographic pressure, and reduced pressures from migrants to the city. Gentrification, on the other hand, draws middle-class residents to the city, attracted by job and recreational opportunities, low and appreciating housing prices, stabilization of negative social conditions (such as crime), and lifestyle or aesthetic considerations. Displacement, a negative outcome of gentrification, is not present in incumbent upgrading.

Gentrification literature conceptualizes neighborhoods as terrains not of isolated pockets of decline and abandonment, but rather as sites of exploration, potential investment, and emergent identity construction that are manifestations of larger city, metropolitan, and global forces. Gentrification is not driven by a singular cause. It may emerge when three conditions are present: the existence of a potential pool of gentrifiers, a supply of inner-city housing, and a cultural preference for urban living (Hamnett 1991). It is arguably a “chaotic” process, which does not lend itself to binary or linear analysis (Beauregard 1986; Freeman 2006; L. Lees 1996). Early debates, however, relied strongly on binaries to identify the causes of gentrification. Scholars argued that either macro-forces of capital accumulation or micro-sociological processes of individual preferences drive gentrification processes. Today, the overarching debate has generally drawn a line between the flows of capital versus flows of people to neighborhoods. This dichotomous narrative has spawned many analyses focused on either production and supply-side or consumption and demand-side catalysts. Flows of capital focus on profit-seeking and the work of broader economic forces to make inner city areas profitable for in-movers. Flows of people refer to individual gentrifiers who enter inner city areas, drawn by cultural and aesthetic preferences.

From the production or supply-side perspective, private capital investment, public policies, and public investments are the main mechanisms of gentrification. Smith (1979) argues that the return of capital from the suburbs to the city drives gentrification; the change in neighborhoods is the spatial manifestation of the restructuring of capital through shifting land values and housing development. Gentrification occurs in disinvested neighborhoods where there is the greatest “rent

¹ While Glass offers the first use of the term, the phenomenon predates this naming. For example, Osman (2011) documents earlier instances of class-based movement into inner city areas in the United States; his history of “brownstoning” in Brooklyn dates gentrifying neighborhood change to the 1940s.

² An early definition by London and Palen (1984) quoting the Urban Land Institute names gentrification as a “private-market non-subsidized housing renovation.”

gap” between the cost of purchasing property and the price at which gentrifiers can rent or sell (1979). Smith (1979) sees individual gentrifiers as important, but places a greater emphasis on a broader nexus of actors – developers, builders, mortgage lenders, government agencies, real estate agents – that make up the full political economy of capital flows into urban areas. His focus goes so far as to obscure individual ascriptive characteristics (e.g., race or ethnicity) in favor of a more macro analysis of gentrification and urban land markets as a function of the capitalist economy.

Another “supply-side” actor is government – at the local, state, and federal levels – which through public subsidy and policy measures sets the conditions for and catalyzes gentrification processes. As mentioned previously, Smith (1979; 1996) sees government as part of a larger political economy that aims to accumulate capital through land use management and city development, echoing the idea of the city as a “growth machine” (Logan and Molotch 1987). Others (Freeman 2006; Wilson and Taub 2006; Pattillo 2008; powell and Spencer 2002) have clearly tied gentrification to historical patterns of residential segregation. Segregated neighborhoods experience the “double insult – a ‘one-two’ knock” (powell and Spencer 2002, 437) of neglect and white flight in the 1950s through 1970s and then the forces of displacement in the 1980s through today. These scholars highlight the role of policy in structuring the differential and inequitable spatial distributions of risks and resources by race and class across metropolitan areas. Gentrification represents merely the latest imprint of these efforts by the state. In subsequent sections we will review the literature on the specific role of government investment in infrastructure in housing prices and subsequent neighborhood change.

For those who explain gentrification as flows of people (rather than capital), two threads persist, both grounded in consumer-driven, demand-side principles. One thread focuses on aesthetic and lifestyle preferences of gentrifiers, who desire a gritty, authentically “urban” experience (Caulfield 1994; Ley 1994; Ley 1996; Zukin 1982), or who see themselves as agents to preserve some nostalgic, authentic character of a place (Brown-Saracino 2009). The second thread is embedded in neoclassical economics and links land values to housing location choice connected to shifts in the labor market (Hamnett 2003).

Ethnographic accounts have examined middle- and upper-class, primarily white, childless in-movers and their motivations to move to inner city neighborhoods. These studies have identified political persuasions and identity construction vis-à-vis their housing choices into declining neighborhoods as the primary catalysts (Brown-Saracino 2009; Caulfield 1994; Ley 1996; Ley 2003). Others also consider broader economic forces (Rose 1984; Zukin 1987), which point to the connections between the theories on macro flows of capital described above and these more micro-sociological processes of individuals.

These earlier studies on in-movers have focused primarily in inter-racial/ethnic gentrification, with white in-movers and incumbent communities of color. More recently, scholars have examined cases of middle-class black in-movers into predominantly low-income black neighborhoods (Boyd 2005; Freeman 2006; Hyra 2008; Moore 2009; Pattillo 2008; Taylor 2002). These studies tie neighborhood-specific processes to larger structural issues of residential segregation and exclusion, arguing that in some cases black in-movers feel more comfortable relocating to predominantly African-American neighborhoods because of a history of housing discrimination in predominantly white neighborhoods and the suburbs (Freeman 2006; Moore 2009; Taylor 2002). African-American in-movers also become connected to a set of cultural practices and aesthetics that link to their racial identities (Freeman 2006). Further, black gentrifiers may see their relocation in inner cities as a project of “racial uplift” for their lower-income black counterparts (Boyd 2005).

Additional work has also shown substantial racial diversity specifically among higher-income gentrifying households (Bostic and Martin 2003).

Looking at neighborhood racial transition through the lens of gentrification, existing evidence is mixed. Research has found trends of greater white movement into poor, non-white neighborhoods (Crowder and South 2005; McKinnish, Walsh, and Kirk White 2010), resulting in shifting racial compositions in the face of gentrification. Other research, however, presents a picture of less sharp differences in race among households moving into and out of gentrifying and non-gentrifying neighborhoods (Ellen and O'Regan 2011). Finally, Hwang and Sampson (2014) recently found that Chicago neighborhoods with higher proportions of black and Latino residents gentrified at a slower pace than predominantly white neighborhoods, indicating that gentrifiers have less of a taste for integrated neighborhoods than previously believed.

Finding: Gentrification results from both flows of capital and people. The extent to which gentrification is linked to racial transition differs across neighborhood contexts.

Cultural Strategies and Gentrification

An analysis of the built environment unveils a range of cultural strategies undertaken in many cities, from large- to micro-scale, that can be linked to processes of gentrification. In order to stand out and take part in inter-urban competition, cities make use of “starchitects,” innovative design, and “cultural” institutions/developments to give them a competitive edge (Zukin 1995). Flagship developments, including entertainment and business-oriented facilities such as festival marketplaces and entertainment districts (Boyer 1992; Hannigan 1998), sports arenas (Chapin 2004; Noll and Zimbalist 1997), convention centers (Sanders 2002), and office complexes (Fainstein 2011) play an influential and catalytic role in urban regeneration (Bianchini et al. 1992). Many cities have undertaken these types of development strategies as tools for city boosterism and economic revitalization.

These cultural strategies are considered essential in attracting the “creative class” (Florida 2002), as well as stimulating consumer spending. While certain theorists find that cities with a high level of these amenities have grown the fastest and see this as a positive development (Glaeser 2003); others argue that these strategies are predominantly aimed at elite and gentrifying areas or those seeking to attract tourists and thus promote greater social stratification (Zukin 1995; N. Smith 1996).

Critics also argue that the cultural economy drives redevelopment strategies toward the production of commercialized urban spaces, which are in turn geared primarily toward entertainment and tourism (Zukin 1995; Zukin 2009). The consequences of these strategies can be increased property values, gentrification, displacement, and inauthentic places.³ Additionally, Zukin believes that “culture is [...] a powerful means of controlling cities” (Zukin 1995: 1). Controlling cities in this sense refers to deciding who belongs in specific areas of cities and who doesn’t. Nevertheless, the aesthetic improvements, city marketing, and economic growth that are associated with cultural development strategies are often touted as the necessary benefits in successful redevelopment projects (Florida 2002; Landry 2008).

Noting the increasing emphasis on the economic benefits of cultural initiatives, scholars have also

³ Susan Fainstein (2001) questions whether “inauthentic” is an appropriate term to criticize new development; arguably, if it reflects underlying social forces, as for instance does Disneyland, then it is genuine.

pointed to the ever-increasing creation of commodified public spaces (Smith 1996; Zukin 1995). Zukin sees the production of cultural spaces in cities as a result of an organized effort among real estate interests, public-private partnerships, and community organizations. Zukin is implying that “middle class tastes” for cultural offerings—artist galleries, ethnic restaurants and shops, historic preservation, and mixed uses—are essentially part of a scripted program designed to increase city revenues and create spaces where the middle class will want to spend their disposable income, perhaps leading to gentrification. The prevalence of ethnic retail has also been shown to catalyze gentrification in Los Angeles and Toronto, where ethnic commodification attracted larger city audiences and served to revalorize local real estate markets (Loukaitou-Sideris 2002; Hackworth and Rekers 2005). Even when the change is ostensibly organic, as in emergent arts districts, planners are often working in tandem with artists and others to create economic development (Chapple, Jackson, and Martin 2010).

Finding: Cultural strategies can transform places, creating new economic value but at the same time displacing existing meanings.

Commercial and Retail Gentrification

Changes in the commercial environment of gentrifying neighborhoods have been seen as both an instigator and consequence of residential demographic change (Chapple and Jacobus 2009). Researchers have shown that retail and commercial amenities signal to middle-class residents that a low-income neighborhood is changing, consequently attracting new residents (Brown-Saracino 2004). On the other side, the shifting buying power and cultural preferences of new residents in gentrifying neighborhoods may influence the mix of retail in nearby commercial corridors (Chapple and Jacobus 2009).

At first, residents may have a positive response if new retail and services provide desired goods that were previously not available (such as Starbucks, CVS, etc.) and if that provokes only minimal displacement of other retail (Sullivan and Shaw 2011; Freeman 2006). However, new commercial amenities in gentrifying neighborhoods also imply rising property values, as well as an influx of white and middle-class residents, creating conditions for direct displacement through competition or rising rent (Zukin 2009). This association seems appropriate as local amenities, such as retail businesses, have been found to play an important role in household residential choice (Fischel 1985; Kolko, 2011).

Generally, commercial gentrification of urban areas involves complex issues of social class, cultural capital, and race (Zukin 2009: 48). Besides responding to a different consumer base, changes in the retail landscape reflect structural changes in the retail industry. Many scholars believe that commercial gentrification results in the disappearance of small, mom-and-pop stores and the arrival of national chains, such as CVS, Starbucks, Target (Loretta Lees 2003; Zukin et al. 2009; Fishman 2006; Bloom n.d.). Chains are usually interested in commercial districts at the mature end of any revitalization timeline: places with high foot traffic and strong demographics (Bloom, n.d.). Overall commercial rents increase because as local retail spending increases, more businesses compete to capture it (Kennedy and Leonard 2001; Chapple and Jacobus 2009).

The increase in rents can push out local businesses that are not drawing the same traffic as the chain stores and not generating similarly high sales volume. These local businesses may have had higher multiplier effects on the area, due to reliance on local suppliers and the recirculation of business owner profits (Civic Economics 2012). However, chains can also create their own customer traffic and that additional traffic can have positive effects on nearby businesses: as more

customers come into the commercial district, they encounter other businesses along the way (Bloom, n.d.). Moreover, they benefit consumers by offering goods and services at lower prices, likely offsetting any losses in the local multiplier. Others suggest that an influx of national chains can also indicate the changing corporate views of the commercial viability of the inner city (Porter 1995). Still, when Walmart or other big-box retailers come to town, there is net job and business loss, as well as decreases in retail wages (Dube, Lester, and Eidlin 2007; Ficano 2013; Haltiwanger, Jarmin, and Krizan 2010; Neumark, Zhang, and Ciccarella 2008).

Empirical studies on the nature of commercial change in gentrifying neighborhoods are mixed and scarce. Koebel (2002) measured the factors influencing changes in the number of neighborhood retail and service businesses in six cities, finding little relationship with neighborhood economic (e.g., median income) factors. Instead, he found that a substantial amount of the change in neighborhood commerce was related to property and location characteristics (such as redevelopment or revitalization projects). In contrast, Chapple and Jacobus (2009) found that overall retail establishment growth in the San Francisco Bay Area was associated with neighborhoods becoming middle- or upper-income rather than those that became bipolar. Meltzer and Schuetz (2011) analyzed changes among neighborhood businesses in New York City, finding that retail access improved rapidly in low-home-value neighborhoods that experienced upgrading or gentrification. The authors suggest that these results indicate that retail is quite sensitive to changes in neighborhood economic and demographic characteristics (Meltzer and Schuetz 2011). Finally, a study comparing retail change in California found that in gentrifying neighborhoods, new businesses grew more (in employment) than existing businesses in the 1990s, but not in the 2000s (Plowman 2014). This suggests the importance of extending the timeframe for the analysis of neighborhood change.

The relationship between transit-oriented districts and retail gentrification is similarly understudied. Recently, Schuetz (2014) asked if new rail transit stations in California resulted in changes in retail employment, finding little support for such relationships. However, the absence of parking was found to be significantly associated with a decline in retail employment. Finally, in their analysis of the effects of TOD investments on small and ethnically owned businesses in Los Angeles County, Paul Ong and collaborators found that growth in Asian and small commercial establishments in TODs lagged behind the county average, despite the fact that real estate activity was higher in the TODs than for the county (Ong, Pech, and Ray 2014).

Finding: Commercial gentrification can also transform a neighborhood's meaning, but research is mixed on whether it is positive or negative for existing residents and businesses.

The Role of Public Investments in Neighborhood Ascent

The vast majority of gentrification literature has focused on private actors and capital. However, the public sector plays an important role in neighborhood transformation. While we have detailed the study of urban renewal and federal programs as part of the discourse on neighborhood decline, government has had a strong hand in neighborhood improvement as well, investing in physical infrastructure such as rail transit, schools, parks, and highways, as well as neighborhood-based organizations. These initiatives date from at least the 1950s urban renewal and public housing development and include more recent interventions like the Empowerment Zones of the 1980s and 90s, HOPE VI in the 1990s and early 2000s, and today's Choice Neighborhoods and Promise Zones programs, among many others.

As described above, in the 1980s persistent poverty in inner-city areas, particularly among the African-American community, led to extensive scholarly inquiry, and federal housing policy realigned to focus on the deconcentration of poverty through the development of mixed-income housing and housing mobility programs (Goetz 2003). This shift in federal policy “to encourage deconcentration is based on the consensus among policy makers and scholars that high concentrations of very-low-income households in housing” is detrimental (Popkin et al. 2000, 928). Federal programs promoting mixed-income housing development aimed to alleviate poverty, however have had mixed results (Joseph 2006).

Recently, critics of these programs have raised concerns that mixed-income developments displace those living in poverty rather than supporting their social mobility by catalyzing other upgrades and development (Bridge et al. 2012). These critiques have placed government policy and programs at the center of longstanding debates about the catalysts and consequences of neighborhood ascent, suggesting that certain housing policies represent “state-sponsored gentrification” (Bridge, Butler, and Lees 2012).

In addition to federal housing policy, numerous other federal, state, and local government investments have the potential to significantly alter the physical and social makeup of low-income neighborhoods.

Although few studies have looked at the impact of public investments on neighborhood demographic change, there is a significant body of literature on the impact of transit on property values, which is intimately tied to the social status of the people who live there. In the next section we review the relevant body of literature to begin to relate public investments in infrastructure to neighborhood demographic change, with a specific focus on transit.

Rail Transit

Transit and transit-oriented districts (TODs) are viewed as desirable amenities in urban neighborhoods due to their accessibility. Scholars have found that areas adjacent to transit stops often experience thriving commercial activity with the introduction of shops, restaurants, and other businesses that attract commuters and non-commuters (Bluestone, Stevenson, and Williams 2008). However, disadvantages also exist from being “too close” to transit, which can result in heightened noise, congestion, pollution, and traffic (Cervero 2006; Kilpatrick et al. 2007).

In a review of existing research on the topic, (Giuliano and Agarwal 2010) state that, “the literature does not establish unambiguously whether or not rail transit investments get capitalized in property values.” They attribute inconsistent findings in part to differences in research methods and in the local conditions in which transit investments are made. They note that transit systems have an appreciable impact on accessibility only where road networks are insufficient for handling travel demands (i.e., where congestion is severe). Other researchers, however, argue that the accessibility benefits of living near transit outweigh the potential nuisance effects, and that proximity to public transit often leads to higher home values and rents (Wardrip 2011).

Most empirical studies on the impact of transportation investments focus on changes in property values rather than land use, household, or racial transition. (Landis et al. 1995) suggest this may be due to the fact that property value data is more widely available than data such as land use. In general, the literature agrees that transport investments (new stations, TODs) have economic benefits primarily if they improve access significantly. Households with easy access to public transit

are able to spend less on transportation and can thus afford to spend more on housing (Kilpatrick et al. 2007). Economic theory suggests that the value of decreased travel time should be reflected in home prices, as reviewed in Hess and Almeida (2007). Benefits tend to be the highest near, but not too near, network access points such as rail stations or freeway ramps.

Several recent literature reviews have summarized research related to the home price premiums that come with proximity to transit. These premiums vary significantly. (Cervero and Duncan 2004) found that the premium for home prices ranged from 6 percent to 45 percent (2004). Another literature review set the range between 3 percent and 40 percent (Diaz 1999). A third review, involving heavy and light rail systems only, found a maximum premium of 32 percent, although some studies found no effect, while others found negative effects (Hess and Almeida 2007). Summarizing the available research is difficult, because as (Duncan 2008, 121) argues, generalization is problematic owing to different methodologies and contexts. He concludes: “The most that one might safely generalize from the body of literature is that properties near stations sell at small to modest premiums (somewhere between 0% and 10%).”

There are two common methods to study the effect of transit proximity on housing costs. One is to compare residential prices near transit with similar homes farther away, using a hedonic price model to separate out the effects of housing characteristics from the impact of location.⁴ The other method, “Pre/Post studies,” which examines prices in an area before and after the initiation of transit, represents another, albeit less utilized, method to examine the effect of transit on housing costs.

In hedonic price models, the independent variable for modeling the price effects of transit is most often the distance from the nearest transit station (Chatman, Tulach, and Kim 2012; Duncan 2008; Cervero and Duncan 2002a), measured along streets or in terms of distance rings. Two earlier studies from Toronto have utilized weighted travel-time-based measures as an alternative to distance travelled (Bajic 1983; Dewees 1976). Hedonic price models may also use monetary savings⁵ as an independent variable, inquiring how travelers respond when faced with a tradeoff between time and money, for example, when offered the option to pay extra for a faster trip (Nelson 1992; Lewis-Workman and Brod 1997; Chen, Rufolo, and Dueker 1998; Gatzlaff and Smith 1993; Wardman 2004). “Pre/Post” studies, although less commonly used because they require access to longitudinal data (Chatman et al. 2012), are considered “more optimal” because they make it easier to establish causal links (Duncan 2010: 5). A summary of the literature using hedonic price models and “Pre/Post” studies is included in the Appendix B.

Overall, the impact of transit on home values can vary depending on a number of mediating factors. Wardrip (2011) outlines several reasons, which include: housing tenure and type, the extent and reliability of the transit system, the strength of the housing market, the nature of the surrounding development, and so on. In an area with a strong housing market and a reliable transit system, the price premium may be much higher than the average. Additionally, effects may vary for different stations within a single market. For instance, averages can hide a lot of variation, and transit

⁴ The basic premise of the hedonic pricing method is that the price of a marketed good is related to its characteristics. In the case of housing, this relates to square footage, number of rooms, amenities, etc. (http://www.ecosystemvaluation.org/hedonic_pricing.htm).

⁵ Total travel time costs are the product of the amount of time (minutes or hours) multiplied by unit costs (measured as cents per minute or dollars per hour). Generally, travel time unit costs are calculated relative to average wages (Litman, 2011: 4). Personal travel time unit costs are usually estimated at 25-50% of prevailing wage rates, with variations due to factors such as age, income, or length of commute (Waters 1992; Litman 2007).

stations may have little or no impact on housing prices in some neighborhoods but a significant impact in others (Wardrip 2011). Some studies have also found that transit expansion plans may drive increases in property values before anything is built (Knaap, Ding, and Hopkins 2001). Finally, research suggests that heavy rail systems have a greater impact on property values than light rail systems. This is likely due to heavy rail's greater frequency, speed, and scope of service as compared to most light rail networks, as reviewed by (Brinckerhoff 2001; Lewis-Workman and Brod 1997; Landis et al. 1995).

Rail impacts on Commercial Land Values

Most studies have focused on the impact of transit investment on residential properties. However, a few studies have examined the relationship between transit and commercial property values. A study of Northern California's Santa Clara County light-rail system found that properties within a half-mile of stations experienced rent premiums, and those that were a quarter- to a half-mile away were worth even more (Weinberger 2001). In another study of Santa Clara, (Cervero and Duncan 2002b) found that the commercial property land values were higher for commuter rail access than for light-rail access, which is the opposite result observed for apartments in the same city (Cervero and Duncan 2002c). In a meta-analysis of existing studies, Debrezion, Pels, and Rietveld (2007) found that commercial properties within a quarter-mile of the station were 12.2% more expensive than residential properties located the same distance away. Farther away from the station, residential properties received a higher premium than commercial properties.

Finding: New fixed-rail transit has a generally positive effect on both residential and commercial property values, but its impact varies substantially according to context.

Bus and Bus Rapid Transit

Several scholars have described Bus Rapid Transit (BRT) as an attractive modal transit option (R. B. Diaz and Schneck 2000; Levinson et al. 2002; Polzin and Baltes 2002; Vuchic 2002). The attributes favoring BRT are its lower capital cost relative to other modes (such as fixed rail) (US GAO 2001) as well as its flexibility in implementation and operation (Jarzab, Lightbody, and Maeda 2002).

There is limited evidence about the relationship between land values and BRT (Rodriguez and Targa 2004; Johnson 2003). Similarly, traditional bus service is rarely considered when discussing the impact of transit on housing costs. In their review of the literature, Hess and Almeida (2007, 1043) explain that "...property values near bus routes have only modest gains, if any, from transit proximity, because most bus routes lack the permanence of fixed infrastructure."

Much attention and research has been focused on Bogota, Colombia's BRT TransMilenio. What makes TransMilenio an interesting case study is that affordable transport was coupled with affordable housing initiatives. This has been made possible with an innovative land-banking/poverty-alleviation program, called Metrovivienda, which was introduced in 1999 (Cervero 2005). Under this program, the city acquires land and provides public utilities, roads, and open space. Afterwards property is sold to developers with the stipulation that average prices be kept under a certain price and affordable to families with incomes of US\$200 per month. An important aspect of the Metrovivienda program is the acquisition of land well in advance of the arrival of the BRT services. This has enabled the organization to acquire land before prices become inflated by the arrival of the BRT. This is important because, as a recent study found, those residing close to TransMilenio stations pay higher monthly rents: on average, housing prices fell between 6.8 and 9.3 percent for every five minutes' increase in walking time to a station (Cervero 2005).

Thus, acquiring land in advance has kept prices affordable for low-income households. However, more recent work has shown that by failing to leverage development around BRT stations, the TransMilenio system has created regional mobility at the expense of accessibility for the poor (Cervero 2013).

In North America, the relationship between accessibility to BRT and land values is only examined by a handful of studies focusing on bus priority treatments (high-occupancy-vehicle (HOV)-bus lanes) and transit ways. In an early study, (Knight and Trygg 1977) examined HOV-bus lanes in Washington, D.C.; California; Seattle; and Florida. They relied on previously published reports, interviews, aerial photographs, and other secondary sources available at the time to conclude that exclusive bus lanes incorporated into highways appear to have no impact on either residential or commercial development. A later study by Mullins, Washington, and Stokes (1990) found that the BRT in Ottawa, Canada, appeared to have some effect on land development in areas surrounding stations. A review of studies from Houston, Pittsburgh, Pennsylvania; and San Francisco conducted by Rodriguez and Targa (2004) revealed that bus transit had no impact on either residential or commercial development. A hedonic analysis applied to Los Angeles's BRT, one year after its initiation, did not detect any evidence of benefits to nearby multi-family parcels (Cervero and Duncan 2002a). More recent work, however, found that Los Angeles' Orange BRT Line had an effect on the neighborhood real estate market. Between 2000 and 2012, areas near the Orange Line saw median rent increase by 25% compared to 15% in the control area. Renter occupancy increase by 9% compared to 0% in the control area, and home value increase by 47% compared to 34% in the control area (Brown 2014). No significant differences in median income or household vehicle ownership were found; however, other demographic characteristics (growth, education, and race) were found to significantly change.

Rodriguez and Targa (2004) suggest that these mixed results could be partially explained by the BRT's lack of fixed guideways, as well as the cross-sectional research design and the newness of the service. Indeed, a study of a 25-year-old BRT system in Pittsburgh found a significant price premium for homes selling near it (Perk and Catala 2009). The implication is that where a BRT system can bring lasting improvements in accessibility on par with a fixed-rail transit system, housing markets may respond accordingly.

Finding: Preliminary evidence suggests that BRT has limited or no effects on local property values.

Transit-Induced Gentrification

Although the vast majority of the literature has focused on the impacts of transit investments and planning on real estate value, a number of scholars are beginning to investigate the relationship between transit investments and the demographic shifts common in gentrifying neighborhoods as well (Lin 2002; Chapple 2009; Kahn 2007; Pollack, Bluestone, and Billingham 2010; Dominie 2012; see Appendix D for a summary of L.A.-specific TOD studies and policy reports). Studies have also found that the real estate premiums associated with rail investment can alter the demographic composition of the surrounding neighborhood (R. Diaz 1999; Cervero and Duncan 2004; Lin 2002).

There are several factors that scholars cite as the likely cause of gentrification near transit. The demand-side argument claims that transit is likely to spur gentrification when the new transit modes (rail, bus, etc.) provide a viable alternative to the car, thereby attracting higher-income

households. The reduction in transportation costs for residents is also thought to increase land values, attracting higher-value uses and higher-income residents (TCRP 2004).

The supply-side argument claims that transit is likely to cause gentrification when it counters pre-existing patterns of disinvestment. Thus, gentrification around transit investments is likely to occur when there is a credible commitment to large-scale investment: reinvestment in a disinvested neighborhood is likely when it appears that an actor (a state agency, financial institution, or large landowner) demonstrates a commitment to refurbish the physical environment at a scale capable of influencing the area's land or housing market (Knaap, Ding, and Hopkins 2001; N. Smith 1979). Large transit investments appear to have been used successfully and intentionally to demonstrate this type of commitment (Pollack, Bluestone, and Billingham 2010).

Pollack and coauthors (2010) affirm that transit can be a catalyst for neighborhood renewal, and that such improvements to neighborhood accessibility could potentially “price out” current residents because of rising property values. Despite the connections between improved accessibility, higher property values, and gentrification, only a few studies address these issues explicitly, and few look at issues of income and race (Lin 2002; Kahn 2007; Pollack et al. 2010; Dominie 2012). Thus, while Lin (2002) and Kahn (2007) develop models to explain the relationship between neighborhood gentrification and transit, they do not take into account race and ethnicity. See Appendix C for further detail on these studies.

Other Public Investments

Government investment in a wide range of neighborhood infrastructure and services can also have significant impacts on property values and neighborhood change. In this section we outline the literature on the impact of schools, parks and open spaces, and highways on housing prices.

Schools

The quality of public schools is widely believed to be a key determinant of housing prices (Max 2004). A number of studies employ hedonic regression models to examine this relationship. In 1969, Oates documented a positive relationship between school expenditures and housing values in 53 northern New Jersey municipalities. Following Oates' work, a number of researchers have estimated similar relationships. Most of these studies have produced similar findings. For instance Dubin and Goodman (1982) estimated the impact of school performance and crime measures on housing prices in Baltimore, finding a significant relationship between real estate value and school characteristics such as the pupil-to-staff ratio, average teacher experience, percent of staff with a graduate degree, and third and fifth grade test scores. In Minnesota, Reback (2005) identified the capitalization effects of a school choice program, finding that the adoption of an inter-district open enrollment policy weakened the link between local school quality and property values.

Parks and Open Spaces

Extensive research has tried to value urban parks, forests, and open space through analysis of property data and stated preferences. The majority of these studies use hedonic analysis of property sales data, finding that home values increase with proximity to a park (Bolitzer and Netusil 2000; Acharya and Bennett 2001; Lutzenhiser and Netusil 2001; Troy and Grove 2008; V. K. Smith, Poulos, and Kim 2002) looked specifically at the price effects of urban greenways, or linear

areas of open space along rivers, streams, or abandoned railroad corridors in Austin, finding such adjacency resulted in significant increases in property values. Studies often distinguish broadly between protected open space, such as public parks and land under conservation easement, and developable open space, such as privately owned agricultural land (Irwin and Bockstael 2001; Irwin 2002; Geoghegan 2002; Bucholtz, Geoghegan, and Lynch 2003). This difference is relevant because studies have found that preserved open space surrounding a home increases home value, while developable open space has a lesser, insignificant, or negative effect on home value (Anderson and West 2006). Finally, in a study of Baltimore, Troy and Grove (2008) found that crime is a critical factor conditioning how residents perceive parks and how this is reflected in the housing market.

Highways

Studies of the impact of highways on nearby land and housing values date to the beginnings of the Interstate Highway Program (Adkins 1959; Mohring 1961). Huang (1994) reviewed the hedonic price literature, finding that studies from the 1950s and 1960s usually revealed large land price increases near major highway projects. Later studies, from the 1970s and the 1980s, typically showed smaller and often statistically insignificant land price effects from highway projects. Both Giuliano (1989) and Huang (1994) argued that this happens because as the highway system was developed in many urban areas, the value of access to any particular highway was reduced because accessibility was then generally good throughout the network. Huang (1994) also noted that for residential properties, noise and other disamenities reduce the value of locating close to a highway. Finally, using access rather than distance, Voith (1993) found that highway access (measured by travel time by highway to downtown) influenced housing prices in the Philadelphia area and that the magnitude of that effect increased during the 1980s.

Finding: Proximity to high quality schools and parks, as well as access to highways, increases home values.

Understanding Negative Impacts of Gentrification: Displacement

Gentrification scholarship has used primarily qualitative research methods to uncover the causes and reveal the motivations of individual actors in neighborhoods. Unlike scholarly discourse on decline and revitalization in the 1950s and 1960s, the gentrification debates since the 1970s have largely neglected the public sector. Attention is shifting today, however, as increasingly, particular kinds of federal investments – specifically in mixed-income housing – have raised questions about state-sponsored or -catalyzed gentrification. The primary concern of gentrification is one of its negative outcomes: displacement⁶. Given today's landscape of public investment, advocates and scholars are increasingly concerned that public investments may create a situation in which incumbent residents have fewer options than they did before and are forced out or cannot move in.

To fully understand this concern, we now turn to review the literature on displacement. This literature has dominated much discussion by gentrification scholars since the early 1990s, and represents a departure from the methods employed until then. As we will describe, scholars

⁶ Other negative consequences of gentrification that are not reviewed here include a sense of loss of place and belonging and erosion of social networks, community resources, and political power, among others.

became increasingly concerned with measuring displacement, assessing its extent, and predicting it as a result of first public and then private revitalization efforts.

Consistently activists, residents, and social justice actors identify displacement as the biggest impact of concern resulting from neighborhood revitalization and gentrification. Anxieties about residential, retail, and job displacement reflect the lived experience of neighborhood change and the social memory of displacements past. Yet social science research attempting to quantify the scale and nature of residential displacement has come up short. Why the discrepancy?

In this section we review the body of research on residential displacement related to gentrification, neighborhood investment, and revitalization. By tracing attempts to define and measure displacement, we highlight significant methodological limitations including data availability and narrow definitions of displacement and explore specific interpretations of the significance of displacement, which potentially mask the impacts on communities.

Defining Residential Displacement

The Federal Urban Renewal program, local redevelopment efforts, and interstate highway construction of the 1950s and 60s forcibly displaced communities of color and low-income communities in urban neighborhoods en masse. Following these policy efforts, urban activists were particularly sensitive to the risks of displacement and the role of government in facilitating displacement. However, the nature of this displacement in the 1970s was no longer solely driven by forced removal by public action. Instead, a growing “back to the city” trend perceived to be largely driven by private actions and individual preferences, albeit with significant yet perhaps more subtle influences from the public sector⁷, began to dominate the public concerns with neighborhood change and residential displacement (Clay 1979).

In 1978 the United States Department of Housing and Urban Development (HUD) sponsored the first of a series of reports on revitalization and displacement called “Urban Displacement: A Reconnaissance” (Grier and Grier 1978). In this report, authors Eunice and George Grier listed 25 factors that might lead to the involuntary movement of people from their place of residence (Figure 1.1). These factors imply a diverse set of actors: natural disasters; building owners who initiate condominium conversion or rent increases; local government conducting proactive code enforcement and planning decisions; federal government initiating large-scale urban renewal; and banks engaging in redlining practices, to name a few.

⁷ Although large-scale urban renewal has dominated the social imagination about the ways in which the public sector can influence neighborhood change and displacement, myriad public interventions can influence the composition of neighborhoods: from tax abatement programs to zoning decisions and pro-active code enforcement.

- | | |
|---------------------------------------------------------|-----------------------------------------------------------------|
| • Abandonment | • Military base expansion |
| • Accidental fire | • Natural disaster |
| • Airport construction or expansion | • Partition sales |
| • Arson | • Planning and zoning decisions |
| • Code enforcement (incl. overcrowding) | • Public building construction |
| • Conversion of rental apartments to condominiums | • Redlining |
| • Demolition to make way for new housing | • Rehabilitation (private market) |
| • Demolition for safety/health reasons | • Rehabilitation (publicly aided) |
| • Foreclosure | • Renovation of public housing |
| • Highway or transit constructions/ expansion | • Rising market prices and rents |
| • Historic area designation | • School construction |
| • Institutional expansion (universities/hospitals, etc) | • Urban renewal |
| | • Withdrawal of private services from neighborhood or structure |

Figure 1.1 “Some Conditions Resulting in Displacement in Urban Neighborhoods”

Source: (Grier and Grier 1978, 2)

In an effort to provide a definition of displacement that encompasses these various drivers, Grier and Grier proposed the following definition, which has been adopted by numerous researchers and agencies in subsequent decades:

“Displacement occurs when any household is forced to move from its residence by conditions which affect the dwelling or immediate surroundings, and which:

- 1) are beyond the household’s reasonable ability to control or prevent;
- 2) occur despite the household’s having met all previously-imposed conditions of occupancy; and
- 3) make continued occupancy by that household impossible, hazardous or unaffordable.”

(Grier and Grier 1978, 8)

Although they use the term “forced” in their definition of displacement, Grier and Grier do not equate “forced” with involuntary. In fact, they describe the fact that many who are displaced are subject to a variety of actions or inactions that can be frank or subtle, therefore concluding:

“For most residents to move under such conditions is about as ‘voluntary’ as is swerving one’s car to avoid an accident. By the time the landlord issues notices of eviction, or the code inspector posts the structure as uninhabitable, few occupants may be left. Therefore we cannot define displacement simply in terms of legal or administrative actions – or even draw a clear-cut line between ‘voluntary’ and ‘involuntary’ movement.” (p.3)

Newman and Owen (1982) extend the critique of the false distinction between voluntary and involuntary moves to moves driven by economic reasons when stating that “low-income households who experience extremely large rent increases may technically ‘choose’ to move, but the likelihood that they had any real alternative is very small” (p.137).

In an effort to categorize the causes of displacement, Grier and Grier distinguish between disinvestment displacement, reinvestment displacement, and displacement caused by enhanced housing market competition, despite their obvious inter-connections. Disinvestment-related displacement describe the conditions under which the value of a property does not justify investing in its maintenance, thereby resulting in decay and abandonment. Reinvestment-related displacement refers to the case where investments in a neighborhood result in increased rent to a point where it’s profitable to sell or raise the rent, and tenants are forced to leave. The authors are

careful to note that “unrelated as they seem, these two conditions of displacement may be successive stages in the cycle of neighborhood change” (p.3). Finally, enhanced housing market competition referred to broad shifts in the national and regional housing market, which they argue have an even larger impact than disinvestment or reinvestment forces, although again acknowledging the inter-relationship among the three. As an example they discuss the needs of the then-young baby boom generation that were not being met by housing production of mostly single-family suburban homes, thus resulting in pressures on the pre-existing urban housing stock.

The distinctions in these three types of displacement pressures resurfaced eight years later when Peter Marcuse analyzed displacement in New York City (Marcuse 1986). Marcuse argued that when looking at the relationship between gentrification and displacement one must first consider the disinvestment of urban neighborhoods and subsequent displacement, which makes land ripe for investment with gentrification of “vacant” land. From this perspective gentrification can happen long after abandonment-induced displacement. Therefore, he argues, most gentrification-induced displacement studies significantly underestimated the magnitude of the problem and therefore “chains” of displacement must be considered. He further distinguishes between displacement caused by physical reasons (e.g., water is turned off, evictions, rehab, etc.) and economic causes (e.g., rising rent). In addition, Marcuse introduces the concept of exclusionary displacement, modifying Grier and Grier’s definition of displacement to define exclusionary displacement as:

“Exclusionary displacement from gentrification occurs when any household is not permitted to move into a dwelling, by a change in conditions, which affect that dwelling or its immediate surroundings, which:

- a) is beyond the household’s reasonable ability to control or prevent;
- b) occur despite the household’s being able to meet all previously-imposed conditions of occupancy;
- c) differs significantly and in a spatially concentrated fashion from changes in the housing market as a whole; and
- d) makes occupancy by that household impossible, hazardous or unaffordable.” (p. 156)

Although Marcuse’s four categories of displacement (e.g., direct/physical, direct/economic, chains of displacement, and exclusionary) provide the most comprehensive definition available, he warns that to sum across the categories would lead to an over-estimate of displacement as there is considerable overlap between them; yet to exclude any source could produce an underestimate.

Despite these early attempts to define displacement and the fact that most authors have formally adopted one or the other definition, in operationalizing the term for the means of study, most researchers have narrowly defined displacement as evictions or unaffordable price increases. This narrow focus stems from two factors. Researchers have access to limited data and are challenged to impute the motivation behind household moves. Tracking which exits from a neighborhood are displacement-motivated is difficult; measuring displacement is akin to “measuring the invisible” as the population under question has moved away from the place of study (Atkinson 2000). Perhaps because of this, definitions and operationalization of displacement is often driven by the data available. Furthermore, scholars often define displacement based on the scope and sponsor of their research agenda. For instance, many of the early HUD-funded studies on displacement were specifically concerned with the role of HUD programs in residential displacement and therefore narrowly defined it as displacement resulting from public action (US HUD 1979). Another study (Schill, Nathan, and Persaud 1983) that focused on revitalization-induced displacement defined displacement as that occurring as a result of “neighborhood reinvestment or upgrading” (p.47).

For the purposes of this literature review we do not adopt a singular definition of displacement. In our effort to review and evaluate the disparate literature on residential displacement, however, we adopt the framework of Marcuse (1986) and Grier and Grier to classify the types of displacement studies analyzed. As each of the studies reviewed below utilizes slightly different definitions of displacement in their analysis, we make a point to highlight their operating definitions in addition to the methods and results of their study.

Finding: Displacement takes many different forms—direct and indirect, physical or economic, and exclusionary—and may result from either investment or disinvestment.

Measuring Residential Displacement

Researchers have varied in their approaches to studying gentrification/revitalization-induced displacement. Studies use qualitative and quantitative methods to answer a variety of questions ranging from the nature of displacement (e.g., how many and who gets displaced, where they move to, who is most vulnerable, and so on) to the causes (e.g., changes in rent, conversions to condos, disinvestment, and the like.) and consequences of displacement (e.g., neighborhood destabilization, re-segregation, crowding, disparities in rent burdens, satisfaction with new neighborhoods, and so on). For most of the studies reviewed, a number of questions are addressed in each, making it challenging to categorize studies by the questions they seek to answer. Instead, we review the studies on residential displacement chronologically; because of shifts in understanding and interests, data availability, and statistical methods, the timing of the study largely coincides with methodological approaches.

In the following sections, we review specific studies and then compare across studies to identify common methodological challenges, persistent gaps in inquiry, and promising indicators to include in our research. We proceed by summarizing relevant studies on displacement along the following dimensions: a) the context in which the studies were undertaken and the resultant questions that preoccupied them, b) the research approach, c) the source and type of data used, d) their working definition of displacement and gentrification/revitalization, e) their results, and f) the strengths and shortcomings of the study.

As mentioned above, quantitative studies on displacement found their origins in the late 1970s as urban America was witnessing a wave of downtown reinvestment following the urban crises. Because of the newness of the phenomenon, many early studies on displacement were concerned with quantifying its magnitude to determine if it was a “significant” phenomenon. In the late 1970s, for instance, HUD was actively considering the adoption of policies to address displacement associated with HUD’s programs. In the 1979 “Displacement Report” they reviewed a series of case studies and national datasets to evaluate the nature and magnitude of the “displacement problem.” Although it cited Grier and Grier’s definition of displacement, the report mostly focused on displacement occurring as a result of eminent domain related to federal, state, or local government activity. Emphasis was placed on the results from the nationally representative American Housing Survey from which the report estimated that nationally, independent of neighborhood or city of residence and independent of the vulnerability of the household (i.e., income or race) over half a million households were displaced each year. When evaluated in light of the fact that 20% of all United States households move each year and in conjunction with data on the scale of urban revitalization the HUD report concluded that “the population and economic trends represented by ‘revitalization’ in urban areas are far too small to slow significantly or to reverse the movement to the suburbs and the loss of economic activity by central cities” (US HUD 1979, iii). These

conclusions were reached despite citing evidence from case studies in revitalizing neighborhoods in Seattle and Washington, D.C., which showed that nearly 20% of people moving out of revitalizing neighborhoods were displaced. This early study and its ambiguous criteria against which it evaluated the “significance” of the displacement phenomenon would prove to be a common theme in future studies that have displayed a lack of transparency and little consistency in how to assess displacement’s significance.

One of the outcomes of HUD’s initiative, however, was to invest in a series of research studies to better understand and quantify the magnitude and impacts of neighborhood revitalization and displacement. Two HUD-funded studies stand out for their methodological rigor. These studies identified and surveyed displaced households from revitalizing neighborhoods to find out their reasons for moving out. The first, a study of “Market Generated Displacement” (NIAS 1981), was concerned with the rapid revitalization of San Francisco’s Hayes Valley neighborhood and the potential impacts on pre-existing residents. The researchers conducted a survey of previous residents who left the neighborhood, new residents who moved in, and residents who remained. They found that from 1975-1979, one out of four of the out- and intra-neighborhood movers from their sample were displaced, which they defined as any non-voluntary reason for moving except lifecycle factors (i.e., divorce, unemployment). They also found that displacees of Hayes Valley were more likely to be black, less educated, poor, renters, elderly, and living alone in comparison to in-movers and stayers. Displacees moved out for a variety of reasons, including investment-related causes (i.e., rising rent, eviction, condo-conversion), but also disinvestment-related reasons (i.e., crime, poor housing quality, poor schools.), calling into question both the nature and timing of neighborhood revitalization, disinvestment, and displacement, making it hard to identify a linear relationship or a before and after period. They did not, however, explicitly link information on the public or private revitalization investments in the neighborhood with displacement, and their study lacked any comparison to non-revitalizing neighborhoods, thereby limiting their ability to contextualize their results on the displacement impacts of revitalization.

Asking similar questions about the impacts of revitalization on residential displacement, in 1983 Michael Schill and coauthors published a study on displacement trends in nine revitalizing neighborhoods of five cities⁸ (Schill, Nathan, and Persaud 1983). They surveyed and interviewed out-movers from these neighborhoods to better understand the frequency and effects of neighborhood reinvestment. From this sample, they found that 23% of out-movers in 1978-80 were displaced, which they defined as the following reasons for moving out of their neighborhood: 1) the rent was increased too much, 2) they were evicted or 3) the house they were renting was sold. Using statistical regression, Schill and coauthors found that crowding, frequency of previous moves, unemployment, and marital status predicted displacement. Although they conclude that the “advantages of neighborhood reinvestment outweighed its disadvantages” (p.7), their research also suffered from data limitations given the potential under-sampling of the most vulnerable and more transient households, since they were less likely to be detected by the door-to-door canvass used to construct the list of out-movers, as well as the absence of control neighborhoods. Furthermore, these authors look only at a two-year timeframe and do not define the stage of revitalization each of the neighborhoods were experiencing, thereby potentially missing what Marcuse would describe as chains of displacement, in addition to ignoring exclusionary displacement effects of revitalization.

In one of the first studies to try to estimate the national displacement rate associated with urban revitalization, Newman and Owens (1982) used longitudinal data from the Panel Study on Income Dynamics to estimate the scale, nature, and impacts of displacement. They considered people to be

⁸ Boston, Cincinnati, Richmond, Virginia, Seattle, and Denver

displaced if they moved out of their previous residence because of: the conditions of the house/neighborhood, public action, and eviction by the landlord because of sale or reoccupation. Newman and Owens found that the average annual rate of displacement between 1970 and 1977 was roughly 1 percent, however when calculated as a fraction of all families who moved, the proportion was 5 percent and of urban families 8.2 percent. Using this dataset the authors were able to follow people over time, yet they lacked information on neighborhood conditions, thereby limiting their ability to make inferences about revitalization-induced displacement.

Research on gentrification and displacement waned in the late 1980s and early 1990s. However, in many respects the economic boom of the 1990s reinvigorated both the revitalization of downtown areas and the study of gentrification-induced displacement. Although sharing in some of the questions and methodologies of the previous literature, the new wave of displacement studies capitalized on larger, more detailed datasets, allowing for the introduction of control neighborhoods and the use of more advanced statistical techniques in an attempt tease out the independent effects of gentrification on residential displacement. Many of these studies also pay much closer attention to the impacts on disadvantaged households rather than studying displacement of the general population.

In one of the first attempts to use more detailed, disaggregate data to understand the displacement impacts of gentrification, Rowland Atkinson (2000) combined cross-sectional and disaggregate longitudinal census data for London. To proxy gentrification, he used increases in the number of professionals and managers in the neighborhood and approximated displacement by decreases in the number of residents from the following vulnerable groups: working class, unskilled labor, renters, unemployed, people of color, elderly and single-parent households. From this analysis he found a clear link between the rise in gentrification and displacement of vulnerable groups. Atkinson was one of the first to focus on specific vulnerable populations in his operationalized definition of displacement. Yet he cautioned that the study at the large ward- and district-scale with “noisy” data does little to provide a deeper understanding about the impacts of displacement, for which he suggests more qualitative research.

In response to the growing negative perception about the impacts of gentrification, in 2001 Jacob Vigdor asked if low-status households were more likely to exit housing units in gentrifying zones relative to other parts of the Boston metropolitan area. He analyzed aggregate census data and the American Housing Survey data by running a regression of residential stability on location in a gentrified zone, which had populations of roughly 100,00-200,000 people. Although he did not limit his analysis to this, he generally defined preference-driven gentrification as increased educational attainment and income-driven gentrification as increased owner-occupied housing values. In addition, he did not specify what constitutes displacement, but rather proxied it as any exit from a neighborhood that falls within a general “gentrifying region.” Vigdor found that housing turnover was greater in gentrifying zones; however, educational attainment, which he used as an indicator of poverty, appeared to predict housing stability rather than turnover when interacted with location in a gentrified zone. Furthermore, he found that a poor household was more likely to exit poverty than to be replaced by a non-poor household. Vigdor’s study emphasized the difficulties in characterizing the counterfactual: what would have happened to low-income residents if gentrification had not occurred? He chose to compare the moves of low-status households in gentrifying zones to non-gentrifying zones; however, the large size of the zones could significantly smooth over neighborhood variability, thereby limiting his ability to answer the question he asked. Lance Freeman and Frank Braconi (2004) hailed the potential benefits of affluent households moving back to central cities and sought to help governments evaluate the potential negative consequences of policies to promote gentrification. Applying similar methodologies as Vigdor for

New York City, with the distinct advantage of having a higher spatial resolution and disaggregate data available from the New York City Housing and Vacancy Survey (NYCHVS), the authors compared the exit rates of poor households in gentrifying sub-boroughs (roughly 47,000 households) to the exit rates of the poor in low-income neighborhoods that did not gentrify. They classified a sub-borough as gentrifying based on higher rates of growth in white populations, monthly rent, educational attainment, and median income in contrast to other New York City neighborhoods. They did not, however, include an operational definition of displacement beyond neighborhood exits.

Controlling for life-cycle variables (e.g., age, marital status, children) and housing unit characteristics (e.g., rent, tenure, overcrowding in their regression, they found that poor households residing in gentrifying neighborhoods were less likely to move than poor households residing elsewhere. They do note, however, people moving into gentrifying neighborhoods were of a higher socio-economic status than those leaving. Despite these indications of exclusionary displacement, however, Freeman and Braconi state “a neighborhood could go from a 30% poverty population to 12% in as few as 10 years without any displacement whatsoever, providing that all vacated units are rented by non-poor households” (p.50). The authors also note that their findings could be due to the large spatial area and that the lower rates of residential mobility could be due to a lack of affordable housing in familiar nearby locations. In their later study, Newman and Wyly (2006) critiqued Freeman and Braconi’s findings, pointing to the “chain of displacement” arguments that the “gentrified” neighborhoods had already seen the displacement of poor households in decades earlier. Furthermore, they argue, the non-gentrifying poor neighborhood control groups included residents of some of the poorest areas of the city with respective high turnover rates, creating an artificially high standard to use as a control.

Building off this analysis with a nationally representative sample, in his 2005 analysis of data from the Panel Study on Income Dynamics, Freeman compared displacement in poor gentrifying census tracts to poor census tracts that did not gentrify. He defined gentrifying census tracts as those disinvested, low-income central city tracts that experienced increased investment and educational attainment. Freeman considered displacement-motivated moves as those where residents wanted to consume less space, pay less rent, were evicted, got divorced, joined the armed forces, or other involuntary reasons. Freeman found that rental inflation was a significant predictor of mobility, and displacement was higher in gentrifying as opposed to non-gentrifying tracts. He also found that for in-movers the poverty rates declined and educational levels increased more sharply in gentrifying than in non-gentrifying neighborhoods. Freeman also found that moves originating in gentrifying neighborhoods were more likely to end outside of the neighborhood when compared to the counterfactual non-gentrifying neighborhoods. He defined this pattern, however, as succession (or reverse filtering), rather than exclusionary displacement. Despite his significant findings, Freeman concluded that the overall rate of displacement was very small, since the probability of a household in a gentrifying neighborhood being displaced was “only” 1.3% (Freeman 2005). Given the fact that this data is nationally, not locally representative, the results likely mask a great deal of heterogeneity between metropolitan areas and even within Census tracts.

In response to the media’s interpretation of the previous studies that gentrification benefits all, Newman and Wyly (2006) reanalyzed the NYCHVS data, adding a qualitative component to their research. Given the limitations from the dataset, they were only able to look at the sub-borough in their quantitative analysis. Narrowing their analysis of displacement to households that moved for reasons of housing expense, landlord harassment, and displacement by private action (condo conversion, for example), they found between 6-10% of all moves in New York City from 1989 to 2002 were due to displacement. They argued that this could be a significant underestimate,

however, due to the inability of the NYCHVS data to capture “doubling up” or staying with relatives, which they found from their qualitative analysis to be an important coping strategy. For the qualitative component of their study, the authors interviewed 33 key informants to assess the catalysts for physical, demographic, political, and economic change. Their interviews revealed tremendous displacement pressures resulting in crowding, homelessness, or people moving out of the neighborhood or even city. None of these dynamics, the authors note, were captured in the NYCHVS. Despite the significance of their modeled results, the authors emphasize the low predictive power of the model, which they attribute to deficiencies in the dataset. Furthermore, and similar to the limitations of previous studies, their spatial unit of the sub-borough was too large to fully understand neighborhood dynamics.

In a more recent analysis, McKinnish et al. (2010) analyzed the confidential national Census Long Form data from 1990 and 2000 to understand who moves into and out of gentrifying neighborhoods, which they defined as low-income tracts in 1990 where the average household income increased by more than \$10,000. They did not explicitly define displacement, although they did look at exit rates of specific vulnerable population groups. The authors found that migrants into gentrifying tracts were more likely to be higher-income, college-educated, younger, white, and black, and less likely to be Hispanic, have children, and be immigrants when compared to non-gentrifying low-income tracts. McKinnish and coauthors also found that 33% of the income gains in gentrifying neighborhoods were due to the in-migration of middle-income black households. They found little difference in the in-migration rates of non-college-educated black households between gentrifying and non-gentrifying neighborhoods, leading them to conclude that exclusionary displacement was not occurring. They also found “modestly” high exit of low-education and retention of high-education households in gentrifying neighborhoods. Although this study improved upon previous studies with its access to household-level data, it suffered from methodological limitations of the Census sample size (one in six) that could differ from the census tract populations, the narrow definition of gentrification (including an influx of higher-income residents but not capital, i.e., higher property values), the possibility that neighborhood change may occur at a smaller geography than the census tract, and the masking of geographical variability (e.g., differences between strong- versus weak-market cities).

Wyly and coauthors (2010) updated their 2006 study using more recent NYCHVS data (2002-2008), asking if recent changes in housing assistance and rent regulations altered the choices available to displaced renters. Using slightly modified methods, the authors compared the number of people moving out of a neighborhood to the number of people moving into a neighborhood as a means of analyzing displacement pressures, maintaining their definitions of gentrification and displacement from their previous study. The authors found that annualized displacement rates ranged from a minimum of about 10,000-20,000 households per year; however, they emphasized the considerable uncertainty in these estimates. When comparing their results to local eviction data, the authors estimate that the NYCHVS misses 12 out of 13 displacements. Wyly and coauthors also ran a regression model finding that poor households with high rent burden were nearly twice as likely to have been displaced in comparison to other groups. While their statistical analysis did not find any significant relationship between household composition (for example, race) and displacement, the authors note that “the interwoven relations of urban life should not be obscured by the illusory cleanliness of a multivariate test.... Insignificant estimates do not mean that race, gender, or family structure are irrelevant just that they are inextricably bound up with other circumstances” (pg. 2615). Furthermore, they explained that household composition is determined partly by how people and families cope with high housing costs and displacement; that is, the variable is endogenous. Despite certain innovations, this study suffered from some of the same

methodological limitations as their previous study, namely those relating to the geographic resolution of their dataset.

Finally, Ellen and O'Regan (2011) used a nationwide dataset from the American Housing Survey to compare characteristics of households that moved into or out of gentrifying neighborhoods to better understand how and why neighborhoods experience income gains. The longitudinal nature of this dataset, which follows housing units over time, allowed for the researchers to identify the characteristics of households that moved both out of and into gentrifying neighborhoods, which they defined as neighborhoods experiencing a 5% gain in income relative to the metropolitan area. For displacement rates they calculated 2-year exit rates and modeled them as a function of neighborhood income gains controlling for a series of household life-cycle characteristics. They found that neighborhood income gains did not predict household exit rates, even among vulnerable groups. Age, renter, and minority status did predict exit rates for the overall sample, including gentrifying and non-gentrifying tracts. As opposed to other authors (e.g., Newman et al.), Ellen and O'Regan make no mention of the low predictive power of their models (R^2 of 0.122). Instead they take their results to indicate that there is "no evidence that original residents – even renters and poor households – exited these communities at elevated rates" (p.94). The authors suggested that selective entry and exit among homeowners were key drivers of neighborhood change. To some, however, such selective entry would be an indicator of displacement. The most significant shortcomings of this study were the narrow definitions of gentrification (not including private investment), the lack of information about reasons for moving, as well as the masking of geographic variability.

Although varied in their approaches, questions, and results, one consistent finding across these studies is that in-movers to gentrifying neighborhoods are wealthier, whiter, and of higher educational attainment, and out-movers are more likely to be renters, poorer, and people of color. The research also consistently shows that rent appreciation predicts displacement. A number of the above studies also found that government intervention in the housing market through rent stabilization and public housing programs are protective factors limiting the displacement effects of gentrification. However, the studies are not consistent in their finding that gentrification induces displacement. Why the discrepancy? One possible explanation for the unexpected residential stability is that in neighborhoods that are gaining new amenities (along with new residents), the normal neighborhood transition process slows; residents try harder to stay in the neighborhood, even if it means paying more rent in exchange (Chapple 2014). Yet, these higher rent burdens are unlikely to be sustainable over the long term, resulting in displacement in a longer term framework than is typically measured. In the following section we review some of the methodological limitations discussed above as a means to consolidate and advance future research directions.

Finding: Despite severe data and analytic challenges in measuring the extent of displacement, most studies agree that gentrification at a minimum leads to exclusionary displacement and may push out some renters as well.

Challenges to Understanding Displacement

Most studies reviewed here suffer from significant data limitations and consequently limited advances in understanding what drives displacement and how to predict it. In this section we review the most common methodological limitations contributing to the conflicting and ambiguous understanding about the relationship between revitalization/gentrification and residential displacement. Among other limitations, we review the following four below: 1) inconsistent definitions and operationalization of the terms gentrification and displacement, 2) differences in

the definitions of a comparison group and controls to calculate and compare displacement rates, 3) the time-scale of analysis that may not capture the full processes of neighborhood change, 4) ambiguous criteria against which to determine the significance and meaning of research results. Together, these challenges limit the ability of researchers to adequately capture the full magnitude and impact of gentrification and displacement.

Each of the above reviewed studies defined and operationalized the concepts of gentrification and displacement in slightly different ways, not only making it difficult to compare across studies, but also significantly impacting the results achieved. For some, displacement only encompasses evictions, whereas others include such concepts as exclusionary displacement and even chains of displacement (i.e., Millard et al. not reviewed here). The vast majority of studies narrowly define displacement under what Marcuse would classify as physical or economic displacement, but ignore or dismiss exclusionary displacement as simply succession and replacement. This limitation results not only from data and methodological limitations, but also normative understandings of what constitutes forced displacement. Where one study may claim to find evidence of displacement (at least of the exclusionary kind) because in-movers are becoming whiter and more affluent, other authors may define such phenomena as merely succession or replacement. How we define the phenomenon matters for how we interpret the results. Furthermore, the definition and operationalization of gentrification is highly varied, and very few authors attempted to systematically capture the many dimensions of gentrification. In almost all of these studies (with the exception of Freeman), gentrification is proxied for by income change rather than private or public investment. However, an influx of capital into a neighborhood might have much stronger impacts on resident stability than simply higher-income households moving next door. Furthermore, the link between what predicts gentrification and subsequently displacement has not been made. It is important to not only understand if gentrification predicts displacement, but what dimensions of gentrification and what factors spurring gentrification also cause displacement.

Another key limitation is a lack of a consistent and clear identification of a comparison group. While some argue we should be comparing displacement from poor gentrifying neighborhoods to poor non-gentrifying neighborhoods (i.e., Freeman 2005 and Vigdor 2001), others believe we should be comparing to city-wide averages or more stable neighborhoods in general (i.e., Newman and Wyly 2006). Furthermore, some studies calculate displacement as a percentage of all movers or as a percentage of all households, either citywide or by neighborhood. These comparison groups are important because they not only provide a context against which to evaluate results, but also reveal belief systems about our normative understandings of how neighborhoods should function. More and more, researchers are becoming more transparent about the reference population and control groups, which is a trend that needs to continue.

Further obscuring the relationship between gentrification and displacement are the issues of timing. Neighborhood change is a long process, and many of the studies examined above only look at relatively short time periods. In its early phases, gentrification may not result in displacement, but over time, in the absence of protections, tenants may be forced to move. As a result, the principal barrier to studying the relationship is the lack of appropriate panel data to determine the extent of mobility and displacement. Furthermore, if one is to consider the full chains of displacement, as suggested by Marcuse, it would be important to extend our analysis to the period prior to gentrification to carefully consider disinvestment-related displacement as part of the gentrification-displacement phenomenon.

Finally, the review of this literature highlights the lack of any consistent measure or criteria against which to interpret study results. Whereas some studies highlight the low predictive power and

limited interpretability of their modeling results (i.e., Wyly et al. 2010) others barely even report on the statistical significance of their results or, when statistically significant (i.e., Vigdor 2001), minimize the relevance of findings based on the statistical magnitude of the effect. These inconsistencies are not unique to studies of gentrification and displacement, but rather social scientific inquiry in general. This likely highlights the underlying subjective nature of belief systems of social science research. For instance, some authors interpret their statistically significant results of the higher rates of displacement in gentrifying neighborhoods to be too small to be of concern (Freeman 2005). But for other researchers, such results are of concern because they significantly impact real people in real neighborhoods. Whether the impact is large or small is a relative interpretation that lies in the eyes of the beholder. This limitation, which mirrors the differences in the definition of the reference population and control groups, should be carefully examined, made transparent, and its implications should be discussed in any study that has the potential to impact real lives.

Much of the methodological limitations discussed above are ultimately data-driven. Where more detailed disaggregate data exist, it lacks information about households' reasons for moving (i.e., Panel Survey of Income Dynamics (PSID) or the Census long form) and does not have sufficient spatial resolution or coverage to contribute to local knowledge (i.e., National Household Survey). Where local data is available, it may not contain information about where displaced households are displaced from (i.e., NYHVS). Without panel data, it is not possible to understand the nature of turnover in a neighborhood (i.e., whether neighborhood household income changes are occurring to existing residents or newcomers). But even when datasets such as the American Housing Survey (the confidential panel version) or the PSID allow tracking of individual households, their responses to questions about reasons for moving are not precise enough to measure displacement (e.g., there is no answer option for "the landlord raised the rent"). For this reason it is important to not only compare and combine datasets as much as possible but to carefully understand and explore the implications of the data limitations as much as possible.

Finding: Previous studies have failed to build a cumulative understanding of displacement because they have utilized different definitions, compared different populations, and adopted a relatively short timeframe; there is not even agreement on what constitutes a significant effect.

Indicators for Analyzing Residential Displacement

As is evidenced from the above review, researchers have used myriad indicators and sources of data for characterizing residential displacement, each with its own set of advantages and disadvantages. In this section we summarize the types of indicators and data used to analyze such indicators, highlighting the typical sources of such data. Table 1.1 summarizes quantitative data sources only. As discussed above, data on many of the drivers and impacts of gentrification and displacement are not regularly gathered or are hard to quantify. It is therefore important to consider qualitative sources of information to better understand the drivers and impacts of neighborhood change.

Table 1.1 Indicators and Data Sources for Analyzing Gentrification and Displacement

Indicator Type	Indicators	Data sources
Change in property values and rents	Sales value, property value	County tax assessor's office, Department of finance, data aggregator
	Rent	Data aggregators, apartment operating licenses, craigslist
	Changes in availability of restricted affordable housing	HUD, housing departments
Investment in the neighborhood	Building permits, housing starts, renovation permits, absentee ownership	Jurisdiction's building or planning departments
	Mortgage lending and characteristics	HMDA and assessor data
	Sales (volume and price)	County assessor's office, data aggregators
	Condo conversions	Assessor office, housing department, department of public works
	Change in community and business orgs (#, membership, nature of activities, etc.)	Chamber of commerce, NETS, neighborhood or local business associations, etc.
	Public investments (transit, streets, parks, etc.)	Public works departments, transit agencies, parks and rec, etc.
Disinvestment	Building conditions, tenant complaints, vacancies, fires, building condemnation,	Surveys, Census, maps, building departments, utility shut-offs, fire department
	School quality, crime, employment rates, neighborhood opportunity	Department of Education, Police Departments/crime maps, Census, Bureau of Labor Statistics
	Neighborhood quality	Local Surveys
Change in tenure and demographic changes	Tenure type, change in tenancy	Building department, assessor's office, census
	Evictions	Rent board, superior court
	Foreclosure	HUD, proprietary data sources
	Demographics data on in- vs. out-movers (race, ethnicity, age, income, employment, educational achievement, marital status, etc.)	Census, voter registration, real estate directories, surveys, American Housing Survey, DMV
Investment potential	Neighborhood and building characteristics (e.g., age and square footage, improvement-to-land ratio)	Tax assessor, Census, Deeds, etc.
	Neighborhood perceptions	Surveys of residents, realtors, lenders, neighborhood businesses, Newspapers, TV, blogs, etc.
Reasons that people move in/out of 'hood	Reason for move	Surveys of in- and out- movers, HCD housing discrimination complaints database.
Coping strategies / displacement impacts	Crowding/doubling up	Census, utility bills, building footprint
	Increased travel distance and time	Census

Implications for Strong versus Weak Markets

The intensity of gentrification, as well as how it is experienced by local residents, will differ according to market context. Where economic growth is above average and demand for land is strong, new private and public investment can accelerate neighborhood change and push up

property values. This process likely transforms neighborhood meanings and crowds out existing residents. Where the economy is more tepid, the new investment will also transform neighborhoods, but may not have the same displacement effects. The Center for Transit-Oriented Development (2013) has illustrated this market variation: new fixed-rail investments have transformed some neighborhoods while leaving others essentially unchanged.

Yet, the existing literature on gentrification and displacement fails to acknowledge these market differences. Many studies examine strong market cities such as New York, San Francisco, and London, with findings that may not be at all applicable to weaker market regions or even neighboring cities. Although these case studies provide some of the most methodologically rigorous analyses of neighborhood change processes, they do not provide systematic comparisons across market types. Where studies do look across market types, they typically try to predict change across many different metropolitan areas without controlling for local economies. As a result, these more systematic models likely have poor predictive value for individual metros. This in turn raises questions of the utility of these analyses for local policymakers.

Finding: Existing studies rarely account or proxy for regional market strength, which undermines their relevance to particular contexts.

Urban Simulation Models and Neighborhood Change

In recent years, a number of computational models have sought to simulate aspects of neighborhood change associated with gentrification. The models discussed here fall into two broad categories: those that address the phenomenon of gentrification explicitly, and those that focus primarily on processes of residential choice and residential segregation, patterned after Schelling's early model of neighborhood "tipping" along racial lines (Schelling 1971). Roughly following the same division, the simulation models in the literature can also be grouped according to their structure. Models focusing on representing the movement of individuals and households into spatial patterns of settlement tend to be specified through "agent-based models," also referred to in the literature as "multi-agent systems," while models that focus on capturing inter-related patterns of change among spatially fixed entities (such as housing units or entire neighborhoods) tend to be specified through cellular automata (Torrens and Nara 2007). Additionally, a number of hybrid model specifications contain both spatially fixed automata and spatially mobile agents (Torrens and Nara 2007; Diappi and Bolchi 2013). The integrated land use and transportation models utilized by metropolitan planning organizations (e.g., UrbanSim and PECAS) simulate the individual decisions and interactions of agents (e.g., households, businesses), fixed physical characteristics of urban environments (e.g., buildings and transit), as well as larger structural constraints (e.g., land use regulations) (Johnston and McCoy 2006).

Despite their compatibility with the study of residential spatial dynamics, relatively few simulation models have been specified to focus explicitly on gentrification. One explanation for this paucity is the difficulty of adequately incorporating the breadth of social theory needed to account for the range of gentrifying mechanisms (Torrens and Nara 2007). Here we analyze four studies that attempt to simulate neighborhood economic and racial change. In developing the first widely published work on gentrification-based computational models, O'Sullivan (2002) relies heavily on Smith's rent gap theory for specifying the structure of his cellular automata model of gentrification in a region of East London. Specifically, O'Sullivan sets out to model the role of neighborhood status in determining the "gap" in a given parcel's potential and capitalized rents and the gap's impact on states of "for sale," "owner-occupied," "for rent," and "rented" (O'Sullivan 2002; p. 260). In assessing

the performance of the model, O'Sullivan suggests to nest the neighborhood within a broader urban structure, allowing neighborhood status to better reflect position within a wider city hierarchy.

Diappi and Bolchi (2013) model gentrification in Milan through a specification of "active agents," including real estate investors, housing owners and housing tenants; and "passive agents," which they specify as individual buildings. Within this general structure, investor agents choose to develop housing based on citywide assessments of rent gaps, housing owner agents make housing upkeep decisions based on localized market conditions, and tenant agents sort themselves into different housing units based on housing conditions, rents, and their (heterogeneous income-based) ability to pay. Additionally, potential rents are shaped by local amenities and proximity to the city center. Finally, the amount of capital that investor agents have to spend is shaped by exogenous business cycles (Diappi and Bolchi 2013; 89-90).

Similarly, Torrens and Nara, in a simulation of gentrifying change in Salt Lake City, specify properties and aggregations of properties as "fixed automata" and residential households as "mobile automata," which they liken to agents. Torrens and Nara (2007) reference the importance of capital-driven, supply-based approaches to modeling gentrification and include demand-based drivers of gentrification. Within this general framework, they generate nested patterns of behavior between household agents, large neighborhood markets that they chose to either enter or stay in, and specific housing properties within the market of choice. A number of variables drive the dynamics of these moves including spatial amenities and economic prosperity at the market level; price, housing quality, and spatial amenities at the property level; and economic status, amenity preferences, and moving thresholds at the household level. Notably, ethnicity (Latino or non-Latino) is also included as a state variable for both households and properties.

Finally, Jackson and coauthors (2008) utilize an agent-based model to study gentrifying patterns in Boston. While the structure of their model is similar to those of Diappi and Bolchi (2013) and Torrens and Nara, they operationalize gentrifying change as being driven by demand-side consumer decisions, rather than by supply-side development decisions, justifying this approach by pointing to the absence of an observed relationship between large-scale neighborhood investment projects and changes in nearby rents in Boston between 2003 and 2007. The residential dynamics simulated by Jackson et al. are driven by the interactions of four classes of agents: professionals, students, non-professionals, and elderly, each of whom are motivated by varying abilities to pay and preferences for neighborhood composition and amenity access.

The above four models (see Appendix E for further details), while exemplars of computational modeling approaches to gentrification, all suffer from a related set of limitations. First, each of the above models is constrained in its ability to theoretically ground mechanisms of neighborhood change. While the work of O'Sullivan (2002) and Diappi and Bolchi (2013) is well-grounded in Smith's rent gap theory, it does not incorporate competing theories of the drivers of gentrification, notably those focusing on the housing demand of gentrifying populations and their particular set of locational preferences. Similarly, all four models are limited by a lack of important empirical detail, both in their specifications of agent attributes (such as agent incomes and baseline parcel rents), as well as in their specification of neighborhood choice and parcel change mechanisms. An important example of the latter drawback is in the incorporation (or lack thereof) of race and ethnicity in the models. Despite empirical work demonstrating the importance of race above and beyond income in shaping housing decisions (see Charles 2003; Pais, South, and Crowder 2012), the majority of the models covered here do not include any measure of race or ethnicity.

Looking beyond models that explicitly simulate gentrification, a number of computational models examine processes of neighborhood segregation. The seminal model on which much of this work draws upon was specified by Schelling (1971) in an attempt to account for the dynamics of residential segregation between whites and blacks. In his model of residential movement on a simple grid, Schelling demonstrates that when whites and blacks are ascribed thresholds of same-race neighborhood preference, they can generate very sharp patterns of segregation, even when their preference thresholds are relatively innocuous.

More recent efforts have extended on this model in a number of ways (summarized by Huang et al. 2013). For instance, various extensions have modified the structure of neighborhood composition preferences and attached them to empirical estimates of residential preference (Bruch and Mare 2006; Xie and Zhou 2012), situated models in realistic and empirically grounded urban environments (Crooks 2010; Yin 2009), gone beyond binary racial distinctions to include interactions among a greater diversity of agents (Ellis et al. 2012; Clark and Fossett 2008), and incorporated competing sets of non-racial preferences (K. Chen et al. 2005). The range of residential choice mechanisms explored in these model extensions hold the potential to help refine and improve the incorporation of race in simulations of gentrification.

Finally, researchers are beginning to use integrated land use and transportation models to simulate neighborhood composition and gentrification. Using the Simple Integrated Land-Use Orchestrator (SILO) model, Dawkins and Moeckel (2014) analyzed the impact of an inclusionary housing program and more compact development for Washington, D.C., on neighborhood gentrification. The SILO model accounts for household relocation constraints, housing costs, transportation costs, and travel times, but not race and ethnicity. No simulation model to date has been used to explicitly study residential displacement.

Finding: Urban simulation models are guided by consumer decision-making, rather than the development decisions – flows of people rather than capital – and have neglected the role of race; thus they may not capture complex gentrification dynamics.

Moving from Research to Praxis: Prediction and Mitigation

A number of researchers have developed models and analyses to aid activists and governments to better understand, predict, and plan for neighborhood change. One of the earlier iterations of work predicting gentrification is a presentation by researchers from the Urban Institute (Austin Turner and Snow 2001). Analyzing data for the Washington, D.C., area, they identified the following five leading indicators as predictive of future gentrification (defined as sales prices that are above the District's average) as low-priced areas that are: 1) adjacent to higher-priced areas, 2) have good Metro access, 3) contain historic architecture, 4) have large housing units, and 5) experience over 50% appreciation in sales prices between 1994 and 2000. Census tracts were scored for each indicator and then ranked according to the sum of indicators with a maximum value of 5. This ranking system is one of the first recorded attempts to create a policy-relevant tool to analyze and predict gentrification; however, the presentation did not include their methodology nor an evaluation of the results.

In a 2001 discussion paper prepared for the Brookings Institution and PolicyLink, Kennedy and Leonard conducted a literature review, case studies, and stakeholder interviews to determine the

predictors, impacts, and responses to neighborhood gentrification (Kennedy and Leonard 2001). From this research they identified the following factors to be predictive of gentrification:

- | | |
|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) high rate of renters, | h) large rent gap, |
| b) ease of access to job centers, | i) urban amenities, |
| c) high and increasing levels of metropolitan congestion, | j) targeted public sector policies (e.g., tax incentives, public housing revitalization, construction of transit facilities, disposition of city-owned properties, code enforcement, etc.), |
| d) high architectural value, | k) growing preference for urban amenities. |
| e) comparatively low housing values, | |
| f) high job growth, | |
| g) constrained housing supply, | |

In addition, they characterized the following factors as indicative that the process of gentrification was already underway: a) shift in tenure, b) increase in down payment and decrease in FHA financing, c) influx of households interested in urban living, and d) increase in high-income serving amenities such as music clubs, coffee shops, galleries, and the like.

In 2009, sponsored by the Association of Bay Area Governments, Karen Chapple at the Center for Community Innovation (CCI) at UC Berkeley conducted an analysis of neighborhood change in the San Francisco Bay Area from 1990 to 2000 and used the results of this analysis to predict neighborhood susceptibility to gentrification (Chapple 2009). Chapple adopted Freeman's (2005) definition of gentrifying neighborhoods as low-income census tracts in central city locations in 1990 that by 2000 experienced housing appreciation and increased educational attainment above the average of the nine counties in the Bay Area. The author then constructed a multivariate statistical model that had gentrification as the dependent variable, and a set of 19 socio-economic, locational, and built environment factors for 1990 as independent variables⁹. Based on the outcome of the regression, Chapple determined the direction, significance, and rank of the variables. The author assigned a value of 1 if census tracts scored above the regional average for each of the 19 predictive variables and summed across the variables. With a maximum score of 19, tracts were determined highly susceptible if they scored 16 or higher and of moderate susceptibility with scores between 13 and 15. No analysis or prediction of displacement or exit rates was included in this study, as neighborhood gentrification and change was the object of analysis.

The Dukakis Center for Urban and Regional Policy (2010) conducted an analysis transit oriented development and its association with neighborhood gentrification and displacement (Pollack, Bluestone, and Billingham 2010). Analyzing 42 neighborhoods (block groups within a half-mile of a transit station) near rail stations in 12 metro areas across the United States, they studied changes between 1990 and 2000 for neighborhood socio-economic and housing characteristics (e.g., number of units, racial composition, household income, auto ownership, and the like) and compared it to the metropolitan area to determine if patterns in transit-oriented neighborhoods differed significantly (i.e., over 20%) from non-transit-oriented neighborhoods. They found that rail-served neighborhoods were more likely to experience higher rates of growth in population, production of housing units, household incomes, housing costs, in-migration, and car ownership

⁹ % of workers taking transit, density of youth facilities, density of public space, density of small parks, % non-family households, % of dwelling units in buildings with 5+ units, % of dwelling units in buildings with 3-4 units, % renter-occupied, Public housing units, income diversity, % of renters paying > 0.35 of income, distance to San Jose, % of dwelling units with three or more cars available, density of recreational facilities, % married couples with children, % non-Hispanic white, median gross rent, % of owners paying > 0.35 of income, Distance to San Francisco

when compared to the averages for the respective metropolitan areas. To discern whether gentrification occurred more often in neighborhoods with initially high proportions of renters rather than homeowners, they looked for a correlation between the rate of homeownership in 1990 (before the transit station opened) on the one hand and both the percentage change in the non-Hispanic white population between 1990 and 2000 and the percentage change in median household income between 1990 and 2000 on the other. In both cases they found that a higher initial proportion of renters was correlated with a larger change in racial and ethnic composition and larger increases in median household income.

Applying the same methodology he used to study gentrification and displacement in London, in 2011 Atkinson and coauthors characterized household vulnerability to displacement from neighborhoods that gentrified between 2001 and 2006 in the Melbourne and Sydney greater metropolitan areas. A vulnerability score (from 1-13) was measured based on tenure, number of employed persons per household, and occupation, ranking owner-purchaser, two-income, professional households at the least vulnerable end of the scale (1) and working-age private renters not in the labor force at the most vulnerable (13). Displacement rates were calculated by dividing the number of out-migrants with vulnerability characteristics by the number of households with these characteristics exposed to the likelihood of moving in 2001. Gentrified neighborhoods were defined by projecting the population for various sub-groups (e.g., low-income) and comparing projected to actual populations. Neighborhoods that had higher-than-projected numbers of high-income, occupied, and professional populations were designated gentrified.

Building off the same methodology as Chapple (2009), researchers from the Local Initiative Support Corporation (LISC) constructed a model predicting gentrification in neighborhoods of Houston (Winston and Walker 2012). They created a narrower definition of gentrifying neighborhoods by restricting the label to those that experience increases in a neighborhood's median incomes, median housing values, and educational attainment that are at least 10 percent higher than for all Houston neighborhoods. They began with the same list of independent variables (excluding the locational and income diversity ones), and added several others such as percent poverty, vacancy rates as well as dis-amenity variables such as industrial land uses for 1990. In addition, they included in the regression changes in the variables between 1990 and 2000. From this original list of 32 only seven variables¹⁰ were significantly associated with gentrification rates and were included in the susceptibility model. Rather than scoring tracts like CCI, the LISC researchers used the regression coefficients and continuous independent variables in predicting the rate of gentrification, resulting in higher predictive accuracy. Validating their model using 2007 (2005-2009) American Community Survey (ACS) data, they found 86% accuracy for highly susceptible tracts (i.e. those that the model predicted were 75% likely to gentrify) and 60% accuracy for moderate susceptibility (i.e., between 50% and 75% likelihood).

A recent study in Portland by Lisa Bates (2013) set out to predict market changes based on a small set of indicators (vulnerability to displacement, demographic changes, and housing market conditions). She defined tracts as vulnerable to displacement in 2010 when they had higher-than-average populations of renters, communities of color, a lack of college degrees, and lower incomes. For housing market conditions Bates defines neighborhood market typologies as 1) adjacent tracts (low/moderate 2010 value, low-moderate appreciation, touch boundary of high value/appreciation tract), accelerating tracts (low/moderate in 2010 with high appreciation rates), and appreciated

¹⁰ % of non-family households 1990, % of dwelling units in buildings with 5+ units 1990, % of dwelling units with three or more cars available 1990, number of youth facilities, Δ in % of married couples with children 1990 – 2000, Δ in % of non-family households 1990 – 2000, Δ in % of renter-occupied units 1990 – 2000

tracts (low or moderate 1990 values, high 2010 value, high 1990-2010 appreciation). Combining this information with demographic shifts for vulnerability factors (see above) between 2000 and 2010, she identified the following neighborhood typologies:

1. Susceptible tracts: are near high-value and/or high-appreciation tracts, but still have low or moderate home values and appreciation rates. They have vulnerable populations and are not yet experiencing demographic change indicative of gentrification.
2. Early: Type 1 tracts experienced high appreciation rates over the last decade, but still have low or moderate home values. Their populations are vulnerable but no gentrification-related demographic change has occurred.
3. Early: Type 2 tracts are near high-value and/or high-appreciation tracts but still have low or moderate home values and appreciation rates. They have vulnerable populations and have experienced demographic change indicative of gentrification.
4. Dynamic tracts experienced high appreciation rates over the last decade but still have low or moderate home values. They exhibit demographic change indicative of displacement but still have vulnerable populations.
5. Late tracts had low or moderate median home values in 1990, but experienced high appreciation over the last two decades and are now high-value tracts. They have experienced gentrification-related demographic change, but still have populations that are vulnerable.
6. Continued loss tracts are also high-value areas that experienced high appreciation over the last two decades starting from low or moderate 1990 values. They no longer have above-average levels of vulnerable populations, but exhibited high levels of demographic change over the previous period, and remaining vulnerable households may be in a precarious situation.

Bates then uses these typologies to recommend how to tailor policy approaches to the specific characteristics and needs of neighborhoods.

Finally, the Puget Sound Regional Council (PSRC) together with the Center for Transit Oriented Development created a typology of neighborhoods as part of their “Growing Transit Communities” Strategy (PSRC 2013). They constructed a “people profile” and “place profile” matrix and aligned policy responses according to neighborhood typology. The people profile consisted of a social infrastructure/access-to-opportunity axis comprised of a composite indicator of education, economic health, housing and neighborhood quality, mobility and transportation, and health and environment. The other axis - change/displacement - measured risk of displacement due to recent neighborhood change, current community risk factors, and current and future market pressure. Data used to quantify these factors relate to income, education, race and ethnicity, household type, housing tenure, and residential market strength measured at the block group level and were categorized into low, potential, and immediate risk. Low-risk communities tend to be moderate- to higher-income communities and/or communities with lower market pressures. Immediate-risk communities tend to have indications that displacement of lower-income populations has begun, higher current market strength, and/or high number of community risk factors. Potential-risk communities are those that have a weak market strength and therefore do not face imminent displacement risk; however, they also exhibit numerous community risk factors that suggest needs for community stabilization efforts to avoid future displacement risk should market forces change.

The place profile also consisted of two dimensions: the degree to which a transit community’s physical form and activity support a dense and walkable transit community (the physical form+activity/transit orientation axis) and the likelihood that the community will change due to real estate market strength (the change/market strength axis). The physical form+activity/transit

orientation axis measures the degree to which a community's place characteristics are transit-oriented—with a form and activity level that support a dense and walkable community served by high-capacity transit. The composite index includes five sub-measures: pedestrian infrastructure, transit performance, physical form, population, and proximity of a mix of uses. The change/market strength axis measures the strength of the residential transit-oriented development market, which was intended to evaluate the potential demand for residential transit-oriented development, includes measures related to the real estate market, employment patterns, density, and household income and size. Combining the people and place typologies, they identify eight general typologies, for each of which they identified implementation and policy approaches.

Finding: Many different descriptive toolkits offer typologies of neighborhood change, but few have analyzed the causality behind it, limiting the usefulness of such tools to predict and mitigate change.

Chapter 1 Conclusions

Scholarly interest in the relationship between investment and displacement dates back to the 1970s, in the aftermath of displacement related to urban renewal. More recently, a new wave of scholarship examines gentrification, primarily in strong-market cities, and its relationship to public investment, particularly in transit. The results of these studies are mixed, due in part to methodological shortcomings. However, the following findings emerge across the literature:

- Influential early models of neighborhood change present processes of succession and segregation as inevitable, underemphasizing the role of the state.
- Neighborhoods change slowly, but over time are becoming more segregated by income, due in part to macro-level increases in income inequality.
- Racial segregation harms life chances and persists due to patterns of in-migration, “tipping points,” and other processes; however, racial integration is increasing, particularly in growing cities.
- Neighborhood decline results from the interaction of demographic shifts, public policy, and entrenched segregation, and is shaped by metropolitan context.
- Gentrification results from both flows of capital and people. The extent to which gentrification is linked to racial transition differs across neighborhood contexts.
- Cultural strategies can transform places, creating new economic value but at the same time displacing existing meanings.
- Commercial gentrification can also transform a neighborhood's meaning, but research is mixed on whether it is positive or negative for existing residents and businesses.
- New fixed-rail transit has a generally positive effect on both residential and commercial property values, but its impact varies substantially according to context.
- Preliminary evidence suggests that BRT has limited or no effects on local property values.

- Proximity to high-quality schools and parks, as well as access to highways, increases home values.
- Displacement takes many different forms—direct and indirect, physical or economic, and exclusionary—and may result from either investment or disinvestment.
- Despite severe data and analytic challenges in measuring the extent of displacement, most studies agree that gentrification at a minimum leads to exclusionary displacement and may push out some renters as well.
- Previous studies have failed to build a cumulative understanding of displacement because they have utilized different definitions, compared different populations, and adopted a relatively short timeframe; there is not even agreement on what constitutes a significant effect.
- Existing studies rarely account or proxy for regional market strength, which undermines their relevance to particular contexts.
- Urban simulation models are guided by consumer decision-making, rather than development decisions – flows of people rather than capital – and have neglected the role of race; thus they may not capture complex gentrification dynamics.
- Many different descriptive toolkits offer typologies of neighborhood change, but few have analyzed the causality behind it, limiting the usefulness of such tools to predict and mitigate change.

In sum, previous work on neighborhood change has showed that income segregation is generally increasing. Gentrification, or the influx of capital and higher-income, higher-educated residents into working-class neighborhoods, is transforming some areas. Displacement, which includes moves out of neighborhood that are for reasons beyond a households control (e.g., rent increase) as well as exclusion or the prevention of households from moving into neighborhoods where they could have previously afforded to live, may result from disinvestment as well as investment in neighborhoods. The impacts of gentrification are mixed, at a minimum leading to exclusionary displacement and most likely pushing out some renters as well. New fixed-rail transit, inasmuch as it has a positive effect on residential and commercial property values, may also affect neighborhood stability and composition.

Chapter 2: Analysis of Historic Patterns of Neighborhood Change

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Acronyms Used in This Chapter

- ACS (American Community Survey – U.S. Census)
- AIN (Assessor Identification Number)
- APN (Assessor Plat Number)
- CASP (Cornfield Arroyo Seco Specific Plan)
- CBO (Community-Based Organization)
- CTCAC (California Tax Credit Allocation Commission)
- HCD (California Department of Housing and Community Development)
- HUD (U.S. Department of Housing and Urban Development)
- JD (Joint Development – Los Angeles Metro)
- LIHTC (Low-Income Housing Tax Credits – HUD)
- LTDB (Longitudinal Tract Data Base)
- NCDB (Neighborhood Change Database)
- OLS (Ordinary Least Squares)
- PUMA (Public Use Microdata Area)
- PUMS (Public Use Microdata Sample)
- SEACA (Southeast Asian Community Alliance)
- SUR (Seemingly Unrelated Regressions)
- SNAP (Station Neighborhood Area Plan)
- TOD (Transit-Oriented Development or Transit-Oriented District)
- VTA (Santa Clara Valley Transportation Authority)

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Chapter 2 Introduction

In Chapter 2, we present a series of quantitative and qualitative analyses to examine if key characteristics associated with gentrification and displacement are driving neighborhood change in fixed-rail transit neighborhoods in Los Angeles County and the San Francisco Bay Area. The sections in this chapter provide the following: 1) a summary of steps taken to construct the quantitative databases for each area, which are used to model neighborhood change; 2) a description of the typologies of transit neighborhoods we encounter in these regions; 3) a series of multivariate regression models on mobility, displacement, and neighborhood change; 4) sensitivity analyses of the models; and 5) the methods and findings used to ground-truth our quantitative models through an extensive inventory of neighborhood observations and interviews with key informants.

We find that gentrification in Los Angeles and the Bay Area TODs cannot be attributed to new development, as both areas experienced relatively little residential development during the period of observation. We also find that transit neighborhoods in both areas are experiencing similar demographic shifts, including new residents with higher-income in Los Angeles and new residents with higher levels of educational attainment in the Bay Area. Further, we see an increase in the use of housing development tax credits as well as an increase in eviction rates near fixed-rail transit in both regions. Spatial variations within the two areas exist in terms of race and measures of affordable housing. The findings of the field observations were generally consistent with the secondary data; however, observations and interviews also reflected processes currently underway that have the potential for displacement but are not captured in our neighborhood change databases. We conclude that proximity to a rail station impacts neighborhood change patterns associated with gentrification and displacement.

Section 2A: Development of a Neighborhood Database

This section summarizes the data sources and general methods used to construct a customized database for Los Angeles and the Bay Area at the neighborhood level. We use Census tracts as a proxy for neighborhoods¹. For Los Angeles we analyze all tracts within Los Angeles County. For the Bay Area we analyze all tracts within the 9-county region as defined by the Metropolitan Transportation Commission: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma counties. The database is used to model neighborhood change from 1990-2013 at the Census tract level. While we strived to ensure consistency in the variables and indicators used in both regions, each site had access to varying data sources; however, the database for each region is consistent in use of key demographic, socioeconomic, and housing variables. Detailed information on methods used, and challenges faced when processing the datasets for the two regions can be found in Appendix F and Appendix G.

2A.1. Census-Tract Datasets

The primary datasets used to construct the databases for each region are derived from the Census Bureau's decennial Census and American Community Survey (ACS). The ACS is conducted annually but only the 5-year estimates provide data at small geographies such as the tract. In addition to

¹ There is much debate and research into the definitions and analytical proxies for neighborhoods that is beyond the scope of this research. Due to data availability, we use the Census tract as a proxy for neighborhood scale for the purposes of this study.

Census datasets, a wide variety of other data were collected and analyzed for exploratory purposes. Table 2A.1 shows the common datasets and variables collected for both regional databases.

Decennial Census and ACS data were used to derive information on demographics of the population, socioeconomic status of households and individuals, and housing characteristics. These data are from the 1990 and 2000 decennial Censuses, and the 2009-2013 ACS 5-year estimates. Due to shifting Census tract boundaries, it is necessary to harmonize tract-level data to the same tract boundaries to be able to compare them over time. We analyzed two datasets that harmonize tract boundaries, Geolytics' 2010 Neighborhood Change Database and Brown University's Longitudinal Tract Data Base (LTDB), and compared them to our own population estimates. We determined that the LTDB was the most accurate of the two datasets we assessed. As such, most of the Census-based variables were derived from Brown University's LTDB or downloaded from the U.S. Census and converted to 2010 Census geography using LTDB free conversion scripts. Detailed information on the assessment, methods used, and challenges faced when processing the datasets for the two regions can be found in Appendix F.

Table 2A.1: Common Neighborhood-level Datasets Collected for Both Regions

Dataset	Variables	Data Source
Decennial Census and ACS	Demographic, housing, and socioeconomic characteristics	Brown University Census' American Fact Finder
PUMS	Movement in/out of neighborhood (with race, income, education)	Census' American Fact Finder
HUD Picture of Subsidized Housing	# Section 8 voucher recipients # public housing units	HUD

2A.2. Address-Level Datasets

When we encountered address-level data, we geocoded these data to the corresponding Census tracts and spatially joined them to the 2010 Census tract data to calculate tract-level indicators which were then added to the neighborhood database. Table 2A.2 shows the common datasets and variables collected for both regional databases at the address level.

Table 2A.2: Common Address-level Datasets Collected for Both Regions

Dataset	Variables	Data Source
Low-Income Housing Tax Credit (LIHTC)	# housing units constructed	HUD
NETS	# jobs, establishments, sales	Walls & Associates
Evictions	# fault/no-fault evictions (SF), # Ellis Act evictions (LA)	SF Rent Board, HCIDLA
Transit Stations	Presence of rail station	Various; respective metropolitan transportation agencies

Section 2B: Development of a Parcel-Level Database

In an attempt to build a finer grain understanding of neighborhood change in the Bay Area and Los Angeles County, various indicators of changes to the residential housing stock were constructed at the parcel-level. Parcel-level data provide information on the changes associated with a plot of land, including transaction history, land-use changes, new construction of a residential structure in a parcel, major renovations of existing structures, and conversions of apartments to condos. These data allowed us to develop proxies to assess different types of displacement (economic, physical, and exclusionary). The parcel datasets were purchased from Dataquick, a lead provider of county assessor data (Dataquick has since been acquired by CoreLogic). Data was also acquired directly from the county assessor for the Los Angeles database. The parcel-level data were then aggregated to the tract-level and integrated to the neighborhood database. The methods used and challenges faced when processing the parcel-level datasets for the two regions can be found in Appendix G.

Section 2C: Developing Typologies of Transit Neighborhoods

In this section we analyze neighborhood-type clusters to answer questions related to transit-oriented development (TOD) neighborhoods, gentrification, and displacement. Specifically, we created TOD neighborhood (Census tracts that intersect within a half-mile station buffer) typologies based on new development and transit investment types, where data is available. We used cluster analysis to group transit neighborhoods based on their shared characteristics. For the analysis in this section, new development includes data on new residential units, renovations of single-family homes, condo conversions, and the change in the number of low-income housing tax credit (LIHTC) units for Los Angeles County. As data for renovations and condominium conversions were only available for San Francisco, the analysis for the entire Bay Area is limited to new market-rate housing development, new and rehabbed subsidized housing units, and new transit stations. For further discussion of data and variable construction for the above, please see Appendices F and G.

New residential units, renovations, and condo conversions all represent private investments, while LIHTC is a combination of both public and private investment. Data on transit investment for Los Angeles include the number of Metro Joint Development (JD) projects in a tract. JD represents a public-private partnership and occurs when a transit agency collaborates with a private developer to develop property that is owned by the transit agency and located near a transit station. No such data was available for the entire Bay Area. Four main cluster types emerged from this analysis for Los Angeles and three for the Bay Area.

As of 2014, the Los Angeles Metro Rail system was comprised of 80 transit stations. Using the half-mile definition, 387 Census tracts were classified as TOD tracts. Figure 2C.1 below displays all 387 TOD tracts in Los Angeles.



Figure 2C.1: Map of 2010 TOD tracts, Los Angeles

As of 2014, there were 548 Census tracts that intersected with the half-mile buffers around rail stations (Figure 2C.2). In 2000 there were only 422 rail stations, and their half-mile buffers intersected with 488 Census tracts, and in 1991 there were 302 rail stations, covering 418 Census tracts. Thus, while the number of rail stations has more than doubled since 1990, they have clustered in heavily populated areas, and the Census tract coverage has only increased by 31%.



Figure 2C.2: TOD Areas in the Bay Area

The following describes the four main cluster types for Los Angeles and Table 2C.1 reports their summary statistics:

1. *Private-driven* – On average, have a greater number of new residential units and condo conversions.
2. *Mixed without joint Metro development* – Generally have more newly constructed residential units, an increase in LIHTC units, and condo conversions, but on average, no joint development and no renovations to single-family homes.
3. *Mixed with joint Metro development* – Characterized by a combination of newly constructed residential units, an increase in LIHTC units, condo conversions, joint development, and renovations to single-family homes.
4. *Subsidy-driven* – On average, have experienced an increase in the number of LIHTC units.

Table 2C.1: Summary Statistics for Transit Station Types in Los Angeles (Means)

	Private- Driven	Mixed w/o Joint Metro Development	Subsidized- Driven	Mixed w/ Joint Metro Development
New Residential Units, 2005-12	538.5	1,237.5	64.8	450.2
SFH Renovations, 2007-13	2.5	0.0	2.0	13.2
Condo Conversions, 2003-13	483.5	58.0	35.0	36.6
Δ LIHTC Units, 2000-13	0.0	224.5	782.3	149.5
Joint Development, 2014	1.0	0.0	1.0	1.2
n	2	2	4	13

Source: 2000 Decennial Census, 2009-13 ACS, LA County Assessor, TCAC

Figure 2C.1 displays the typologies alongside tracts that have gentrified between 2000 and 2013. Broadly speaking, gentrified neighborhoods are defined as socioeconomically disadvantaged tracts that are at risk of displacement due to influx of higher income, better educated, increasing rent and loss of affordable rental housing. For further discussion of the methodology used to calculate gentrification, see Section 2E.

When we compare the two maps side by side for Los Angeles (Figure 2C.3), we see the existence of both development-driven gentrification and gentrification without extensive development. For example, if a place suddenly becomes attractive, it can attract more affluent, higher educated, and non-Hispanic whites who might just use the existing built environment. Gentrification can also overlap with high levels of development as we see in the two maps. For example, there seems to be a lot of overlap in the areas around Downtown, particularly around the Staples Center and Arts District. Both of these areas have gentrified or are in the process of gentrifying, and both are experiencing high levels of development, but the types of development occurring are different. The area around the Staples Center is experiencing more mixed development (with and without Metro's joint development), and the Arts District is being driven primarily by private development. We also see tracts that are adjacent to development and gentrified tracts experiencing changes, indicating some sort of spillover effect.

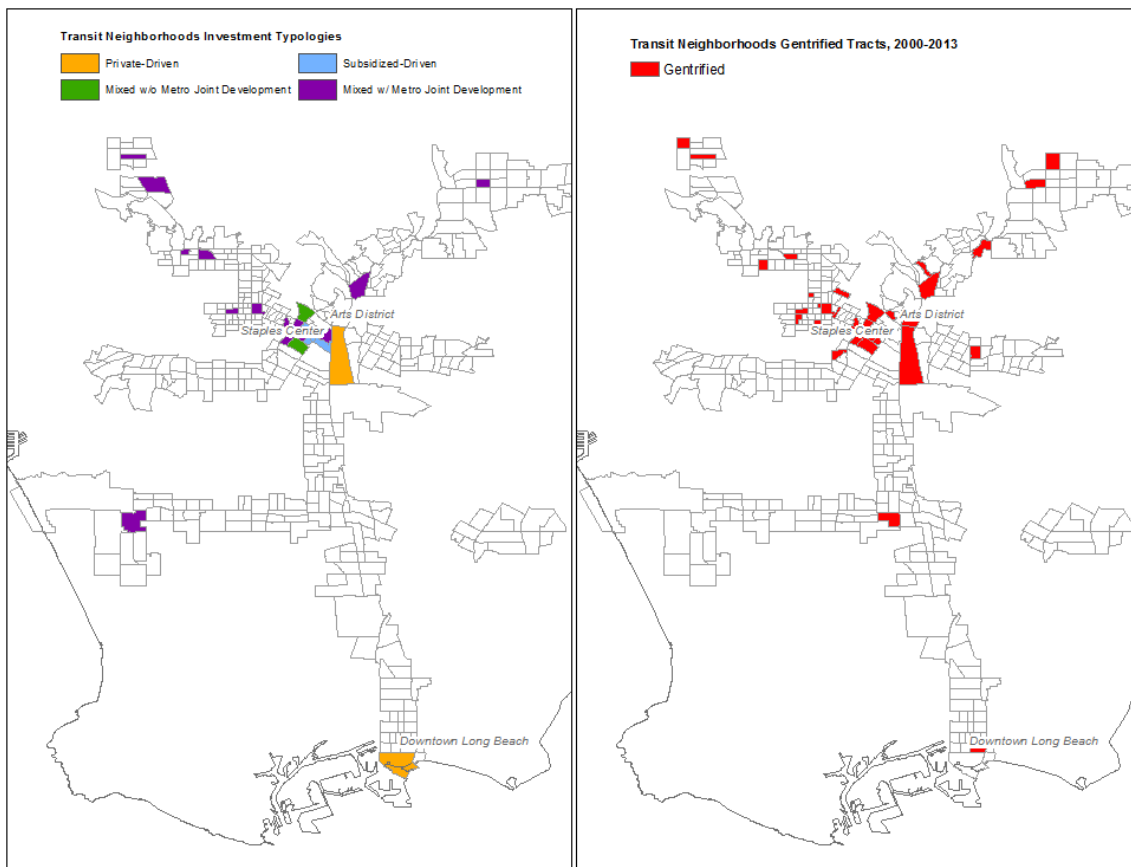


Figure 2C.3: Development Tracts in LA County (L) and Gentrified Tracts in LA County (R)

The tracts that experienced extensive development but did not cross the threshold of gentrification are also interesting. The southern part of Long Beach provides an example. The tract gentrified in the 1990s to the extent where it is no longer eligible (i.e., it no longer housed sufficient low income or other vulnerable population per the criteria listed in section 2E.1) to be included in our assessment in the 2000s. The gentrification that occurred in the 1990s seems to have precipitated a wave of development in the following decade. Table 2C.2 provides a breakdown of all 387 TOD tracts by whether or not they gentrified and whether it was with or without housing development.

Table 2C.2: TOD Tracts, Gentrified With/Without Development for Los Angeles County

	# of TOD Tracts
Gentrified w/ Development	11
Gentrified w/o Development	20
Development Only	7
Not Gentrified/No Development	349

Source: 2000 Decennial Census, 2009-13 ACS

For the Bay Area, the three typologies that emerged (Table 2C.3) were:

1. *Private-driven* – On average, have a greater number of new market rate residential units and more new transit stations.
2. *Little development* – Characterized by few new market-rate or subsidized residential developments with some new transit
3. *Subsidy-driven* – On average, have experienced an increase in the number of LIHTC units with little new transit.

Table 2C.3: Summary Statistics for Transit Station Types in the Bay Area

	Private-Driven Development	Little Development	Subsidy-Driven Development
Average Number of New Market Rate Units, '00-'13	65.8	109.1	1997.6
Average Number of New and Rehabbed Subsidized Units, '00-'14	417.9	20.8	150.3
Average Number of New Transit Stations '00-'14	0.3	0.8	2.3
n (# of tracts)	24	510	14

Source: 2000 Decennial Census, 2009-13 ACS, TCAC, MTC, HUD

In the Bay Area, we see a similar mix of non-development-driven gentrification and some development-driven gentrification of different types (Table 2C.4 and Figure 2C.4). Of the 125 Census tracts that gentrified between 2000 and 2013, half (63) were in TOD areas. Yet, the vast majority of these TODs (58) that gentrified did not experience much development. Only five of these tracts experienced housing development, including two subsidy-driven neighborhoods. One of these gentrifying TODs that witnessed a significant amount of subsidized residential development is in San Francisco's South of Market neighborhood, where 438 units were developed in five different projects between 2002 and 2013. The other is in Downtown Oakland, where 313 subsidized units (along with 400 market-rate units) were developed in three different projects. The three TOD neighborhoods that experienced privately driven development and gentrified between 2000 and 2013 were: 1) the Jack London Square neighborhood of Oakland where 1,301 market-rate units were developed as well as 103 subsidized units, 2) Milpitas near the Santa Clara Valley Transportation Authority (VTA) Great Mall Station where 2,904 new market-rate units were developed and no subsidized housing was built, and 3) the Midtown neighborhood in San Jose near the VTA light-rail stations, where 1,087 market-rate units were developed and no subsidized housing was built.

While many TOD tracts experienced housing development, they did not undergo gentrification either because they were not low-income to begin with, or because there was not sufficient demographic change during the time period analyzed.

Table 2C.4: Number of tracts that gentrified and did not gentrify in the 9-County Bay Area, Categorized by TOD Typology

	Gentrified '00-'13	Did not Gentrify '00-'13
Subsidized Housing Driven Development	2	22
Little Development	58	452
Private Development w/New Transit	3	11

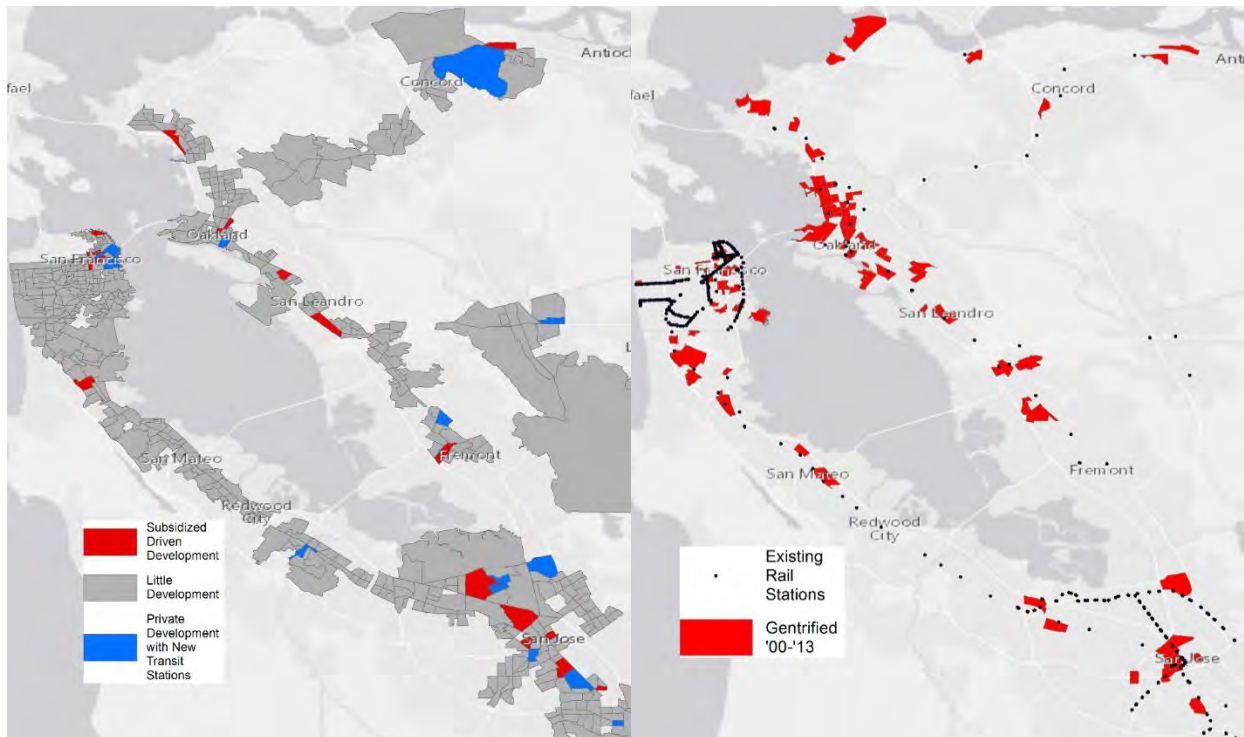


Figure 2C.4: Development Tracts in the Bay Area (L) and Gentrified Tracts in the Bay Area (R)

The relationship between gentrification and development is complex. The analysis depends on creating mutually exclusive categories, which may over-simplify complex phenomena (such as the changes in and around Downtown Long Beach, described on page 54). However, we find in general that the vast majority of tracts experienced relatively little development during the time period of analysis. In the Bay Area, most development occurred in tracts that did not gentrify. In contrast, in Los Angeles, development occurred in both gentrifying and non-gentrifying areas — but with most gentrification occurring in the absence of development.

Section 2D: Modeling Neighborhood Mobility

To assess neighborhood mobility patterns and the effects of proximity to rail transit stations, we developed models controlling for demographic characteristics, income, housing price appreciation, and other covariates. Our analysis of neighborhood mobility is done in two parts. The first part models both in-migration and out-migration rates for overall movers who reported moving within the last year. Part two examines the demographic and socioeconomic characteristics of in-movers. We attempted to estimate the numbers out-movers and examine their demographic and socioeconomic characteristics but it did not produce any robust results. Our main finding is that higher-income and better-educated persons make up a higher share of in-movers in TOD areas for both the Bay Area and Los Angeles. Additionally, non-Hispanic whites also make up a higher share of in-movers to TODs adjusting for all other factors for both regions. These findings are consistent with the gentrification thesis: that is, TODs are associated with demographic and socioeconomic change.

For the dependent variable of household mobility, we relied on the American Community Survey's (ACS) tract-level data. The five-year ACS now includes information on in-migration by race/ethnicity and income levels.

2D.1. In-/Out- Migration

This section examines both the in- and out-migration rates using data from the 2009-13 five-year ACS estimate. We use ordinary least squares (OLS) regressions to model residential mobility. The dependent variables are the calculated in- and out-migration rates. We include a series of independent variables related to socioeconomic, demographic, and housing characteristics. Additionally, variables related to residential mobility choice (e.g., proximity to amenities, housing cost burden, and the like) are included. The key variables of interest are the downtown and non-downtown TOD variables, which were included to measure whether or not TOD had an impact on the likelihood of people moving into or out of a neighborhood.

For Los Angeles, TOD neighborhoods are grouped into two separate categories: TODs that are located in Downtown Los Angeles ("Downtown TOD") and TODs that are located elsewhere ("Other TODs"). In recent decades, Downtown has gone through a major revitalization process with a surge in private investments and new developments. While it is important to control for these effects, the problem lies with the fact that all of the Downtown Los Angeles tracts are also TOD tracts, making it difficult to tease out the individual effects. The Downtown variable can only be interpreted as a subset of TOD areas that just happens to be in Downtown. In the Bay Area, there is no such obvious "downtown." However, we did separate out TODs in the three largest cities — San Francisco, Oakland and San Jose — and labeled them as "downtown" to determine if different dynamics are at play in the region's major cities in contrast to other TODs.

In order to calculate in-migration rates, we first calculated the number of in-movers. This was done by subtracting the number of non-movers or "stayers" (lived in the same house 1 year ago) from the total number of persons in that tract. We then divided this number by the tract's total population in the previous year, in this case 2012, and multiplied this by 100. We relied on the 2008-2012 ACS for the total population counts in the previous year, since it is the only available source of information to include population counts in 2012 at the tract level. To calculate the out-movers, we subtracted the total population in the previous year (2012) and total number of estimated in-movers from the

total population in 2013. The numerator of the rate is the number of out-movers, while the denominator is the population in the previous year. Figure 2D.1 provides the formulas utilized in calculating migration rates.

In-movers = total number of persons – lived in same house 1 year ago

Out-movers = Total Pop₂₀₁₃ – Total Pop₂₀₁₂ – In-Movers

In-Migration Rate = $\left(\frac{\text{Number of In-Movers to Tract X in 2013}}{\text{Total Population in Tract X in 2012}} \right)$

Out-Migration Rate = $\left(\frac{\text{Number of Out-Movers to Tract X in 2013}}{\text{Total Population in Tract X in 2012}} \right)$

Figure 2D.1: In- and Out-Migration Rates Calculations

We begin with a simple bivariate analysis of the relationship between TODs and in-/out- migration rates. Figures 2D.2 and 2D.3 compare the rates for TOD and non-TOD areas. From the bivariate analysis, we do observe that TOD neighborhoods have higher rates of in- and out-migration than non-TOD areas in Los Angeles. This is consistent with the literature that TODs have an impact on residential mobility. TODs can make a neighborhood more desirable and attractive to those who want to be closer to transit, leading to in-migration. Conversely, the neighborhood's proximity to transit can also lead to price escalation, pricing out those who can no longer afford to live in the neighborhood, and thus exiting.

The effect is less dramatic in the Bay Area, where TOD areas have in- and out-migration rates that are only slightly higher than non-TOD areas. The bivariate analysis, however, does not account for other neighborhood characteristics that may influence in- and out-migration. For example, low-income and renter households generally have higher mobility rates. A TOD neighborhood with a larger share of low-income or renter households might exhibit higher rates of in- and out-migration because of other factors in the neighborhood, not due to TOD per se. We used multivariate regression models to determine if this relationship holds after controlling for all other factors related to the neighborhood's characteristics.

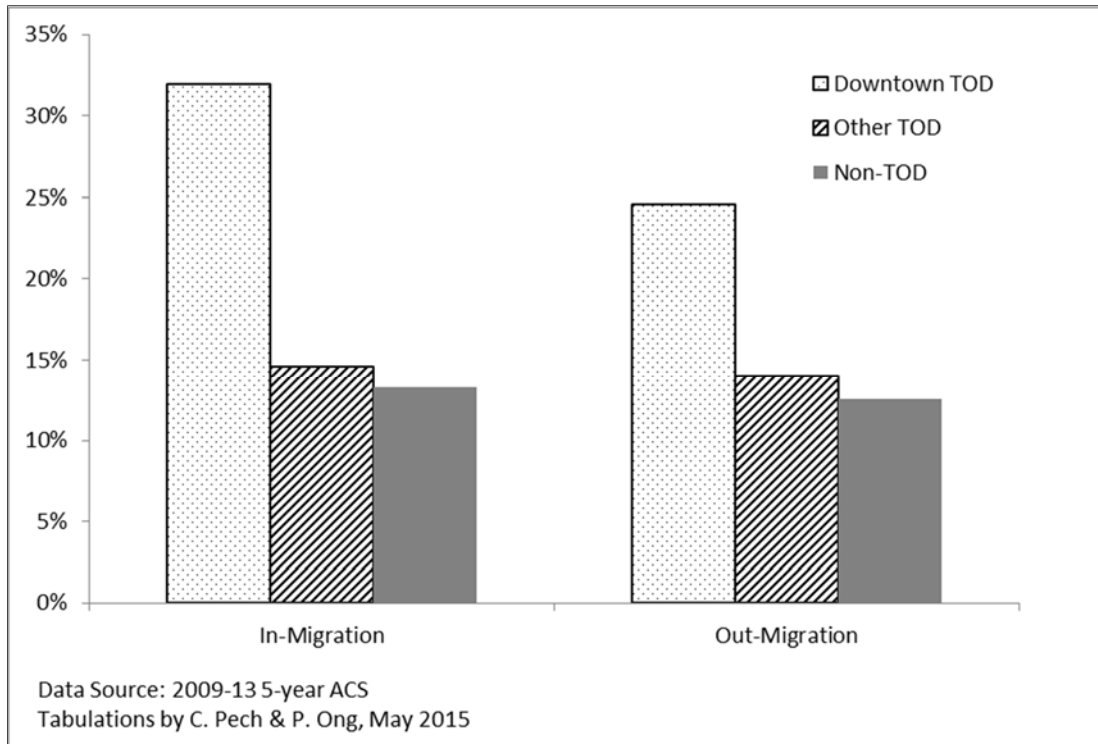


Figure 2D.2: Bivariate Analysis, In- and Out-Migration Rates for Los Angeles, 2009-2013

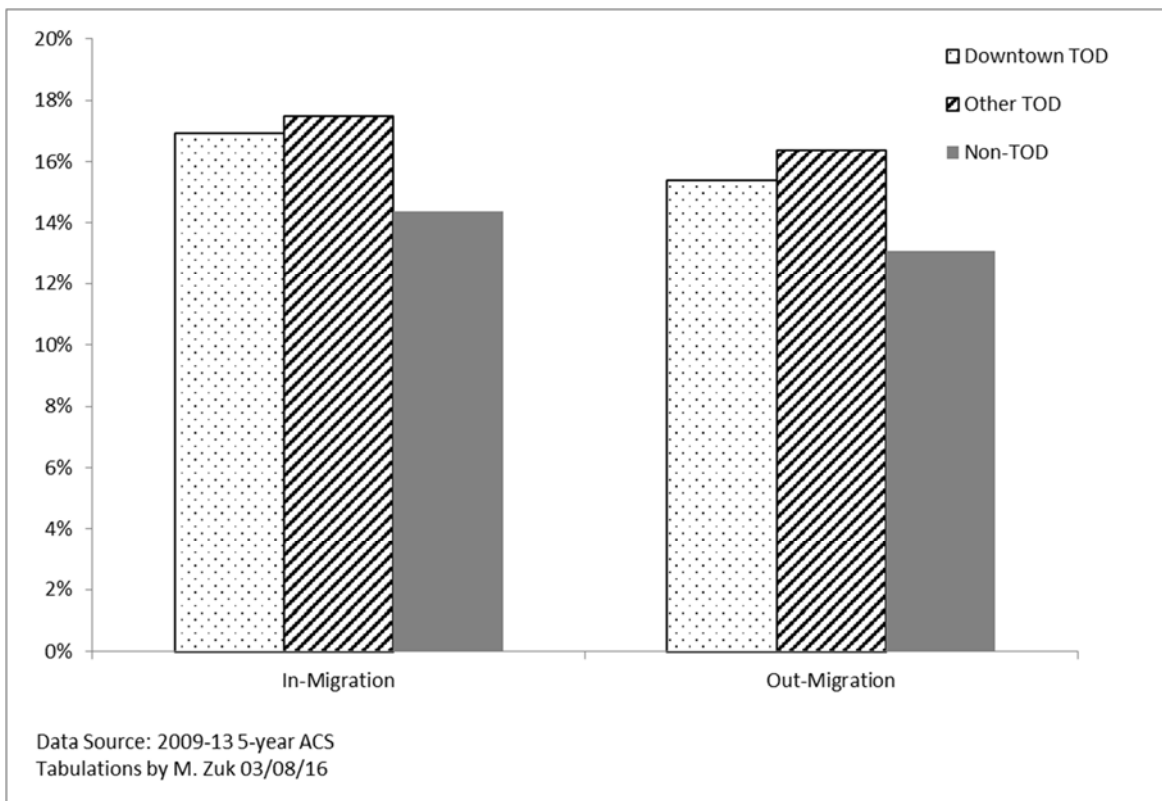


Figure 2D.3: Bivariate Analysis, In- and Out-Migration Rates for the SF Bay Area, 2009-2013

We initially ran regressions for both in- and out-migration that included an extensive list of control variables, many of which were collinear, producing problems of multi-collinearity and endogeneity. The results are presented in Appendix R. To reduce multi-collinearity, we ran more parsimonious models to include a more limited set of key variables. The key independent variables are lagged (that is, from the previous period), thus reducing endogeneity. Data for the independent variables come from the 2006-2010 five-year ACS, the earliest available in which the tract boundary is consistent with the 2009-2013 five-year ACS (the previous five-year ACS uses the 2000 boundary). We acknowledge that this method is not perfect since the 2009-2013 and 2006-2010 five-year ACS both include the 2009 and 2010 individual ACS.

Results for the parsimonious migration models are presented in Table 2D.1 In Los Angeles, with the exception of Downtown TODs, we do not see TODs having any effect on mobility in Los Angeles. In comparison, proximity to rail outside of the three major cities in the Bay Area (San Francisco, Oakland, and San Jose) is positively associated with in-migration, and negatively associated with out-migration. In the three main cities of the Bay Area, the pattern is reverse, with higher out-migration rates and lower in-migration rates.

In Los Angeles, TODs seem to accelerate change in locations that are going through transitions. The transit system going through Downtown Los Angeles was meant to bring people in and out of Downtown. It contributes to making Downtown more accessible and more susceptible to neighborhood change and development. The other changes occurring in Downtown (e.g. Grand Avenue project, Staples Center) are not the consequence of TOD; instead, TODs may help serve them.

For the Bay Area, the variability in TODs and development seems to be too great to draw any general conclusions. For instance, when including a variable for TODs, without differentiating between those in the major cities, we find positive, but not significant association for both in- and out-migration. When we differentiate between TODs in the three major cities versus other TODs, we find greater in-migration and less out-migration in non-central TODs, and the reverse in central TODs. This non-intuitive relationship may result from the wide variability in land use types among the TODs in the three major cities: some actually have more suburban land use characteristics (e.g., low density), despite being in a major city. This could also result from the timing of construction, which we don't control for – if the “Other TODs” are built more recently than the “Downtown TODs”, and construction is a nuisance, out-migration rates may temporarily be higher than in-migration.

Table 2D.1: In-Out Migration, Parsimonious Multivariate Regressions

	In-Migration		Out-Migration	
	Los Angeles	Bay Area	Los Angeles	Bay Area
Constant	0.0909 ***	0.1122 ***	0.0348 *	-0.1123 ***
Median Household Income (/10,000)	0.0061 ***	-0.0033	0.0115 ***	0.005996 **
Income Squared	-0.0003 ***	0.00014	-0.0005 ***	-0.00026 **
% non-Hispanic black	-0.0002 **	0.037 **	-0.0001	-0.0015
% Asian	-0.0007 ***	-0.0278 ***	-0.0004 ***	0.023764 **
% Hispanic	-0.0011 ***	-0.0579 ***	-0.0009 ***	0.065866 ***
Downtown TOD	0.1219 ***	-0.0107 **	0.0558 **	0.015904 ***
Other TOD	-0.0046	0.0129 ***	-0.0043	-0.01239 **
% Renters	0.0016 ***	0.18276 ***	0.0018 ***	-0.19257 ***
Adj R-Squared	0.3411	0.3256	0.2576	0.268
n	2,315	1578	2,315	1578

*** P<.01, ** p<.05, *p<.10

Source: 2006-10, 2009-13 ACS

Tabulations by C.Pech & P. Ong, May 2015, M. Zuk Aug 2015

2D.2. Composition of In-Movers

Our second analysis of residential mobility looks at the composition of the in-movers by income and demographic characteristics. Specifically, we focus on the share of in-movers who are low-income, high-income, non-Hispanic white, individuals with less than a high school diploma, and persons with a bachelor's degree or higher. In part due to differences in the income distributions between the two regions (and high intra-region variability in the Bay Area), we use slightly different categories for low and high income. For Los Angeles we define low-income as persons who move with less than \$10,000 annual income, and for the Bay Area we use the Census calculated incomes below the Federal Poverty level (~\$11,500 for a one-person household in 2013). For high income in Los Angeles, we use \$65,000 annual individual income as the cutoff and for the Bay Area we use 120% of each county's median per capita income for that year (between ~\$35,000 and \$68,000) and rounded to the closest Census income category.

We attempted to estimate the number of out-movers by subgroup using the method presented in Figure 2D.1, but the small sample size of the ACS resulted in uncertain estimates that made the models unreliable. We therefore only report results for in-movers by subgroup. We use the following equations to estimate the share of in-movers for each sub-population (example shown for low-income):

$$\begin{aligned} \# \text{ In-Movers}_{\text{low-income}} &= (\text{Total Persons Age 15+} - \text{Non-Movers}_{\text{low-income}}) \\ \% \text{ In-Movers}_{\text{low-income}} &= (\# \text{ In-Movers}_{\text{low-income}} / \text{Total In-Movers}) * 100 \end{aligned}$$

Table 2D.2 contains the bivariate analysis by subgroup. The bivariate analysis shows mixed results for the gentrification hypothesis. Data for both TOD and non-TOD areas show that in-movers are lower income than stayers ($\Delta = \% \text{ in-movers} - \% \text{ stayers}$). This, however, may be confounded by the Great Recession which depressed overall income. Figure 2D.4 shows the decline in per-capita income (adjusted to 2013 dollars) following the Great Recession. The changes in TOD by educational levels in Los Angeles show an increase at the two extremes; that is, in-movers are more likely to have less than a high school diploma and more likely to have at least a bachelor's degree. In

the Bay Area, while in-movers to TODs are more likely to have bachelor's degrees, they are less likely to have less than a high school diploma. The analysis for non-Hispanic white is unambiguous in Los Angeles. In-movers in TOD areas are more likely to be of that group than stayers. This is also true for the Bay Area, except for TOD areas outside of the three major cities, where in-movers are less likely to be non-Hispanic white.

Table 2D.2: Bivariate Analysis by Subgroups, LA County and the Bay Area, 2009-2013

	Los Angeles				Bay Area			
	Not TOD	All TOD	Down- town TOD	Other TOD	Not TOD	All TOD	Down- town TOD	Other TOD
Low Income (LT 10K)¹								
Stayers (% Below 10K)	15.8	17.7	21.2	17.5	9.3	12	14.8	9.2
In-Movers (% Below 10K)	18.4	19.3	21.9	19.2	15.8	18.8	22.1	15.5
Δ (% In-Movers-% Stayers)	2.7	1.7	0.6	1.7	6.5	6.7	7.2	6.3
$\Delta \Delta$ (Δ TOD- Δ Non-TOD)	0	-1.0	-2.0	-0.9	0	4.0	4.5	3.6
High Income (65K+)²								
Stayers (% Above 65K)	15.8	9.5	14.7	9.3	22	21.2	20.5	21.9
In-Movers (% Above 65K)	12.7	9.1	15.8	8.8	4	5.1	5	5.3
Δ (% In-Movers-% Stayers)	-3.1	-0.5	1.1	-0.5	-18	-16.1	-15.5	-16.6
$\Delta \Delta$ (Δ TOD- Δ Non-TOD)	0	2.6	4.2	2.6	0	-13.0	-12.4	-13.5
non-Hispanic white								
Stayers (% non-Hispanic White)	30.8	17.1	25.9	16.7	46.6	38.7	34.5	42.8
In-Movers (% non-Hispanic White)	28.4	19.4	28.4	19.0	43.2	39.5	39.2	39.7
Δ (% In-Movers-% Stayers)	-2.3	2.3	2.4	2.3	-3.5	0.9	5	-3.1
$\Delta \Delta$ (Δ TOD- Δ Non-TOD)	0	4.6	4.8	4.6	0	3.2	7.3	-0.8
Less than High School								
Stayers (% w/ LT HS)	23.5	28.6	29.3	35.5	29.9	32.1	34.3	29.9
In-Movers (% w/ LT HS)	20.9	35.2	25.0	28.8	28.8	27.9	28	27.8
Δ (% In-Movers-% Stayers)	-2.6	6.6	-4.3	-6.7	-1	-4.1	-6.4	-1.8
$\Delta \Delta$ (Δ TOD- Δ Non-TOD)	0	9.2	-1.7	-4.1	0	-1.5	-3.8	0.8
Bachelor's Degree or Higher								
Stayers (% w/ BA+)	28.8	22.0	32.7	21.6	41.6	43.2	42.1	44.3
In-Movers (% w/ BA+)	32.0	28.4	40.3	28.0	44	49.1	48.2	49.9
Δ (% In-Movers-% Stayers)	3.3	6.4	7.7	6.4	2.3	5.9	6.3	5.5
$\Delta \Delta$ (Δ TOD- Δ Non-TOD)	0	3.1	4.4	3.1	0	2.6	3.0	2.2
n	1,960	387	15	372	1,029	551	276	275

¹ In the Bay Area, people in poverty that moved in or stayed was used for this category

² Because of the higher incomes in the Bay Area, this category was calculated as in-movers and stayers that had incomes greater than 120% of the county median income

Source: 2009-13 ACS

Tabulations by C.Pech & P. Ong, May 2015, M. Zuk, Aug 2015

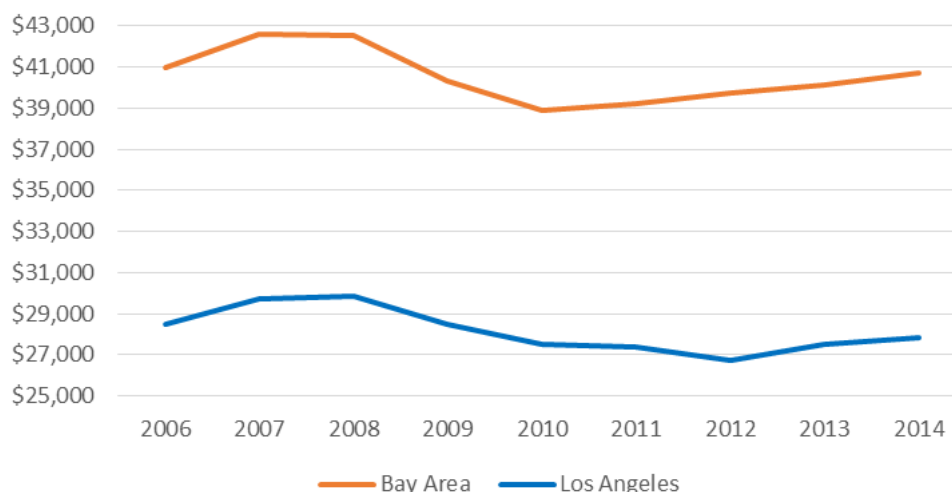


Figure 2D.4: Per-Capita Income, LA County and 9-County Bay Area (adjusted to 2013 dollars)

We ran also multivariate regressions to see whether or not we find the same results even after controlling for neighborhood demographics. Tables 2D.3 and 2D.4 report the results of the OLS regressions for each of the subgroups. After accounting for the demographic and socioeconomic characteristic (race/ethnicity and income), Downtown location, and tenure, we find that low-income and less-educated persons make up a lower share of in-movers in TOD areas than in non-TOD areas for Los Angeles. In the Bay Area, individuals in poverty actually make up a higher share of in-movers into downtown TODs, but not into non-downtown TODs. This may be related to the location of subsidized housing opportunities for very-low-income households. Conversely, higher-income and better-educated persons make up a higher share of in-movers in TOD areas for both the Bay Area and Los Angeles. Finally, non-Hispanic whites make up a higher share of in-movers to TODs after adjusting for all other factors for both regions. The multivariate results are consistent with the gentrification thesis: that is, TODs are associated with the a priori hypothesis of demographic and socioeconomic change.

Table 2D.3: Modeling Share of In-Movers by Subgroups, Multivariate Regressions for Los Angeles County, 2009-2013

	Low-Income (<10K)	High-Income (65K+)	Less than High School	Bachelor Degree or Higher	non-Hispanic white
Constant	19.233 ***	2.561	5.992 *	0.744	51.633 ***
Median Household Income	-1.642 ***	0.633 **	-0.677	1.472 ***	0.002
Income Squared	0.064 ***	0.011	0.024	-0.052 ***	0.296 ***
% non-Hispanic black	0.020	-0.041 ***	0.078 ***	-0.114 ***	-0.560 ***
% Asian	-0.033 **	-0.048 ***	-0.016	0.007	-0.551 ***
% Hispanic	0.005	-0.076 ***	0.130 ***	-0.101 ***	-0.546 ***
Downtown TOD	-0.316	4.225 *	2.970	2.700	4.821
Other TOD	-1.599 **	1.315 ***	-1.175	2.798 ***	1.440 *
% Renters	-0.024 *	0.030 ***	-0.060 ***	0.105 ***	0.066 ***
n	2,307	2,307	2,307	2,307	2,307
Adj. R-Squared	0.1206	0.5915	0.5698	0.677	0.7639

*** P<.01, ** p<.05, *p<.10

Source: 2009-13 ACS

Tabulations by C.Pech & P. Ong, May 2015

Table 2D.4: Modeling Share of In-Movers by Subgroups, Multivariate Regressions for the Bay Area, 2009-2013

	In Poverty	High-Income (> 120% County Median Income)	Less than High School	Bachelor Degree or Higher	non- Hispanic white
Constant	0.412 ***	-0.055 ***	0.496 ***	0.078 *	0.898 ***
Median Household Income	-0.053 ***	0.013 ***	-0.051 ***	0.055 ***	-0.001
Income Squared	0.002 ***	0.000 ***	0.001 ***	-0.001 ***	0.000
% non-Hispanic black	0.171 ***	-0.013 *	0.198 ***	-0.345 ***	-0.794 ***
% Asian	0.016	-0.014 ***	0.132 ***	-0.043 *	-0.933 ***
% Hispanic	0.077 ***	-0.048 ***	0.684 ***	-0.671 ***	-0.959 ***
Downtown TOD	0.019 **	0.004 *	-0.024 **	0.045 ***	0.048 ***
Other TOD	-0.014	0.008 ***	-0.015 **	0.048 ***	0.002
% Renters	0.020	0.091 ***	-0.258 ***	0.410 ***	0.066 ***
n	1,575	1,578	1,575	1,575	1,576
Adj. R-Squared	0.328	0.3922	0.5685	0.579	0.7169

*** P<.01, ** p<.05, *p<.10

Source: 2009-13 ACS

Tabulations by M. Zuk, Aug 2015

Section 2E: Modeling Neighborhood Displacement

To better understand the relationship between TODs, gentrification, and displacement, we develop dichotomous and multinomial logit models. We conduct two primary analyses, one on gentrification and the other on changes affordable rental housing. We first construct gentrification measures, which can include both direct and exclusionary displacement, for both Los Angeles and the Bay Area. Due to the unique conditions of each region and access to different data sources, gentrification is defined differently for each region. The second analysis focuses on a more direct measure of displacement, the loss of affordable housing which includes changes in affordable rental units, condo conversion, Section 8 housing, Low-Income Housing Tax Credit units, and evictions. For the San Francisco Bay Area we also explore the decline in low-income households, an indicator of displacement that is particularly salient in the region due to rising income inequality. Our main findings are that there is evidence of neighborhood change and gentrification in TOD areas. The magnitude of change varies by the type of TOD. Additionally, we find that relative to non-TOD areas, transit neighborhoods are experiencing greater losses in affordable rental housing.

2E.1. Gentrification

The method used to develop the gentrification index for this study incorporates several methods of gentrification from previous studies. These include the work done by Lance Freeman (2005) for the U.S., Lisa Bates for Portland (2013), the Bay Area (CJJC 2014; Haas Institute 2015), and the recent analysis of the largest 50 cities in the United States by *Governing Magazine* (Maciag 2015). We made some modifications to reflect the unique conditions of Los Angeles. We use the following criteria to define a neighborhood (Census tract) as having gentrified between years 1 and 2.

For Los Angeles, a tract was vulnerable to gentrification (or eligible to gentrify) if it met all of the following criteria:

1. The tract had a population of at least 500 residents in year 1
2. Vulnerable, meeting 3 out of 4 of the following indicators:
 - a. % low-income households (household income below 80% of the county median) > county median
 - b. % college educated < county median
 - c. % renters > county median
 - d. % nonwhite > county median

A tract is said to be gentrified or gentrifying if it meets eligibility and all of the following criteria:

1. Demographic change between years 1 and 2
 - o Change in % college educated > county (percentage points)
 - o Change in % non-Hispanic white > county (percentage points)
 - o Change in median household income > county (absolute value)
2. Change in Median Gross Rent > Change County Median Gross Rent (absolute value)

For Los Angeles, two major modifications were made to the index that makes it different from the previous work on gentrification. One, instead of focusing on homeowners and property values (e.g., change in home values), we focused on the rental housing market. Renters are more susceptible to gentrification and displacement due to increase in rent (e.g., generally, homeowners benefit from rising property values). Second, we included change in non-Hispanic whites into the demographic change criteria. As noted in the literature review, gentrification involves racial changes, particularly the replacement of minority population with the dominant social group. In Los Angeles, the dominant social group, in terms of political power and socioeconomic status, are non-Hispanic whites.

For Los Angeles, we were unable to estimate the number of changes in market and non-market units (e.g., affordable, below market rate, subsidized) because we did not have information on affordable units that were negotiated with private developers in exchange for concession. Table 2E.1 reports the county averages and changes for the three decades in Los Angeles.

Table 2E.1: Gentrification Criteria for Los Angeles, County Averages

	1990	2000	2013	Δ 1990-2000	Δ 2000-2013
% non-Hispanic white	41%	31%	28%	-10%	-4%
% with bachelor's degree or higher	22%	25%	30%	3%	5%
Median Household Income (2013 dollars)	\$63,423	\$58,982	\$55,909	-\$4,441	-\$3,073
Median Gross Rent (2013 dollars)	\$1,082	\$952	\$1,204	-\$130	\$252

Source: 1990 and 2000 Decennial Census, 2009-2013 five-yr ACS

Using the above definition for Los Angeles, we find that 81 tracts gentrified between 1990 and 2000, and 82 tracts gentrified between the years 2000 and 2013. Of these 82 tracts that gentrified between 2000 and 2013, eight also gentrified in the previous decade. We estimate that a total of 155 tracts gentrified between 1990 and 2013 in Los Angeles. The tracts that gentrified are displayed in Figure 2E.1. It includes tracts that gentrified *in each* of the time period and those that gentrified in *both* time periods. Additionally, vulnerable tracts (see above criteria) are also displayed, regardless of the time period of when they were vulnerable.

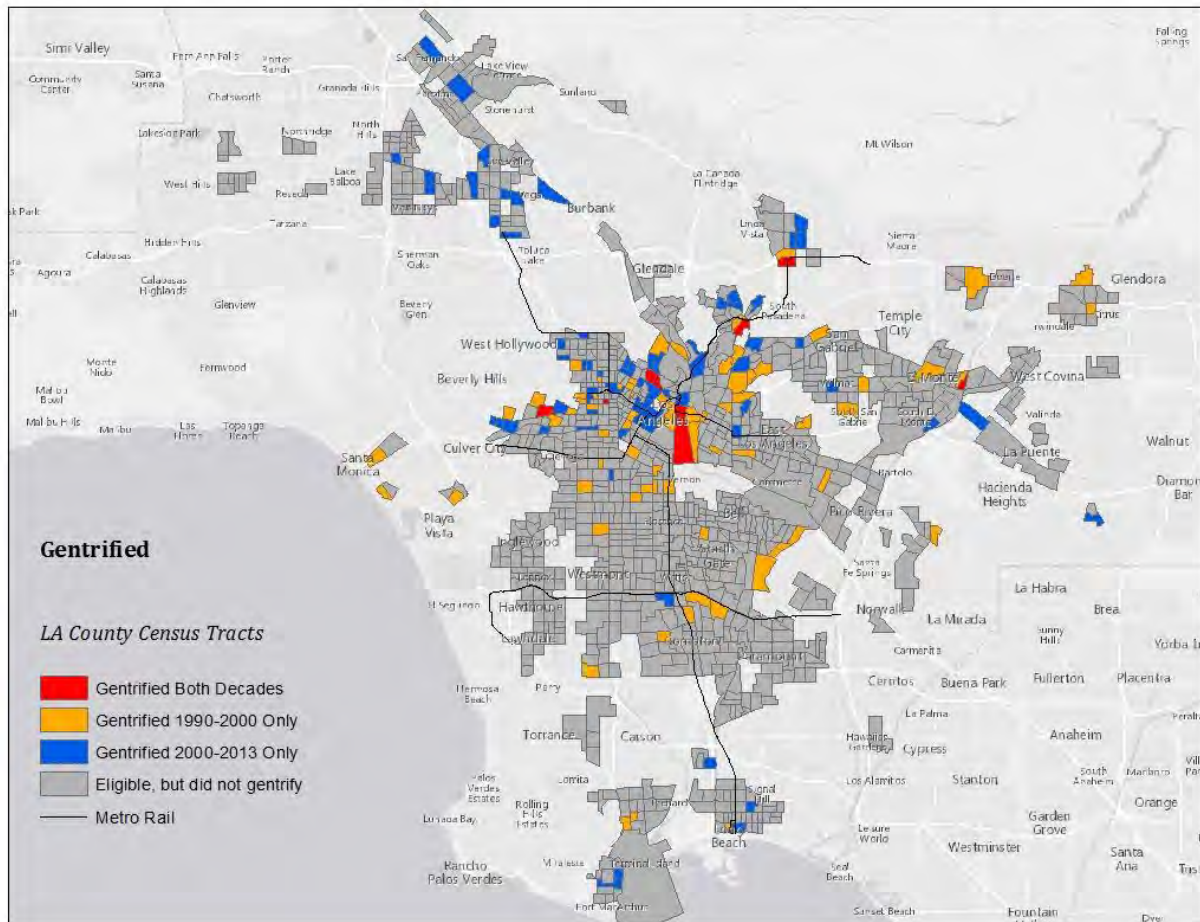


Figure 2E.1: Gentrified/Gentrifying Census Tracts, LA County 1990-2013

For the Bay Area, this index was modified slightly to reflect the conditions of the region. First, all measures were compared to the regional median that includes nine counties. Second, we did not use change in non-Hispanic white in the demographic change criteria, as considerable research has emerged on the nature of black- and Asian-driven gentrification in strong markets like the Bay Area. Finally, because of the role of the influx of global capital into the housing market, we used a combination of housing price increases and new market-rate units for the second criteria of change.

For the Bay Area, a tract was vulnerable to gentrification if it met all of the following criteria:

1. The tract had a population of at least 500 residents in year 1
2. Vulnerable, meeting 3 out of 4 of the following indicators:
 - a. % low-income households (household income below 80% of the county median) > regional median
 - b. % college educated < regional median
 - c. % renters > regional median
 - d. % nonwhite > regional median

A tract is said to be gentrified or gentrifying if it meets eligibility and all of the following criteria:

1. Demographic change between years 1 and 2
 - a. Change in % college educated > region
 - b. Change in median household income > region

2. Investment between years 1 and 2:
 - a. % market rate units built > regional median
 - b. Growth in of the following
 - % increase of single-family sales price per square foot > regional median
 - % increase of multi-family sales price per square foot > regional median
 - % increase of home value > regional median (where sales value is unavailable = 57 tracts)

Table 2E.2 reports the regional medians used for the Bay Area.

Table 2E.2: Gentrification Criteria, Medians for the 9-County Bay Area

	1990	2000	2013	Δ 1990-2000	Δ 2000-2013
% low-income	37%	37%	39%	0%	2%
% with bachelor's degree or higher	27%	35%	41%	8%	6%
% renter	38%	37%	41%	-1%	4%
% non-white	33%	46%	57%	13%	11%
Δ with bachelor's degree or higher	-	-	-	6%	5%
Δ in median household income	-	-	-	\$9,925	-\$5,719
% of market-rate units built	-	-	-	3%	3%
% increase in single-family sales price per square foot	-	-	-	22%	8%
% increase multi-family sales price per square foot	-	-	-	23%	5%
% increase home value for owner-occupied units	-	-	-	2%	15%

Source: 1990 and 2000 Decennial Census, 2009-2013 five-yr ACS, and Dataquick (2014)

Using the above criteria for the Bay Area, we find that 83 tracts gentrified between 1990 and 2000 and 85 tracts gentrified between the years 2000 and 2013 (Figure 2E.2). Of these 83 that gentrified between 2000 and 2013, 19 were tracts that gentrified between 1990 and 2000 as well. In total we estimate that 149 tracts gentrified between 1990 and 2013. The fact that a tract has gentrified between two years does not preclude them from continued change. In fact, of the 149 tracts that we estimate to have gentrified between 1990 and 2013, 71 had lower rates of growth of low-income households than the rest of the region, 105 lost naturally occurring affordable housing, and 100 had lower rates of in-migration of low-income residents in 2013 than they did in 2009. Furthermore, 88 of the gentrified tracts continue to have higher proportions of low-income households than the region (39%).

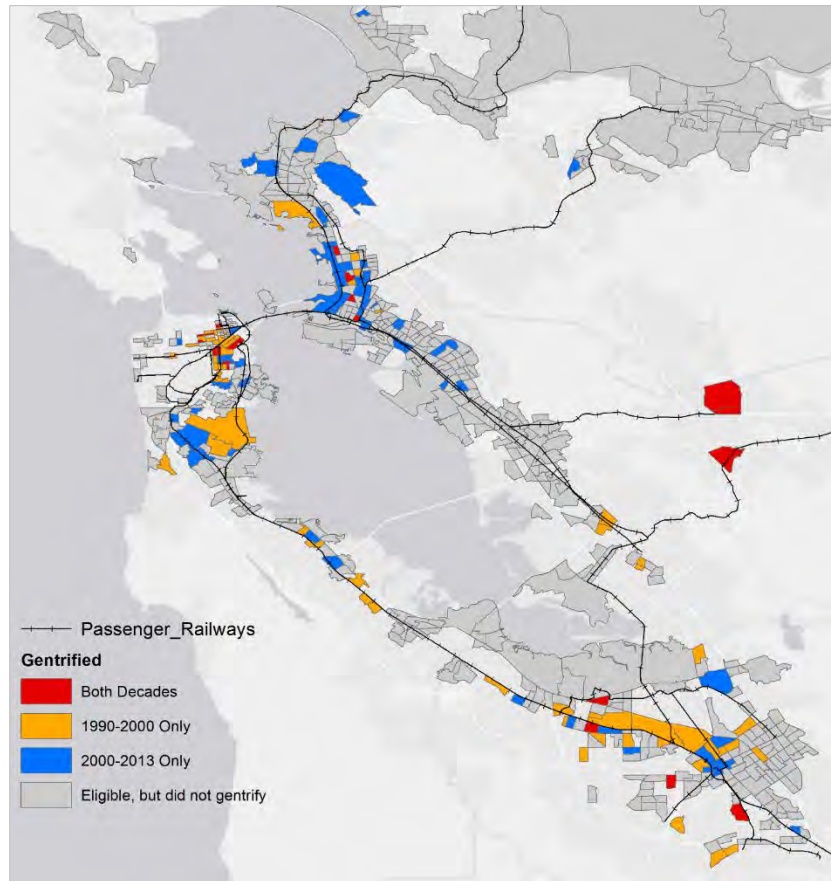


Figure 2E.2: Gentrified/Gentrifying Census Tracts, SF Bay Area 1990-2013

Our finding that tracts that gentrified in the first decade from 1990-2000 had a higher risk of gentrifying again from 2000-2013 is also shown with a simple bivariate analysis. In the Bay Area, the probability to continue gentrifying from 1990-2000 to 2000-2013 were over twice as likely as newly gentrifying areas from 2000-2013 (23% vs. 11%). In Los Angeles, a neighborhood that gentrified in the previous time period was over three times as likely to gentrify again in the following decade (10% vs. 3%). To test whether or not the findings hold true after controlling for the characteristics of the neighborhood, we ran a logit model for the 2000-2013 period to include a variable indicating whether the tract was gentrifying in the previous decade (1990-2000). After controlling for the characteristics of the neighborhood, we did not find any independent significance for Los Angeles; however, the relationship in the Bay Area was highly significant after controlling for neighborhood characteristics. The results for Los Angeles are likely due to the fact that the same variables that compelled the neighborhood to gentrify in the first period are compelling it to gentrify again, making it difficult to capture the independent effects. If a tract gentrifies in the first time period, it has much the same chance of gentrifying again, because the neighborhood has the same characteristics that led it to gentrify.

Although the chance of a tract potentially gentrifying again may be small, the fact of higher risk means that we should give additional consideration to these tracts relative to other potentially eligible tracts. Moreover, it is expected that changes that lead to gentrification would slow in the second decade, in part because some of the changes are reaching a “ceiling.” What is worth noting is that another half of these tracts continued to change in the second decade in a direction that is partially related to gentrification.

Overall, we see that, if a tract started gentrifying, it will have a much higher risk of continuing down the path of gentrifying and/or upscaling. In some ways, if we project this forward, starting with the tracts that gentrified between 2000 and 2013, we can expect that a majority of these tracts will either continue to gentrify or upscale, thus putting them at a higher risk. In some ways, the methodology used to construct the gentrification index obscures some of the upscaling that continues to go on in some of these neighborhoods. Additionally, we need to look at other key factors that make an area gentrify. The next section uses logit and multinomial logit regression models to examine this.

Logit Regressions

Gentrification can include both direct displacement (socially and economically disadvantaged residents who are forced out) and exclusionary displacement (barriers that make it difficult for disadvantaged residents to move in). It is difficult to separate these two elements in the regression model. In this section, we begin by modeling gentrification for two individual time periods: 1990-2000 and 2000-2013.

For Los Angeles and the Bay Area, we use a logit regression model with two types of regression results (Tables 2E.3 and 2E.4). The first two models (I & II) only look at tracts that are eligible to gentrify, whereas the second set of models looks at all tracts (III & IV). The dependent variable is a dichotomous variable indicating whether or not a tract has gentrified. The independent variables include key factors related to gentrification (race and income), a tenure variable (percent renters), and two place variables (TOD neighborhoods and Downtown TOD). In this analysis, we separated TOD neighborhoods into three categories depending on the year the transit station opened: TOD 1990s (opened in the 1990s), TOD 2000s (opened in the 2000s), and TOD Recent (opened in 2012 or later *for LA only*, since there has been a lot of recent station development in LA compared to the Bay Area). Additionally, we include a built environment variable (percent of housing units in pre-WWII buildings, defined as those constructed before 1950) and an accessibility variable (# jobs/square mile). The baseline year data for the independent variables are either 1990 or 2000 depending on the period examined.

For Los Angeles, we find that when a station opens, there is a measurable statistical impact. In the first model, the transit stations that opened in the 1990s are associated with a significant positive impact on the tract gentrifying in that decade (Model I), but not in the following decade (Model II). Furthermore, for stations that opened in the 2000s, they negatively predict gentrification in that decade (Model II), and for stations that opened after 2012, they had a significant positive impact on the gentrification outcome. Downtown TODs positively predicted gentrification in all models. For the Bay Area, while new stations appear to influence gentrification positively between 1990 and 2000, they do not seem to have an impact on gentrification from 2000 to 2013. TODs in the three major cities (Oakland, San Francisco, and San Jose, labeled downtown) were more likely to gentrify than TODs in other cities for both time periods, however only downtown TODs were significant for the more recent model.

The role of race remains significant, but its impact changes from one decade to the next. For Los Angeles, the first model tells us that gentrification is occurring in minority areas. Model I (which covers 1990-2000) indicates that neighborhoods with a higher share of non-white population were more likely to gentrify, while Model II (which covers 2000-2013) implies the opposite. In other words, gentrification was initially concentrated in minority areas and then shifted to others. This may be due in part to the possibility that some areas continued to gentrify even after losing much of their minority population. When comparing the eligible and non-eligible models for Los Angeles, we

see a flip in the signs on the race variables, particularly for the 1990-2000 models (Model I and Model III). This would indicate that while gentrification is occurring more in predominantly minority neighborhoods, overall upscaling is more likely to occur in predominantly white neighborhoods. The changes in the estimated coefficients indicate that some patterns of gentrification/upscaling are time- and location-specific, perhaps due to changes in unobserved factors that alter the relative attractiveness for development. In the Bay Area, African-American neighborhoods were more likely to experience gentrification during the later time period (2000-2013), but not the earlier (1990-2000), possibly reflecting shifts in neighborhood preferences or housing availability.

With respect to non-demographic drivers of gentrification, in Los Angeles, the percent of all units that were built prewar is statistically significant, indicating that neighborhoods with a higher share of older units are more likely to experience gentrification. The same was true for the Bay Area model from 2000-2013, again potentially reflecting shifts in neighborhood and housing preferences. While the impact of the access variable (job density) was positive and significant in all of the Los Angeles models, it was only significant and positive in the Bay Area in the 2000-2013 model when including all of the Census tracts, possibly indicating that accessible neighborhoods have become more attractive to gentrifiers over time.

Table 2E.3: Logit Regressions of Gentrification, 1990-2000 and 2000-2013, Los Angeles

	<i>Eligible Tracts</i>				<i>All Tracts</i>			
	Model I LA		Model II LA		Model III LA		Model IV LA	
	1990-2000		2000-2013		1990-2000		2000-2013	
Intercept	-3.2807	***	2.6899	***	-5.7477	***	-4.5411	***
Median Household Income (/10000)	-0.2130	**	-0.8161	***	0.4623	***	0.2741	***
Income Squared	0.0208	*	0.0852	***	-0.0111	***	-0.0240	***
% non-Hispanic black	0.0065	***	-0.0756	***	-0.0069	***	-0.0124	***
% Asian	0.0273	***	-0.0296	***	-0.0157	***	0.0015	
% Hispanic	0.0126	***	-0.0538	***	-0.0106	***	-0.0160	***
% Renters	-0.0065	***	0.0026		0.0214	***	0.0247	***
Downtown TOD	0.5736	***	0.4838	***	0.7406	***	0.6822	***
TOD 1990s	0.1327	**	-0.0381		0.3575	***	-0.0193	
TOD 2000s	-		-0.2962	***	-		-0.2677	***
TOD Recent	-		1.0297	***	-		0.3971	***
% of Housing Units Prewar (<1950)	0.0178	***	0.0345	***	0.0259	***	0.0309	***
Employment Density (# jobs / square mile)	0.0001	***	0.0006	***	0.0001	***	0.0002	***
N	937		929		2,273		2,306	
Likelihood Ratio	493.110	***	2157.547	***	7822.79	***	6436.391	***
***<.01 **<.05 *<.10								

Source: 1990 and 2000 Decennial Censuses, 2009-13 5-year ACS, NETS (1990, 2000)
Tabulations by C.Pech & P. Ong, July 2015

Table 2E.4: Logit Regressions of Gentrification, 1990-2000 and 2000-2013, Bay Area

	<i>Eligible Tracts</i>				<i>All Tracts</i>			
	<i>Model I BA</i>		<i>Model II BA</i>		<i>Model III BA</i>		<i>Model IV BA</i>	
	1990-2000		2000-2013		1990-2000		2000-2013	
Intercept	-6.690	***	-4.861	***	-8.060	***	-7.191	***
Median Household Income (/10000)	0.692	**	0.332		0.765	**	0.698	**
Income Squared	-0.032		-0.011		-0.059	**	-0.057	**
% non-Hispanic black	0.012		2.030	**	1.383	*	3.772	***
% Asian	-0.890		-0.362		0.256		1.385	
% Hispanic	-0.711		-0.242		1.800	**	2.216	***
% Renters	2.373	***	0.598		3.524	***	1.412	*
Downtown TOD	1.906	***	0.782	**	1.363	***	0.366	
Non-Downtown TOD	0.841	**	-0.269		1.058	***	0.087	
TOD 1990s	0.823	**	-0.465		0.883	***	-0.179	
TOD 2000s	-		0.354		-		0.372	
% of Housing Units Prewar (<1950)	0.438		1.783	***	-0.143		1.039	*
Employment Density (# jobs / square mile)	0.000		0.000		0.000		0.000	*
N	640		626		1576		1579	
Likelihood Ratio	219.9	***	229.9	***	262.5	***	266.7	***
***<.01 **<.05 *<.10								

*Source: 1990 and 2000 Decennial Censuses, 2009-13 5-year ACS
Tabulations by M. Zuk Aug 2015*

2E.2. Changes in Affordable Housing

In this section, we look at the loss of affordable housing, which serves as proxy for displacement. This is measured by the change in affordable rental units, condo conversions (cities of Los Angeles and San Francisco only), Housing Choice Vouchers (Section 8), Low-Income Housing Tax Credit (LIHTC) units, Ellis Act evictions (city of Los Angeles only) and fault/no fault evictions (city of San Francisco only).

In Los Angeles, we define affordable rental units as units with median gross rent of less than 80% of the county median. For the Bay Area, we define these units as those where low-income households are paying less than 30% of their income on rent and we subtract out subsidized units. Details on data sources and definitions can be found in Appendix I.

Table 2E.5 presents the results for each of the regression models for Los Angeles. We begin by first examining the change in affordable rental units and condo conversions, which is presented in the first two columns. The market as a whole is facing some losses of affordable rental units and of apartments converted to condos, particularly in Downtown. TOD neighborhoods outside of Downtown are also experiencing loss in affordable rental units and conversions from apartments to condos. The next two columns – changes in Section 8 and LIHTC units – look specifically at subsidized housing. While Los Angeles county overall has seen an increase in the number of Section 8 units within the last decade, TOD areas are not experiencing increases in Section 8 units, and TODs outside of Downtown are actually losing them. LIHTC seems to help offset some of the loss because there is an increase of them in both TOD areas, much more so for the Downtown. The increase in LIHTC in TOD areas, however, has not been large enough to offset the total loss of affordable rental units that are occurring in the area. The final model looks at Ellis Act evictions, which are only available for the City of Los Angeles. Because of these data limitations, the results should be interpreted cautiously. They indicate that there are not many Ellis Act evictions occurring in TOD areas. The negative coefficient on the Downtown TOD variable indicates that Ellis Act

evictions are occurring less in the Downtown area. Other types of evictions, which are not Ellis Act, can be occurring in TOD areas, but because this data is unavailable, it is hard to capture this.

Table 2E.5: Changes in Affordable Housing², Linear Regressions (Los Angeles)

	Model I		Model II		Model III		Model IV		Model V	
	Δ Affordable Rental Units (00-13)		Condo Conversions (03-13)		Δ Section 8 (00-13)		Δ LIHTC (00-13)		Ellis Act Evictions (07-14)	
Intercept	-2.353	**	1.556	***	3.284	***	4.071	***	1.137	***
Median Household Income (/10000)	0.634	***	-0.055		-0.494	***	-0.664	***	-0.100	***
Income Squared	-0.028	***	-0.001		0.017	***	0.023	***	0.002	**
% non-Hispanic black	0.027	***	-0.010	***	0.013	***	0.003		-0.008	***
% Hispanic	0.021	***	-0.015	***	-0.008	***	-0.002		-0.008	***
% Asian	0.008		-0.008	**	-0.005	*	0.001		-0.003	
Downtown TOD	-18.966	***	4.486	***	-0.678		12.945	***	-0.290	*
Other TOD	-2.551	***	0.341	***	-0.365	***	0.392	*	0.050	
Adj. r-squared	0.091		0.052		0.112		0.147		0.0704	
N	2,316		2,317		2,316		2,316		993	
***<.01 **<.05 *<.10										

Ellis Act Evictions Data Are Only for LA City, All Other Data are for the County

Source: 2000 Decennial Census, 2006-10 & 2009-13 5-year ACS, 2000 & 2013 HUD's Picture of Subsidized Households, CTCAC, Housing Authority of the City of Los Angeles, Tabulations by C.Pech & P. Ong, July 2015

For the Bay Area (Table 2E.6), we find that being in a TOD predicts the loss of non-subsidized affordable housing and use of Section 8 vouchers; however, the effect is not significant. Similar to Los Angeles, we find that being in a TOD in one of the Bay Area's three major cities – San Francisco, Oakland, and San Jose – positively predicts the addition of federally subsidized housing (LIHTC). However, being in a TOD outside of these three cities predicts fewer new subsidized units. For the entire region, an increase in affordable housing is predicted for minority neighborhoods through both naturally occurring rental units and the use of housing choice vouchers; however, only Hispanic neighborhoods see new federally subsidized units.

² We ran an analysis looking at the change in public housing units in TOD and non-TOD areas and found that changes in TOD areas are essentially the same as in non-TOD areas (the difference in proportion is not statistically different). From 2000 to 2013, non-TOD areas lost 5.8% of their public housing units, whereas non-TOD areas lost 6%.

Table 2E.6: Changes in Affordable Housing, Linear Regressions (Bay Area)

	Model I	Model II	Model III
	Δ Affordable Rental Units (00-13)	Δ Section 8 (00-13)	Δ Federally Subsidized (00-14)
Intercept	-142.541 ***	34.043 ***	96.232 ***
Median Household Income, 2000	14.112 ***	-3.880 ***	-14.105 ***
Income Squared, 2000	-0.365 ***	0.086 *	0.4716 ***
% Asian, 2000	40.256 ***	36.249 ***	3.703
% non-Hispanic Black, 2000	92.624 ***	14.739 *	-18.857
% Hispanic, 2000	95.357 ***	16.762 **	43.516 ***
% Renter, 2000	-119.277 ***	-0.453	11.843
Downtown TOD, 2000	-2.978	-0.964	21.084 ***
Non-downtown TOD, 2000	-6.507	-2.744	-23.961 ***
adjusted R squared	0.189	0.184	0.082
n	1,579	1,579	1,579
***<.01 **<.05 *<.10			
Source: 2000 Decennial Census, 2006-10 & 2009-13 5-year ACS, 2000 & 2013 HUD's Picture of Subsidized Households, CHPC			

Taking advantage of the unique datasets available for San Francisco, we ran linear regressions on the rates of evictions (both fault and no-fault) as well as condominium conversions at the finer geography of the Census block group. Data on condominium conversions, building renovation permits, and code violations were all derived from San Francisco departmental data (Planning, Buildings, and the Rent Control Board). *For these models, TOD neighborhoods are defined as Census block groups that intersect with a quarter-mile buffer of a rail-transit station.*

In Table 2E.7, we show that Hispanic neighborhoods were more likely to experience higher eviction rates than other neighborhoods, whereas Asian neighborhoods were less likely to experience fault evictions. Location near rail transit appears to increase fault evictions rates, but not no-fault rates. Condominium conversions, on the other hand, appear to be less likely to occur in minority neighborhoods, and the impact of TODs is not significant.

Table 2E.7: Evictions and Condominium Conversions, Linear Regressions, San Francisco*

	Fault Evictions Rate, '10-'15	No Fault Evictions Rate, '10-'15	All Evictions Rate, '10-'15	Condo Conversion Rate, 10-15
Intercept	0.018 ***	0.002	0.021 **	0.029 ***
Median Household Income, 2010	-1.8E-04	1.0E-03	8.3E-04	1.9E-03 ***
Income Squared, 2010	-2.9E-05	-4.5E-05	-7.4E-05	-8.5E-05 **
% non-Hispanic black, 2010	-0.006	-0.003	-0.009	-0.042 ***
% Asian, 2010	-0.014 ***	-0.002	-0.016 *	-0.058 ***
% Hispanic, 2010	0.027 ***	0.018 ***	0.045 ***	-0.009
TOD	0.004 **	0.001	0.005 *	-0.001
Adj. r-squared	0.071	0.001	0.043	0.287
n	576	576	576	578

**Note: This analysis differs from previous analyses in that TOD neighborhoods are defined as Census block groups, rather than Census tracts and we look at the quarter mile buffer around the rail station rather than half mile...*

2E.3. Loss of Low-income Households

Another approach to estimating displacement is to use the loss of low-income households as a proxy. For the Bay Area, we take this approach as another way to model displacement effects of TODs. Researchers have found that neighborhood composition in the United States is considerably stable (Wei and Knox 2014; Landis 2015). In fact, on average, Bay Area Census tracts' low-income population grew by 59 households between 2000 and 2013. Therefore, we may assume that any neighborhood that experienced a net loss of low-income households while stable in overall population is a result of displacement pressures. Although the change in low-income households could be due to income mobility (e.g., low-income households moving into middle- or upper-income categories, or vice versa), from our analysis of data from the Panel Study on Income Dynamics we estimate that the Great Recession would have caused a net increase in low-income households in most places. In Table 2E.8, we find that TODs outside of the three major cities had an increase in the likelihood of losing low-income households, which is consistent with the lower rates of low-income in-migration and higher rates of higher-income in-migration found in Section 2D. In TOD neighborhoods in the three major cities, we found an increase in the likelihood of gaining low-income households, which may be related to the growth in subsidized housing found in these neighborhoods (see table 2E.6).

Neighborhoods with a high proportion of renters were more likely to lose low-income households, whereas minority neighborhoods were more likely to gain. In an alternative scenario we consider characteristics related to the built environment such as the percent of housing units in prewar buildings, and find that neighborhoods with a high proportion of historic, pre-war housing stock were more likely to lose low-income households, whereas development of any kind, both market-rate and subsidized, predicted a gain in low-income households. Finally, neighborhoods that had a high proportion of housing stock in public housing were more likely to gain low-income households, whereas neighborhoods where low-income residents were living in naturally affordable rental units were more likely to lose low-income households.

Table 2E.8: Change of Low-Income Households, Linear Regressions (Bay Area)

	Change in Low Income Households, 2000-2013	Change in Low Income Households, 2000-2013 ALT
Intercept	-33.829	96.519 ***
Median Household Income (/10000), 2000	9.850 *	
Income Squared, 2000	-0.326 *	
% Asian, 2000	108.805 ***	
% non-Hispanic Black, 2000	14.670	
% Hispanic, 2000	234.995 ***	
% Renters, 2000	-74.772 ***	
Downtown TOD, 2000	17.886	48.539 ***
Non-Downtown TOD, 2000	-44.087 ***	-73.647 ***
% of housing units prewar (<1950), 2000		-140.675 ***
Employment Density (/1000), 2000		0.000
% increase in property sales value per square foot, 1990-2000		-15.782
% increase in rent paid, 1990-2000		-6.582
New market rate units, 1990-2000		0.052 ***
New subsidized units, 1990-2000		0.378 ***
% of housing units in Public Housing, 2000		167.638 *
% of low income households paying less than 30% in rent in non-subsidized units, 2000		-67.788 **
Adj. r-squared	0.065	0.105
n	1569	1524

Section 2F: Modeling Neighborhood Change

Given the shortcomings of the data available to analyze mobility and displacement, we conducted a third set of analyses to look at changes in neighborhood composition by income classes, income inequality, racial/ethnic groups, racial diversity, and rent burden. First we present the findings for Los Angeles County, followed by those for the Bay Area.

2F.1. Neighborhood Change in Los Angeles County

Our analysis of neighborhood change is broken into two parts. We begin with a simple bivariate analysis, comparing the changes in neighborhood characteristics between TOD and non-TOD areas using the characteristics previously described pertaining to income, race, education, and tenure. TOD neighborhoods are grouped into two separate categories: TODs that are located in Downtown Los Angeles (“Downtown TOD”) and TODs that are located elsewhere (“Other TODs”).

Table 2F.1 reports the average (both mean and median) tract level changes for TOD and non-TOD areas. Our analysis looks specifically at the changes in: 1) population with less than a high school diploma; 2) population with a bachelor’s degree or higher; 3) non-Hispanic white; 4) rent burden (paying 30 percent or more of income on rent); 5) low-income households (households with less than \$10K); 6) high income-households (households with \$125K or more); 7) median household income (adjusted to 2013 dollars); and 8) gross rent (adjusted to 2013 dollars). With the exception

of the change in median household income and gross rent (which are absolute changes), all changes represent percentage point change.

It is evident from the table that TOD tracts are changing more in the direction of gentrification than non-TOD areas. In terms of demographic and socioeconomic changes, TODs, on average, experienced greater increase in white, college-educated, and higher-income households. While the county overall experienced declines in median household income from 2000 to 2013 (-\$3,460), largely a result of the recent recession, the impact on TOD areas was smaller. Surprisingly, Downtown TODs on average saw a gain in median household income during this period (+\$1,405). Increases in gross rent are also higher in TOD tracts than non-TOD areas.

Table 2F.1: Changes in Neighborhood Characteristics, LA County, 2000-2013*

	Downtown TOD		Other TOD		non-TOD	
	Mean	Median	Mean	Median	Mean	Median
Δ Less than High School	-16.41	-16.6	-10.8	-10.27	-6.98	-5.59
Δ Bachelor's Degree or Higher	16.98	15.97	5.77	4.17	4.9	4.3
Δ non-Hispanic white	12.37	13.04	0.21	-0.1	-4.76	-3.56
Δ Rent Burden	8.29	7.37	12.7	13.36	11.64	12.55
Δ Low-Income Households (<10K)	-4.74	-0.42	-0.23	-0.01	1.00	0.89
Δ High Income Households (125K+)	3.85	3.25	-0.57	-0.99	-2.1	-2.06
Δ Gross Rent	\$358.75	\$247.98	\$246.95	\$226.39	\$223.87	\$233.34
Δ Median Household Income	\$8,864.43	\$1,405.51	\$327.72	-\$824.07	-\$4,110.56	-\$3,460.36
% Asian, 2000	35.08	32.23	10.7	7.03	13.01	8.21
% non-Hispanic black, 2000	15.02	8.57	14.62	6.82	8.92	3.45
% Hispanic, 2000	35.47	26.61	56.47	57.83	41.78	36.81
% Renter, 2000	92.87	93.66	70.78	72.99	48.46	48.9
n	12		367		1,884	

Data Source: 2000 Census, 2009-2013 5-year ACS

**With the exception of change in gross rent and median household income, all changes represent percentage point change. Values for gross rent and median household income are adjusted to 2013 dollars.*

While the patterns seem to be consistent with the literature on gentrification, we ran multivariate models to test whether the relative changes for TOD tracts hold after accounting for other neighborhood characteristics that can also influence change (Table 2F.2). The dependent variables (in column headings) include the change in: population with less than a high school diploma (LTHS), those with a bachelor's degree or higher (BA+), non-Hispanic white (NHW), rent burden, low-income households, high-income households, median household income, and gross rent. The control variables are the 2000 baseline data presented in each row.

Table 2F.2: Neighborhood Change Multivariate Regressions, LA County, 2000-2013*

	Δ LTHS	Δ BA+	Δ NHW	Δ Renter Burden	Δ Low-Income HHs (<10K)	Δ High Income HHs (125K+)	Δ Median HH Income	Δ Median Gross Rent
Constant	-5.544 ***	3.230 *	-19.657 ***	-4.181	2.129	2.938 *	6,007 *	266.135 ***
Median Household Income (/10,000)	1.212 ***	0.137	0.106	1.333 ***	0.366 **	-0.841 ***	-410.652	28.163 ***
Median Household Income Squared	-0.049 ***	-0.003	0.030 ***	-0.049 ***	-0.022 ***	0.016 **	-75.488 ***	-2.745 ***
% Asian	-0.034 ***	0.021 **	0.078 ***	0.024	-0.039 ***	0.001	-40.271 **	-1.875 ***
% NHBK	-0.006	-0.036 ***	0.116 ***	0.055 ***	-0.024 ***	-0.038 ***	-88.725 ***	-1.246 ***
% Hispanic	-0.108 ***	-0.055 ***	0.087 ***	0.120 ***	-0.011 *	-0.044 ***	-95.379 ***	-1.240 ***
Downtown TOD	-4.975 ***	9.028 ***	11.312 ***	-3.361	-4.596 ***	1.591	7,703 **	166.895 ***
Other TOD	-0.440	0.897 **	1.422 ***	-1.186	-0.696 **	0.611 *	2,679 ***	17.775
% Renters	-0.023 **	0.045 ***	0.131 ***	0.057 ***	-0.008	0.017 **	0.671	0.184
Δ Gross Rent	-0.003 ***	0.005 ***	0.002 **	0.006 ***	-0.003 ***	0.004 ***	9.520 ***	
Adjusted R-Squared	0.359	0.133	0.258	0.071	0.055	0.144	0.279	0.156
n	2,224	2,224	2,224	2,224	2,224	2,224	2,224	2,224

***<.01 **<.05 *<.10

Data Source: 2000 Census, 2009-2013 5-year ACS

*With the exception of change in gross rent and median household income, all other changes represent percentage point changes. Values for gross rent and median household income are in 2013 dollars.

Not surprisingly, we find similar results to what was discussed in the previous sections. Relative to non-TOD areas, TOD tracts are changing more into the direction of gentrification. Focusing specifically on Downtown TOD and Other TOD, we see that relative to non-TOD areas, TOD neighborhoods are more likely to see a decline in people with less than a high school diploma (significant only for Downtown TOD) and low-income households. Conversely, TOD tracts are more likely to see an increase in the share of people with a bachelor's degree or higher, a gain in non-Hispanic white population, a gain in higher-income households (significant only for Other TOD neighborhoods), an increase in median household income, and a rise in gross rent relative to non-TOD areas. The multivariate results are consistent with the gentrification thesis, that is, TODs are associated with the a priori hypothesis of demographic and socioeconomic change.

We found no significance in terms of rent burden, although the negative coefficients do indicate that relative to non-TOD tracts, TOD neighborhoods are more likely to see a drop in burden households. One explanation for this could be the increase in higher-income households. In early gentrifying neighborhoods, rents are cheaper and, according to existing literature on gentrification, they often attract higher-income and educated young professionals. Hoping to take advantage of the cheaper rent (cheaper relative to their income), these newcomers might displace lower-income families who can no longer afford to live in the neighborhood. The low-income family's higher housing burden status is now replaced with the new higher-income households for whom the rent is not a burden (i.e., they pay less than 30% of their income on housing). Although declining rent burden is not proof of gentrification, it certainly is consistent with what is known about early stages of gentrification.

2F.2. Neighborhood Change in San Francisco Bay Area

Using similar datasets and procedures as in Los Angeles County, Table 2F.3 reports the average (both mean and median) tract-level changes for TOD and non-TOD areas for indicators in the San Francisco Bay Area. For rent burden, we only look at low-income households that are rent burdened, defined as households earning less than 80% of the county median income that spend more than 30% of their household income on rent. Because of the high variability in incomes across

the region, we define low-income households as those earning less than 80% of the county median income and high-income households as those earning more than 120% of the county median income.

It is evident from the table that TOD tracts in the Bay Area are changing more in the direction of gentrification than non-TOD areas. In terms of demographic and socioeconomic changes, TODs, on average, lost fewer non-Hispanic whites and adults with less than a high school education than non-TODs. In contrast, TODs experienced greater increases in college-educated and higher-income households. While the region overall experienced declines in median household income from 2000 to 2013, largely a result of the recent recession, the impact on TOD areas was about half as much as on non-TOD areas. While the patterns seem to be consistent with the literature on gentrification, we ran multivariate models to test whether the relative changes for TOD tracts hold after accounting for other neighborhood characteristics that can also influence change.

Table 2F.3: Changes in Neighborhood Characteristics, SF Bay Area, 2000-2013*

	Non-TOD		Downtown TOD		Non-Downtown TOD	
	Mean	Median	Mean	Median	Mean	Median
Δ Less than High School	-3.40	-3.28	-6.29	-4.66	-3.23	-3.55
Δ Bachelor's Degree or Higher	5.29	4.72	8.02	7.14	5.84	5.54
Δ non-Hispanic white	-8.51	-8.09	-2.43	-2.64	-8.53	-9.11
Δ Rent Burden	-6.45	-8.02	-3.87	-5.39	-10.54	-11.71
Δ Low Income Households (<80% County median Income)	2.31	2.41	1.80	1.88	-0.02	-0.29
Δ High Income Households (>120% County Median Income)	0.02	-0.16	0.83	0.51	2.61	2.65
Δ Median Rent	\$145.61	\$170.95	\$192.97	\$194.15	\$133.25	\$144.82
Δ Median Household Income	-\$6,688.40	-\$6,946.20	-\$1,986.81	-\$4,124.38	-\$2,460.94	-\$3,033.15
% Asian, 2000	18.73	13.14	28.41	22.97	23.10	19.76
% non-Hispanic Black, 2000	7.97	3.00	12.05	4.83	7.03	3.12
% Hispanic, 2000	17.09	12.41	21.74	15.92	20.32	15.92
% Renter, 2000	35.32	31.90	56.80	59.65	47.99	46.04

Data Source: 2000 Census, 2009-2013 5-year ACS

**With the exception of change in gross rent and median household income, all other changes represent percentage point changes. Values for gross rent and median household income are in 2013 dollars.*

Focusing specifically on the one TOD variable for the Bay Area (Table 2F.4), we see that relative to non-TOD areas, TOD neighborhoods are more likely to see a decline in those with less than a high school diploma and low-income households. Conversely, TOD tracts are more likely to see an increase in the share of those with a bachelor's degree or higher, a gain in non-Hispanic white population, more higher-income households, and an increase in median household income and median gross rent relative to non-TOD areas. The multivariate results are consistent with the gentrification thesis, that is, TODs are associated with the a priori hypothesis of demographic and socioeconomic change.

Table 2F.4: Neighborhood Change Multivariate Regressions, SF Bay Area, 2000-2013*

	Δ Less than High School	Δ Bachelor Degree or Higher	Δ non-Hispanic White	Δ Rent Burden of Low Income Households	Δ Low income Households	Δ High Income Households	Δ Median Household Income	Δ Median Gross Rent
Constant	-0.03	0.01	-0.14 ***	0.01	-0.07 ***	0.07 ***	959.01	493.59 ***
Median Household Income	0.00	0.00	0.00	-0.02 ***	0.01 ***	-0.01 ***	-30.20	1.58
Income Squared	0.00	0.00	0.00 **	0.00 ***	0.00 ***	0.00 ***	-30.87	-2.15 ***
% Asian	0.02	-0.01	0.02 ***	0.08 ***	0.08 ***	-0.08 ***	-11314.17 ***	-204.25 ***
% non-Hispanic black	-0.05 ***	0.03 *	0.20 ***	0.13 ***	0.06 ***	-0.08 ***	-6834.32 *	110.26 *
% Hispanic	-0.02 *	-0.03 **	0.06 ***	0.05	0.14 ***	-0.11 ***	-28243.65 ***	-106.73 **
% Renters	-0.03 **	0.04 ***	0.08 ***	-0.08 **	-0.04 ***	0.03 ***	4813.04 **	-269.02 ***
TOD	-0.01 **	0.02 ***	0.01 ***	0.00	-0.01 ***	0.02 ***	4416.09 ***	26.48 *
Δ Median Gross Rent	-3.4E-05 ***	4.09E-05 ***	3.33E-05 ***	4.28E-05 **	-5.5E-05 ***	5.33E-05 ***	11.00 ***	
n	1,575	1,575	1,575	1,546	1,567	1,567	1,574	1,575
Adj. R-Squared	0.0633	0.0414	0.1765	0.028	0.1436	0.1301	0.146	0.2109

*** P<.01, ** p<.05, *p<.10

Data Source: 2000 Census, 2009-2013 5-year ACS

*With the exception of change in gross rent and median household income, all other changes represent percentage point changes. Values for gross rent and median household income are in 2013 dollars.

Section 2G. Sensitivity Analyses

For Sections 2D, 2E, and 2F, we report the results for the regression models that are both conceptually sound and empirically reasonable. There are two different methods of comparing the model results for the sensitivity analyses. One is a pure statistical comparison. We look at the estimated parameters to see if they are statistically different from or similar to each other across models. This includes conducting a simple t-test of the coefficients. The second is a more qualitative comparison of the outcomes. For example, are the directions of the impacts in the same (e.g., positive coefficients in all models), and are they roughly of the same relative magnitude?

The sensitivity analyses to test the robustness and reliability of our models can be grouped into four broad categories: 1) alternative specifications; 2) alternative data construction; 3) identifying outliers; and 4) other types of robustness testing.

Alternative Specifications

This essentially consists of purposely running a number of alternative specifications to determine whether particular results are robust to a change in specification. For example, while we ran mostly ordinary least square regressions (OLS), we also explored other types of regression models. For the research task described in section 2D, we ran both OLS and seemingly unrelated regressions (SUR) to model neighborhood mobility. SUR accounts for possible correlation of the error terms across equations. We ran the model using both techniques and found them to produce similar results, which confirmed our original conclusion derived from the OLS model. Other modeling techniques employed include logit models, both binary and multinomial, which we used to model neighborhood displacement in Section 2E, and censored regression models, specifically Tobit models, which we used to deal with datasets with a high number of zero values. On the whole, they produced similar results.

In addition to the type of regressions adopted, we also made modifications to the method itself. For example, we had to decide whether or not to apply weights to the models. We acknowledge that

they generally do not produce the same results, but conceptually, we know that the greatest inaccuracies lie within tracts with very small numbers or sample sizes. These tracts often overly influence the regression results because they often have extreme values. By applying weights to the models, we could counteract this undue influence. Changes were also made to the sets of independent variables. This process involved using different types of independent variables by adding or swapping out individual variables that either have or do not have a major impact on the estimated equation.

Alternative Data Construction

Another sensitivity analysis employed includes the construction of the same variables using different types of methods or definitions. In the analysis presented in Section 2F, for example, we ran a series of linear regressions to measure housing affordability using different definitions of rent burden. The most widely accepted definition is that a household should spend no more than 30 percent of their income towards housing costs. As part of our sensitivity analysis, we also model households paying 35 percent or more. Additionally, we ran models to include, as the dependent variable, all households (both homeowners and renters), and separately, homeowners and renters who are paying at these different levels.

Another alternative data construction test involved varying our estimates of the number of residential units. While we relied on the assessor's parcel data for information about individual properties, the parcel data had incomplete information on the number of residential units in a given parcel, as noted earlier. For properties classified as "Five or More Units", for example, we estimated the number of units in the structure by dividing the property's square footage by 900 square feet, the average size for a multi-family unit in Los Angeles County. We compared our estimated numbers to those reported by DataQuick, the Bureau of Census's 2010 Decennial Census, and the 2009-2013 American Community Survey (ACS). DataQuick reports the number of units for each property but has some missing information, which is why we decided to develop a methodology to estimate the number of units for each individual parcel for Los Angeles. The Bureau of Census does not report the number of units at the individual parcel level but does report it at the Census block (contain in the Decennial Census) and at the block group level (contained in the ACS). We compared each of these data sources for the number units within the half-mile radius of a transit station. The results are displayed in Figure 2G.1, Estimated Number of Housing Units for LA County. Our estimated numbers of units are similar to those reported by the other two sources, which allows us to have some confidence in our developed methodology and data construction. However, we do see some discrepancy, particularly in the station areas with the greatest number of housing units. One reason may be temporal, that is inconsistencies in year for the various datasets. The County Assessor's parcel data are for 2012, DataQuick is for 2014, Census block data is for 2010, and the ACS data is the average for years 2009-2013. We also use an average size of a unit across all areas to estimate the number of units for a given parcel; however, certain neighborhoods may have homes with significantly greater or smaller area footprints.

Identifying and Addressing Outliers

Outliers can distort the regression results. When an outlier is included in the analysis, it pulls the regression line towards itself. This can result in a solution that is more accurate for the outlier, but less accurate for all of the other cases in the dataset. Prior to removing them, we first had to make the decision about what would be considered unreasonable outliers. First, those identified as being too extreme on either end were removed. We determined this by looking at the distribution of the variable. Next, we looked at how changing the parameters might affect the sample size and

regression results. For example, as described in Section 2F “Modeling Neighborhood Change”, we ran our regressions using three different cutoffs to eliminate outliers. Table 2G.1 reports the results for Los Angeles and only includes the coefficients for the variables of interest – Downtown TOD and Other TOD – and the sample size for each. The patterns are fairly consistent, but the level of significance for specific variables and overall sample sizes changes when different parameters are applied. For example, by applying a higher cutoff, the coefficient for the change in less than high school education becomes significant for Downtown TOD, and we are able to get a larger sample size for the Downtown area.

Table 2G.1: Regression Results for Los Angeles County

Parameters		Δ LTHS	Δ BA+	Δ NHW	Δ Renter Burden	Δ Low-Income HH (<10K)	Δ High Income HH (<125K)	Δ Median HH Income	Sample Size w/ Cutoffs	Sample Size w/o Cutoffs
30 pp, 300% Change	Downtown TOD	-3.07	7.81 ***	9.57 ***	-3.81	-3.31 **	0.64	6,677.86 **	11	15
	Other TOD	-0.52	1.02 ***	1.46 ***	-0.96	-0.81 ***	0.65 *	2,842.51 ***	352	387
40 pp, 300% Change	Downtown TOD	-5.42 ***	10.17 ***	11.61 ***	-2.45	-5.16 ***	2.33	9,232.68 ***	12	15
	Other TOD	-0.47	1.04 ***	1.46 ***	-1.11	-0.76 **	0.69 **	2,854.13 ***	365	387
40 pp, 350% Change	Downtown TOD	-6.60 ***	12.19 ***	12.09 ***	-2.03	-8.36 ***	2.81 *	10,460.00 ***	13	15
	Other TOD	-0.46	1.04 ***	1.46 ***	-1.11	-0.74 **	0.69 **	2,848.70 ***	365	387

Percentage points (PP) difference for the following variables: LTHS, NHW, Rent Burden, and Low-Income HHs

Percent change for the following variables: Gross Rent (2013 dollars), and Median HH Income

*** p<.01, ** p<.05, *p<.10

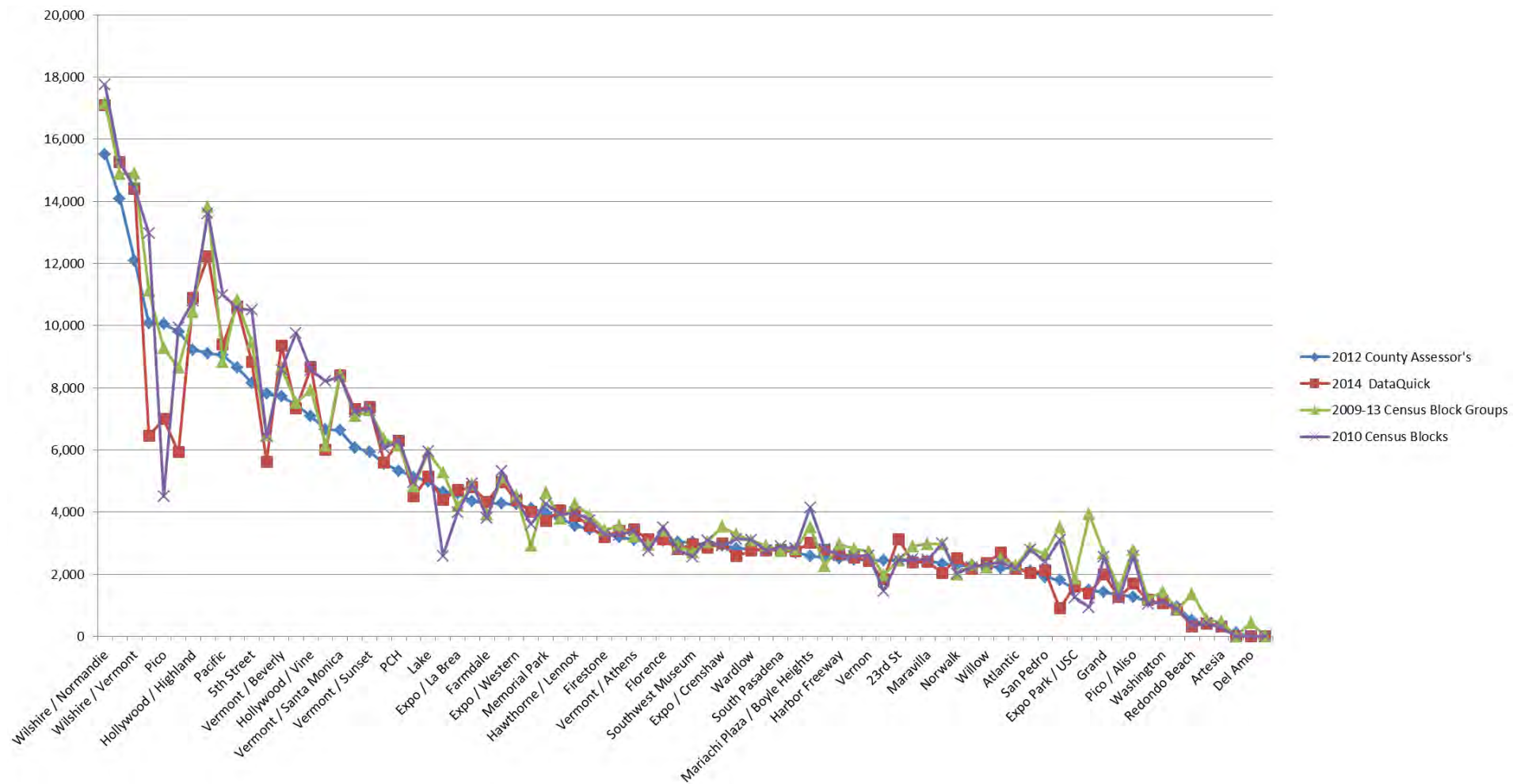


Figure 2G.1: Estimated Number of Housing Units for LA County

Section 2H: Ground-Truthing Secondary Data

The above analyses rely on secondary datasets (e.g. Census), some of which are derived from samples rather than full inventories of the population in question (e.g., people, housing units, jobs, etc.). Because of this as well as delays in data collection, reporting, etc., secondary data may not accurately depict what is currently observed on the ground. We conducted a ground-truthing exercises to assess the level of consistency between real-world observations and secondary datasets. Interviews and visual observation provide a way to verify secondary data. These methods also allow us to garner more firsthand knowledge about the processes at work in gentrification and displacement. We use these ground-truthing methods in three case studies in the SF Bay Area (East Palo Alto, Marin City, and the Mission District of San Francisco) and three case study neighborhoods in Los Angeles (Chinatown, 103rd St/Watts Tower, and Hollywood/Western).

We developed similar visual inspection tools for the two regions with some variation to account for regional differences. Both methodologies involve walking on sample blocks and, using a written checklist, noting signs of investment, disinvestment, and other features of each building on the street. For example, we note the number of units a building appears to have (by counting doorbells, mailboxes, electric boxes, and so on), the apparent use of the building (single-family, multi-family, commercial, and the like), whether the building is well-maintained (through indicators like whether it is recently painted), and how stable or transient the population appears (through indicators like whether curtains/drapes are permanent or temporary). These results are compared on a parcel-by-parcel basis to secondary parcel data, and on an aggregate block-by-block level to Census and other secondary data.

Besides this visual inspection, we also conducted interviews with stakeholders (primarily non-profit advocates) who are familiar with the history and ongoing patterns of change of the case study areas. In some cases, they accompanied us on our block-walking. This insider knowledge helped us to make sense of ambiguous visual indicators. These stakeholders also helped us “ground-truth” our overall understanding of how the area is changing.

2H.1. Bay Area Ground-Truthing

The ground-truthing exercise conducted on sample blocks in East Palo Alto, Marin City, and the Mission District of San Francisco showed us that, broadly speaking, secondary data and on-the-ground visual observation tell the same story of neighborhood change. We find, however, that there is greater divergence between the stories emerging from the secondary data analysis and the stakeholders’ perceptions of change, than there is between the secondary data and the neighborhood observation.

This process reveals the relative strengths of different datasets: secondary data provides rich descriptions of demographic change, sales turnover, and changes in home values (based on assessed versus sales values). However, unlike secondary data, ground-truthing reveals perceived safety, levels of maintenance (a proxy for investment), and newer trends in investment and change not reflected in secondary data. Finally, stakeholder interviews reveal resident concerns and perceptions, historical context, and also trends too recent for secondary data to capture.

In general, the “broad” story of a block’s change as told by primary data is about the same as that told by secondary data. Though there are some discrepancies in parcels’ land use and numbers of units between the datasets, these are not significant enough to change the story.

In East Palo Alto, the datasets are generally aligned, and there is minimal variation among the blocks surveyed. However, stakeholders viewed the city as undergoing more displacement than our secondary data analysis indicated.

In Marin City, the same dynamic was at play: while our secondary data analysis would lead us to believe that the neighborhood was not losing low-income households, stakeholders are very concerned about gentrification and displacement. The visual observation generally aligned with secondary data here. A challenge to the methodology on one block was that almost all the homes were identical in design, upkeep, security signage, and more. Assessing the level of investment and perceiving any nuance here was difficult.

In the Mission District, the number of units per building varied considerably from the secondary datasets. The Mission has experienced significant condominium conversion and general turnover. This is a concern for modeling displacement in areas that are rapidly changing: the secondary datasets we often rely on miss a great deal of the changes happening especially in the recent past. This underscores the importance of stakeholder engagement and on-the-ground observation to ascertain the extent of development.

There is a range of accuracy in parcel data’s land use and number of units (Table 2H.1). However, even with these discrepancies, the overall story from visual observation was the same as secondary data.

Table 2H.1: Comparisons of Secondary Data and Ground-truthing Data in Three Case Study Areas

Case	Land Use Match Percentages for Blocks	Unit Number Match Percentages for Blocks	Discrepancy in Total number of Units on Blocks
East Palo Alto	87% - 100%	94% - 100%	5-60 units
Marin City	74% - 97%	65% - 100%	1-28 units
Mission District	71% - 96%	32% - 44%	0-46 units

In Appendix J, we outline the basic methodology and the visual survey tools used, followed by a basic overview of each case study’s history and recent changes, secondary and visual observation data for each case, and a comparison of the results of our quantitative models with stakeholder perceptions. Overall we find alignment between the secondary data analysis and the observations on the ground. Interviews, however, reveal perceptions of change or anticipation and anxiety about gentrification and displacement in response to more subtle observations on the ground and in surrounding neighborhoods.

2H.2. Los Angeles Ground-Truthing

There are 80 Metro rail stations in Los Angeles County. Metro also operates buses. Our analysis, however, focuses on three Metro station areas: Chinatown, Hollywood/Western, and 103rd St./Watts Towers. These areas were selected with input from our Southern California Advisory

Board, and each is on a different Metro rail line. Diversity of station-area conditions also influenced the selection of the three case studies, as each of the case studies represents a different typology, as described below.

- (1) Chinatown is a mixed-use, ethnic neighborhood at risk of gentrification with few formal transit-specific planning efforts to mitigate the changes taking place;
- (2) Hollywood/Western is a mixed-use, regional destination at risk of gentrification but mediated by formal planning efforts; and
- (3) 103rd St./Watts Towers is a residential commuter neighborhood that is not gentrifying.

We focus on the area within a half-mile radius of each station. When possible, we present secondary data for the 80 stations as an aggregate group. Our analysis is done in two parts. Using results from field observations, Part I examines the validity of underlying Census and assessor data that was used to model gentrification and displacement as described in Section 2E. Part II compares the results of models in 2E with information gathered from interviews with community-based organizations (CBOs) and public agencies.

Part I: Assessment of Data Ground-Truthing in Los Angeles

The team selected parcels for observation based on land use and recent sale transactions or activity requiring a permit. A total of 123 residential and commercial parcels were observed in the three case study areas (See Table 2H.2). Detailed description of the methodology can be found in Appendix L.

Table 2H.2: Count of Parcels and Blocks Surveyed in Specific Los Angeles Neighborhoods

	Chinatown	Hollywood/Western	103rd/Watts
Total Parcels	26	48	49
Residential	19	46	46
Commercial	7	2	3
Total Block Segments	21	20	31

Source: Tabulated by authors from observational data collected between March and August 2015.

Model Results for All Three Case Studies in Los Angeles

Figure 2H.1 presents the results of our gentrification model at the Census tract level from 1990 to 2013. Tracts were classified as either eligible or not eligible for gentrification based on population size and indicators of vulnerability (income, educational attainment, rentership rate and rent costs, race). The eligible tracts were then classified into one of four categories: (1) experiencing gentrification between 1990 and 2000; (2) experiencing gentrification between 2000 and 2013; (3) experiencing gentrification in both decades (1990-2000, and 2000-2013); or (4) eligible (disadvantaged communities) but not gentrifying. For more information on the model and tract classification, see Section 2E.

As shown in Figure 2H.1, the 103rd St./Watts area is "eligible" for gentrification as defined in section 2E.1. However, while the area is a disadvantaged community, not much development has occurred. For Chinatown and Hollywood/Western, our model indicates that the areas have undergone significant changes in the past decade. Most of the change in Chinatown can be seen along the

outskirts of the half-mile buffer. On the other hand, change in the Hollywood/Western TOD area has occurred in close proximity to the transit station.

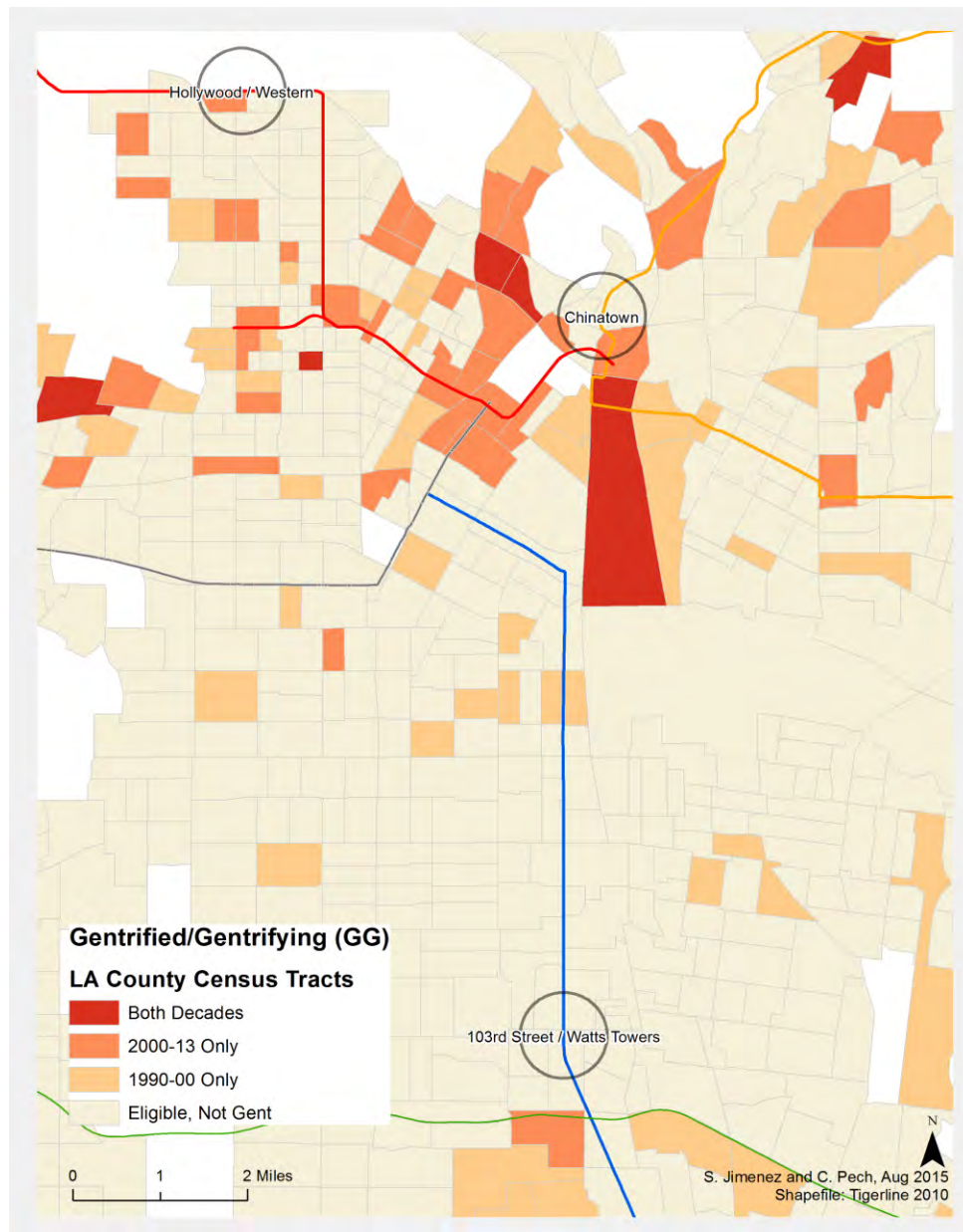


Figure 2H.1: Gentrifying and Gentrified Census Tracts, Los Angeles County, 1990-2013

Assessment Results

Table 2H.3 ranks the three case studies along four composite indicators of neighborhood change: 1. sociodemographic changes, 2. job changes, 3. physical signs of residential change, and 4. physical signs of commercial change. The ranking allows us to compare the results of the gentrification model to what is happening on the ground. For the most part, we find moderate consistency when comparing the secondary data, field observations, and model results, particularly in areas where there is little development.

The sociodemographic indicators are derived from readily available Census data used in the model discussed in Section 2E. They measure greater-than-expected change (or z-score)³ in each case study area relative to all TOD areas in Los Angeles County.⁴ The higher and more positive the z-score for an individual station, the higher the signs of gentrification. Three variables are used for this indicator: average household income, average rent, and number of non-Hispanic whites. For each station, we examined the change for each variable from 1990 to 2013. Greater changes in income, rent, and number of non-Hispanic whites correlate with more signs of development.

Table 2H.3: Comparison of Indicators of Neighborhood Change in Los Angeles Case Studies

Station	Rank (from most change to least)			
	Δ Sociodemographic	Δ Jobs	Δ Residential	Δ Commercial
Chinatown	1	3	2	2
Hollywood/Western	2	2	1	1
103rd St/Watts Towers	3	1	3	3

Source: Tabulated by authors from 1990 decennial Census data and 2013 ACS; LEHD 2002-2012; and observational data collected in March and June, 2015.

For Chinatown, the z-score total is -0.247, while for Hollywood/Western it is -0.437 and for 103rd St./Watts Towers -0.561. The negative scores indicate that the three case study areas are gentrifying less than all TODs as a whole, with the Watts station showing the least indication of gentrification of the study areas.

We use job growth to measure changes in economic activity and commercial gentrification.⁵ Chinatown had a 12.3% increase in jobs from 2002-2012, Hollywood/Western a 115.1% increase, and 103rd St./Watts a 194.4% increase. While Watts ranks first, its base is the lowest of the case study areas, having started in 2002 with only 484 jobs. In absolute numbers, Watts and Chinatown

³ A z-score is essentially a standardized score that indicates how many standard deviations an observation or a data point is from the mean.

⁴ To compare a specific station's change in each variable relative to all TOD stations, we compute a z-score for each of the three variables (income, rent, and race) to see how much it deviates from the average of all stations. This z-score is calculated by taking the specific station's change (in household income, for example), subtracting it by the mean change for all TOD stations, and dividing it by the standard deviation of change for all TOD stations. After finding the z-score for each of income, rent, and race, we add these z-scores to create a composite z-score.

Where

$$zscore\ composite = zinc + zrent + zrace$$

$$zinc = \frac{\Delta income\ for\ specific\ station - mean\ \Delta income\ of\ all\ TOD\ stations}{standard\ deviation\ in\ \Delta income\ of\ all\ TOD\ stations}$$

$$zrent = \frac{\Delta rent\ for\ specific\ station - mean\ \Delta rent\ of\ all\ TOD\ stations}{standard\ deviation\ in\ \Delta rent\ of\ all\ TOD\ stations}$$

$$zrace = \frac{\Delta nhw * f\ for\ specific\ station - mean\ \Delta nhw\ for\ all\ TOD\ stations}{standard\ deviation\ in\ \Delta nhw\ for\ all\ TOD\ stations}$$

*nhw = non-Hispanic whites

⁵ The percent change in jobs is from the 2002 – 2012 Longitudinal Employer-Household Dynamics (LEHD) survey for “all jobs” in blocks within ½ mile of the TOD station.

experienced similar growth in jobs while the increase in Hollywood/Western was more than four times that of the other two areas (an increase of 941,995, and 4,292 jobs, respectively).

The data on residential and commercial gentrification is based on observed signs of “upscaling” and physical signs of gentrification collected as part of ground-truthing.⁶ Upscaling includes extensive renovations, changes in building characteristics, as well as a building appearance that looks more “upscale” and dissimilar to the surrounding parcels. Ground-truthing observations indicate that Hollywood/Western has undergone the most residential and commercial upscaling, followed by Chinatown, with 103rdSt./Watts last.

For the most part, we find moderate consistency amongst the four indicators, particularly in areas where there is little development. However, there are mixed results in areas undergoing development. For example, while the observations rank Hollywood/Western as having the most physical changes, Chinatown has experienced the greatest sociodemographic shift.

Assessed land-use vs. observed (at parcel level)

Land use designations between assessor data and ground-truth observations are for the most part consistent: about a 90% match for residential uses (See Table 2H.4). Chinatown had the highest consistency at 95%. The only large discrepancy is in the single-family units in the Hollywood/Western TOD area.⁷

One limitation of the land-use comparison is that it is not possible to visually distinguish whether a unit is a condo or part of a larger apartment complex. Additionally, commercial parcel matches were not noted because commercial properties comprised less than 10% of the surveyed parcels.

Table 2H.4: Percent land use matched in Los Angeles Case Study Areas

	Chinatown	Hollywood/Western	103rd St/Watts Towers
Single Family	89%	50%	100%
Condo	100%	100%	None surveyed
Multi-family	100%	88%	95%
Total Residential	95%	93%	89%

Source: Tabulated by authors from County Assessor’s data; and observations collected in March and June, 2015.

Local Roll Housing Unit Counts vs. Census Counts

We compare housing units estimated from the County Assessor’s data (See Appendix L for methodology) with the total housing units reported in the 2009-2013 five-year ACS. We focused on parcels with a residential land-use for this comparison.

⁶ For residential, we used questions 4, 6, and 7 from survey instruments (shown in Appendix M). For commercial, we used questions 5, 7, and 8.

⁷ As part of the 2015 UCLA Master’s in Urban and Regional Planning Capstone project, observations in three other case studies also took place. Of the 193 total residential parcels surveyed in all 6 areas, 165 of the parcels (or about 85%) matched with the assessor data. See Appendix J.

Table 2H.5 shows some differences in housing units between assessor and Census data. The difference between the two datasets in Chinatown is about 600 units. For 103rd St./Watts, the difference is about 400 housing units. The greatest discrepancy appears in the housing unit counts between the datasets for Hollywood/Western. The Census estimates more than 2,000 units more than the assessor data does.

Table 2H.5: Estimated Housing Units from Assessor and Census Data in Los Angeles Study Areas

	Assessor Data					ACS 2009-2013 Data	
	Total Parcels	Total Residential Parcels	Total SF Parcels	Total Other Residential	Estimated Residential Units	Total Housing Units	Total Households
Chinatown	1,498	644	139	505	2,337	2,965	2,700
Hollywood / Western	1,515	1,262	591	671	8,656	10,818	9,937
103 rd St / Watts Towers	2,129	1,946	1,468	478	2,828	3,269	2,894
Total	5,142	3,852	2,198	1,654	13,821	17,052	15,531

Source: Tabulated by authors from ACS 2009 – 2013 and County Assessor's data

Reported Recent Major Improvements vs. Observed Major Investments

A “major improvement” in our field observations was defined as an improvement where extensive renovation was apparent, which would have likely required a building permit; for instance, a structural improvement.⁸ Reported improvements are those reported to the County Assessor.⁹ We focused on residential parcels for the comparison.

Table 2H.6 shows that the percent of major improvements is similar to each other in the two datasets. For Chinatown and 103rd St./Watts Towers, the percentages only differ by about 1%. The greater discrepancy is for Hollywood/Western, where the observations found only about 2% (51 parcels out of 591) with major improvements while the assessor data indicates about 9%.

Table 2H.6: Percent of Major improvements for Observed and Assessor Parcels In Los Angeles Study Areas

	Observed Parcels	Assessor Data for All Parcels in Area	
	% with Major Improvements	% Reported Improvements [2007 - 2012]	Median Improvement Value, 2013\$
Chinatown	0.0%	1%	\$64,291
Hollywood / Western	2.2%	9%	\$238,742
103 rd Street / Watts Towers	2.2%	3%	\$93,398

Source: Tabulated by authors from County Assessor's data; and observations collected in March and June, 2015.

Note: Data are for single family parcels

⁸ For our observations, this refers to Question 6 on the Residential Parcel Observations form (See Appendix M for instrument). Percentages for % major improvements for each study area were calculated by taking the total numbers of parcels marked with “extensive” recent renovations and dividing it by the total number of observed parcels.

⁹ Extensive rehabilitation work may involve “substantial changes to the plumbing system, electrical system, framing, or foundation and can extend the usable life of a building.” Only when a building becomes “substantially equivalent to new” does it become categorized as new construction. See <http://assessor.lacounty.gov/bwl-faq/>.

Reported Recent Constructions vs. Observed Construction (at parcel level)

Table 2H.7 shows the match between reported and observed construction for single-family parcels.¹⁰ Within both datasets, there is consistency in the Hollywood/Western station, whereby there is no reported or observed new constructions for single-family homes. There appears to be a larger inconsistency in Chinatown (31.6% observed new construction compared to 4% in secondary data), but this inconsistency is likely due to the methodology of selecting areas with above-average transaction activity. More importantly, we looked at matches between our observed data and the assessor data in terms of new construction. Of the parcels that we selected to observe, all that were marked as having new construction were also reported similarly in the assessor data.

Table 2H.7: Percent of Constructions for Observed and Assessor Parcels in Los Angeles Study Areas

	Observed Parcels	Assessor Data for All SFH Parcels in Area	
	%New SF Construction	% Reported New SF Construction	Observed vs. Reported Match
Chinatown	31.6%	4%	100%
Hollywood / Western	0.0%	0%	100%
103rd Street / Watts Towers	13.0%	5%	100%

Source: Tabulated by authors from County Assessor's data; and observations collected in March and June, 2015.

Part II: Comparison of Model, Street and Observations, and Interviews

Research on neighborhood change often relies on quantitative demographic and real estate data to evaluate trends and the trajectory of neighborhoods. However, subtle changes that may point to gentrification are rarely captured by quantitative data. Often times, it is the local community-based organizations and groups that notice the small changes that are difficult to quantify and track. The following compares the results of the models described in Section 2E with information gathered through street observations as well as interviews with representatives from CBOs and public agencies.

Overview of Street Observation Method

A similar method of ground-truthing as the one reported in Part I was also employed to observe physical changes of gentrification at the Census block/street segment level. We selected Census blocks that were directly adjacent to (or within a quarter-mile radius of) the rail station regardless of their land use. We also chose blocks within a half-mile radius that had above-average transaction activity even if these were not directly adjacent to the rail station. The boundaries for most Census blocks coincided with street block segments. A total of 72 block segments were observed in the

¹⁰ New constructions are defined for the assessor data as any new structures; area added to existing structures; new items added to an existing structure such as bathroom or fireplace; physical changes that result in a change in use; "rehabilitation, renovation, or modernization that converts an improvement to the substantial equivalent of a new improvement"; or land development. See assessor.co.la.ca.us/extranet/list/faqFull.aspx. The percentage of new construction is calculated by taking the number of reported single family home constructions and dividing it by the total number of observed parcels for each station. New constructions are based on Question 1 (if "new constructed") and Question 5 (if "new construction") from the Residential ground-truthing form (See Appendix M). For the percent of reported new construction based off of assessor data, we take the number of reported of single family new constructions & divide it by the total number of single family parcels for each station.

three case study neighborhoods. Detailed description of the methodology can be found in Appendix L.

A semi-structured interview approach was used to guide a series of interviews with representatives of various CBOs and public agencies. Organizations and agencies were selected because of their location and activity in a study area or their previous experience with other aspects of TODs in Los Angeles. We identified and contacted planners, elected officials, and CBO staff. More information on the interview protocol can be found in Appendix N and detailed results comparing the street observation method with interviews and secondary data analysis can be found in Appendix O.

Los Angeles Ground-Truthing Conclusions

In general, we found a higher consistency among data sources in areas that have not experienced major changes such as in 103rd St./Watts Towers, and a lower consistency in areas experiencing more changes such as in Hollywood/Western.

This assessment indicated that the quantitative models reported in other sections of this report do not capture all the complexities and nuances of neighborhood change. At the same time, the quantitative models do identify factors and patterns that cannot be observed through primary fieldwork. Researchers and analysts should not assume, however, that secondary data are precise. Ideally, secondary data should be carefully evaluated for anomalies and other problems (e.g., discrepancies in housing unit counts) before being incorporated into models.

There are clear discrepancies in indicators and beliefs about the nature and extent of neighborhood change. This can be due in part to differences in the sources of information. Those on the ground may see patterns not captured by secondary data. Data from observations and interviews are also subjective and may reflect some of the biases, priorities, and broader concerns of the observer, interviewer, and interviewees. For all the above reasons, the utilization of multiple data sources that involve both secondary data as well as empirical work such as direct field observations and stakeholder interviews complement each other and give a more complete picture of neighborhood change.

Chapter 2 Conclusions

This chapter developed a series of analyses that examine gentrification and displacement in fixed-rail transit neighborhoods. Gentrification in Los Angeles and the Bay Area TODs cannot be attributed to new residential development, as the vast majority of transit neighborhoods in both Los Angeles and the Bay Area experienced relatively little residential development from 2000 to 2013. In the Bay Area, over half of market rate residential development occurred in tracts that did not gentrify.

Analyzing household moves into and out of neighborhoods, we find that transit neighborhoods in Los Angeles have higher rates of high income in-movers and lower rates of low income in-movers, consistent with previous findings on the relationship between proximity to transit and higher housing prices. A similar relationship is found when analyzing the education level of in-movers to transit neighborhoods in the Bay Area, who are more likely to have a bachelor's degree or higher and less likely to have less than a high school diploma. Yet, in the Bay Area, people in poverty were more likely to move into transit neighborhoods in the core cities (San Francisco, Oakland, and San Jose), but not in other cities. For Los Angeles, in-movers to transit neighborhoods were more likely

to be non-Hispanic white, which is only true in the Bay Area for transit neighborhoods located in the core cities.

Our models of neighborhood gentrification suggest that proximity to transit matters in both regions, but effects vary across time periods. In Los Angeles, proximity to transit is most clearly associated with gentrification in Downtown, and proximity to recently opened transit stations seems to have the most significant effect. The Bay Area results also indicate that proximity to fixed rail transit stations has a significant impact on gentrification.

When we look at less aggregate demographic measures and zoom in specifically on affordable housing, we find a much stronger effect of proximity to rail transit. For Los Angeles we find that proximity to rail transit significantly predicts a loss of affordable rental units and an increase in condominium conversions. For the downtown rail transit neighborhoods, we also find a significant increase in Ellis Act evictions and for transit neighborhoods outside of the downtown we find a significant decline in Section 8 vouchers. There was, however, an increase in subsidized units using the Low-Income Housing Tax Credit (LIHTC) program for transit neighborhoods both in and outside of Downtown Los Angeles. For the Bay Area, the impact of rail transit neighborhoods was not significant for the change in affordable rental units and Section 8 vouchers. Similar to Los Angeles, however, rail transit neighborhoods were more likely to increase the number of LIHTC units in the Bay Area's core cities, but less likely in other Bay Area cities. Rail transit neighborhoods outside of the core cities were more likely to lose low-income households. In San Francisco, proximity to rail transit was positively related to increased eviction rates.

Another set of analyses looks at changes in neighborhood composition by income classes, racial/ethnic groups, and rent burden. Confirming the analysis of gentrification, the results for both Los Angeles and the Bay Area showed a decline in the share of low-income residents and residents with a bachelor's degree were higher in transit neighborhoods.

To verify the secondary data analyzed in our models and to learn more about the process of change, we used visual observation in the field as well as in-depth interviews with key informants. The findings of the field observations were generally consistent with the secondary data, except that there was often a discrepancy between the number of housing units found in the County Assessor's database and those observed in the field. Often, local observers pointed to displacement processes currently underway that are not reflected in the secondary data. At the same time, interviews occasionally suggested a level of anxiety about displacement that is not supported by empirical data.

Chapter 3: Developing Tools for Analyzing Potential Displacement Impacts in Sustainable Community Strategies (SCS)

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Acronyms Used in This Chapter

- AA (Activity Allocation)
- ABAG (Association of Bay Area Governments)
- ACS (American Community Survey, U.S. Census)
- ARB (California Air Resources Board)
- AMI (Area Median Income)
- BMR (Below Market Rate)
- CSA (Community Statistical Area)
- FAR (Floor Area Ratio)
- ED (Economic/Demographic)
- EIR (Environment Impact Report)
- GIS (Geographic Information System)
- GHG (Greenhouse Gas)
- HCD (California Department of Housing and Community Development)
- HUD U.S. Department of Housing and Urban Development)
- LIHTC (Low-Income Housing Tax Credit)
- MNL (Multinomial Logit)
- MPO (Metropolitan Planning Organization)
- MTC (Metropolitan Transportation Commission)
- NPH (Non-Profit Housing Association of Northern California)
- PECAS (Production Exchange Consumption Allocation System)
- PUMS (Public Use Microdata Sample, U.S. Census)
- RHNA (Regional Housing Needs Allocation)
- ROI (Return on Investment)
- RTP (Regional Transportation Plan)
- SCAG (Southern California Association of Governments)
- SCS (Sustainable Communities Strategy)
- SD (Space Development)
- TAZ (Transportation Analysis Zone)
- TOD (Transit-Oriented Development)
- TR (Transportation)
- VMT (Vehicle Miles Traveled)

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Chapter 3 Introduction

In Chapter 3, we first present our analysis on what we believe are requirements for regional models to represent displacement, and we use this information along with findings presented in previous chapters to evaluate the suitability of the integrated land use and transportation models used by the metropolitan planning organizations (MPOs) in the Bay Area (the Metropolitan Transportation Commission, MTC) and Los Angeles (the Southern California Association of Governments, SCAG) to address displacement. To adapt the urban simulation model used in the Bay Area—UrbanSim—researchers analyzed the role of race, income, household size, rent, and rent burden on household location decisions and made adjustments to it. Researchers are working with MTC to integrate these modifications into their modeling for the next sustainable communities strategy (SCS). After analyzing how the integrated land use and transportation model used in Los Angeles—PECAS—could analyze displacement, researchers concluded that the current version is not capable of analyzing displacement issues at the desired level of detail.

In an effort to provide more streamlined and less resource-intensive modeling options, we present several different approaches to an off-model displacement assessment methodology. The off-model approaches build on the modeling results found in Chapter 2. All of the models are able to predict gentrification with results ranging from 50% to 86% accuracy.

Effects of Transit Investments and Upzoning on Prices and Rents

There is growing concern that there may be unwanted side effects of well-intentioned planning efforts to intensify development around transit stations, often referred to as transit-oriented development (TOD). The added transit accessibility from new stations, lines, and improved levels-of-service represents a local amenity that is of value to households and firms that are able to locate in close proximity to those amenities. In fact, accessibility is one of the primary influences on land values, and consequently on housing prices and rents, as well as on rents and prices of non-residential buildings.

The reason accessibility translates to higher property values is that amenities such as accessibility translate to higher willingness-to-pay for locations with such amenities. In short, increased transit accessibility increases demand for locations whose accessibility has increased as a result of public investment, and this increased demand is capitalized into land and property values. This is both intuitively obvious, and backed by a large empirical and theoretical literature.

If the real estate market were able to respond to increases in demand for those locations with new construction, one might expect that it could offset this increase in demand, pushing prices downward at least partially. Several factors tend to prevent that from happening. First, local governments may not zone for high enough intensity of development to enable developers to profitably build sufficient new housing and non-residential space to offset the demand effect. This is often due to community resistance to increased density, which pressures the municipality to keep zoning constrained considerably, compared to what the market would support in high-demand locations.

A further consideration on the supply side of the market is that higher-density development, at certain thresholds, increases construction cost substantially. Once developers move from a frame-on-podium construction appropriate for low-rise construction of two to three stories to higher

densities, it may precipitate numerous changes in construction technology, such as structure parking, steel frame construction, and elevators, all of which increase costs considerably. The end result is that, in order to realize sufficient profit to attract investment capital for construction loans, developers have to target a higher price segment of consumers, by moving to higher-quality materials and amenities. The result of these changes can be reasonably expected to put upward pressure on prices and rents.

A third factor that can contribute to both a diminished supply response to increased demand is that any upzoning done by the local jurisdiction to enable higher-density development might in fact drive up development costs for developers by increasing the reservation prices of current property owners. This arises because the zoning on each parcel confers an entitlement to the property owner to develop the parcel up to the limits imposed by the zoning. When the city upzones selected parcels around transit, the current property owners essentially receive a windfall of increased entitlement value. Assuming that these property owners are aware of this change in zoning, they are likely to demand a higher price for their property when a developer seeks to acquire it for development, since they fully appreciate that the developer could build to a higher intensity based on the change in zoning. Some jurisdictions have implemented value capture or community benefits policies to attempt to redirect some of this entitlement windfall from the public investment in transit towards public objectives. But most jurisdictions have not implemented such policies, which means that the full entitlement value gain is transferred to current property owners and translates to a higher cost for developers in these locations.

Effects of Increased Prices and Rents on Displacement

Through a combination of increased demand, constrained supply, and increased development costs, it is not unreasonable to anticipate upward pressure on prices and rents associated with transit investments and localized upzoning intended to stimulate TOD around these investments. The next issue to consider is how these pressures translate to risks of displacement and a consideration of who is at risk of such displacement.

The first, essential distinction to consider when considering the issue of displacement is how households in different circumstances might be affected. Households fortunate enough to own property, whether still paying a mortgage or owning it in full, will derive a windfall benefit of increased property values. Equity in housing is one of the main sources of wealth accumulation by households, notwithstanding the devastating effects of the global housing recession that began in 2007 and the large number of foreclosures that ensued. Still, on the whole, any amenity value that is generated by public investments such as transit, or any increases in entitlement value generated by increases in zoned development capacity, translate to increases in equity value for current property owners. As a result, the current project does not need to be concerned about any harmful effects of transit investments on the current property owners in those locations receiving additional transit service, or being upzoned to increase denser development.

These price pressures raise concerns about the potential impacts on renter households. For these households, price pressure could result in increased rents and therefore increases in the rental cost burden or potential eviction if building owners decide to convert apartments to condominiums. We would refer to these two circumstances as involuntary displacement, though the term involuntary might be subject to interpretation in the event that a household's rent increases to the point of being intolerable, and they "voluntarily" decide to relocate to a lower-cost location. We still consider this to be a hardship, and relevant to consider, so will use the term involuntary to include

those who would have preferred to stay, but either were evicted or chose to move out due to an excessive cost burden.

Another relevant population who could be harmed are low-income renters who might be able to consider moving into these locations before the transit investment or upzoning, but whose income constraints prevent them from locating there once rents increase. We could refer to this circumstance as exclusionary displacement. It is more nuanced, in the sense that we cannot directly observe which households would have considered specific neighborhoods before and after a change in rents. Nevertheless, the combination of exclusionary and involuntary displacement could combine to rapidly change the composition of transit-oriented neighborhoods toward the elimination of low-income households.

Requirements for Regional Models to Represent Displacement

Models used by MPOs were initially designed almost exclusively to address the evaluation of alternative packages of transportation projects, in order to develop a regional transportation plan (RTP) under assumptions that land use patterns should be considered as fixed, exogenous inputs. Later, these models evolved to evaluate the of potential induced demand effects that could arise from transportation projects influencing real estate markets — increasing demand for locations advantaged by increased accessibility, and increased supply in response to the demand and price effects, and subsequent increases in household and firm travel resulting from new development and new household and firm locations. UrbanSim is one of the model innovations that emerged to address this induced demand effect (Waddell 2011).

Concerns about housing affordability have only recently begun to intersect the regional transportation planning process. In particular, SB375 is one of the first legal tools to require coordination of the regional housing needs allocation (RNHA) process with the transportation and land use plans in the SCS planning process. The current project extends the consideration of housing affordability to more directly address the question of displacement associated with transit investments.

From the foregoing discussion, several requirements can be identified for making regional models responsive to displacement-related concerns.

Representation of Renter and Owner Markets Separately

As discussed above, displacement is a concern for low-income households who rent, rather than own, their homes. While homeowners receive a windfall from increasing property values, renters receive a higher rent bill, or worse, an eviction notice. Regional land use models have often used a simplification of the housing market to generalize over, or abstract away, this difference between renter and owner housing markets, often relying on a rule-of-thumb “cap rate” (capitalization rate) conversion between rents and prices, to enable a representation in the models of only one tenure type. For purposes of analyzing displacement risks, it is a fundamental requirement that rental and owner markets be treated separately. Without this distinction, it would be meaningless to attempt to discuss impacts of any market or policy change on displacement.

So the first and most essential requirement for regional models is to represent the housing stock as two fundamental market types: rental and owner. Building types, such as multi-family and single-family, townhouse, duplex, and the like, are useful in understanding the market, but do not

substitute for the tenure distinction. Single-family houses can be in the rental or the owner market, and the outcomes will be very different for the occupants when prices and rents increase.

Representation of the Influence of Rent Burdens on Moving Out

A second fundamental requirement for these models to be useful for analyzing displacement is the representation of the cost burden for renters in a model component reflecting the probability that a household will move out of their current unit. As already mentioned, this is less relevant for owner-occupants since they generally acquire a mortgage to finance their home purchase, thus payments are not influenced by market pressures on prices.

Some land use models do not attempt to represent the probability that a household will move. These models do not represent the way cities evolve over time through annual changes in the movement of households and firms and the construction of new buildings.. While a static equilibrium approach like that used in PECAS is plausible for some kinds of questions, it is not particularly well-suited to address dynamic questions such as how transit investments and upzoning might conspire to increase rents, and induce low-income renters to move out. Representing the renter market as a distinct market is a prerequisite, as is a representation of the decision to move out during a specific time frame such as over the following year.

Representation of the Influence of Rent Burdens on Moving In

A third requirement relates to the rent burdens of households who might be able to consider a neighborhood prior to increased transit services or upzoning, but are unable to afford the location after such changes. This is the exclusionary displacement circumstance.

This is a challenging issue to address since it requires making assumptions about how binding budget constraints are in households' choices of a residence. As we explore in a subsequent section, the empirical data on rent burdens suggests that this is not as simple as assuming that housing units above a specific rent burden would never be an option for locating households, since in fact, we observe large numbers of low-income households in units that impose an extremely high cost-burden.

Representation of Parcel-Level Demand and Supply

TOD involves increasing the zoning capacity for higher-density and often more mixed-use development in locations within close proximity (usually walking distance, e.g., one-quarter to one-half mile), of transit stations. The zoning changes are generally implemented in a special area plan that applies upzoning on a parcel-by-parcel level of detail, based on proximity and connectivity to the transit station. Models cannot capture the effects of these policies if they are not working at a parcel level of detail to represent, in a consistent way, both the demand side and the supply side of the models.

Some modeling approaches abstract the demand side considerably and use very large zones or districts, much larger than walking scale, to simulate market demand. They may or may not represent the supply side of the model at a parcel level or at a more aggregate level, but often encounter internal inconsistencies if the models are not structured to work consistently at the same scale and in close coordination. In order to capture localized policies and the micro-scale effects of walk access to transit, models need a consistent representation of both demand and supply at the parcel level of geography.

Representation of Affordable Housing Development Feasibility

Representing the influences of market demand on rents, and the interaction of these with zoning constraints and other policies (such as inclusionary housing), can be best represented using a financial model that mimics the decision analysis used by real estate developers. This model enables a parcel-level assessment of how increased rents, increased prices, and changes in development costs influence return on investment (ROI) as a result of the following:

- zoning constraints,
- the building program on a site,
- building technology, and
- the effects of policies such as inclusionary housing, which require developers to incorporate some fraction of affordable units into a project on site, or pay an in-lieu fee to the city to support the construction of affordable housing elsewhere in the city.

Representation of Individual Households and Housing Units

To analyze the impacts of housing affordability challenges on households, it is important to distinguish between many characteristics of households, including their income, household size, and stage of life. For example, a small unit may be inappropriate for a large family, even if the rent appears to be affordable. Our assessment is that it is necessary to represent not only individual households in the model, but also individual housing units, so that the characteristics of both can be used to analyze how households with different characteristics choose housing units with different characteristics.

Moving toward full-scale microsimulation on both the household and the housing supply sides of the model also makes the model much more transparent and reflective of the real world.

Representation of Income and Race/Ethnicity

Housing markets are heavily segregated by income, race and ethnicity, and other forms of clustering characteristics like household size and stage of life. Models tend to suppress consideration of race and ethnicity, in spite of a large body of theoretical and empirical research that documents how important these dimensions are to understanding the nature of housing markets. Common sense and experience generally confirm the magnitude of these influences in large, diverse metropolitan areas such as the San Francisco Bay Area. Further, federal and local environmental justice and equity policy mandates motivate the need to at least assess how displacement pressures might disproportionately impact low-income households and households containing black or Hispanic individuals.

Based on prior research and the need to be sensitive to equity concerns, it is therefore a final requirement that models reflect the influences of race and ethnicity on location outcomes of households.

Section 3A: Addressing Displacement in the Bay Area UrbanSim Application

3A.1. Introduction

In this section we explore the potential of the UrbanSim model system to better address displacement concerns and to provide new capacity for MPOs to consider these effects and policies to mitigate them, as part of their operational planning process. We begin by describing the prior application of UrbanSim (Waddell 2011) in the San Francisco Bay Area, as a foundation for the current project. Following this is a discussion of the requirements for adapting UrbanSim to effectively meet the research objectives of the current project to address displacement concerns related to transit investments, and a discussion of the overall strategy for making these adaptations in UrbanSim. We turn next to a more detailed discussion of the design and implementation of UrbanSim and to the changes in model structure, data, and model specification and estimation to address the current research objectives. We close with an assessment of the status of these innovations and a summary of next steps. For a detailed description of the models used in the Bay Area application of UrbanSim that were modified for this project, see Appendix P.

Prior Use of UrbanSim in Plan Bay Area

This effort builds on the prior development and application of UrbanSim in the San Francisco Bay Area, and its deployment and operational use by MTC and the Association of Bay Area Governments (ABAG). UrbanSim was used in coordination with the MTC activity-based travel model system to analyze the Environmental Impact Report (EIR) alternatives for the Plan Bay Area Sustainable Communities Strategy planning process, which ended in 2013 and is now being updated for use in the next SCS planning process.

UrbanSim is designed to support analysis of the potential effects of land use policies and infrastructure investments on the development and character of cities and regions. Its application in the Bay Area was used to update land use forecasts under alternative EIR scenarios, with differing assumptions such as aggregate economic growth targets, transportation system investments and policies, and local land use plans and policies to focus development around transit. UrbanSim was adapted to run at a parcel level and to interface with the MTC travel model. UrbanSim is designed to run as a microsimulation, at the individual household and person level of detail, so that it consistently represents choices of individuals and housing market and local land use policies at the building and parcel levels.

3A.2. Overview of UrbanSim

Design Objectives and Key Features

UrbanSim is an urban simulation system developed over the past several years to better inform deliberation on public choices with long-term, significant effects.¹ A key motivation for developing such a model system is that the complexity of the urban environment makes it is infeasible to

¹This chapter draws in part on reference (Waddell et al. 2008).

anticipate the cause-and-effect interactions that could have both intended and possibly unintended consequences.

UrbanSim was designed to reflect the interdependencies in dynamic urban systems, focusing on the real estate market and the transportation system, initially, and on the effects of individual interventions, and combinations of them, on patterns of development, travel demand, and household and firm location. The basic features of the UrbanSim model and software implementation are highlighted in Table 3A.1. The model is unique in that it departs from prior operational land use models based on cross-sectional, equilibrium, aggregate approaches to adopt an approach that models individual households, jobs, buildings, and parcels (or gridcells), and their changes from one year to the next as a consequence of economic changes, policy interventions, and market interactions.

Table 3A.1: Key Features of UrbanSim

Key Features of the UrbanSim Model System	<ul style="list-style-type: none"> • The model simulates the key decision makers and choices impacting urban development; in particular, the mobility and location choices of households and businesses, and the development choices of developers • The model explicitly accounts for land, structures (houses and commercial buildings), and occupants (households and businesses) • The model simulates urban development as a dynamic process over time and space, as opposed to a cross-sectional or equilibrium approach • The model simulates the land market as the interaction of demand (locational preferences of businesses and households) and supply (existing vacant space, new construction, and redevelopment), with prices adjusting to clear market • The model incorporates governmental policy assumptions explicitly, and evaluates policy impacts by modeling market responses • The model is based on random utility theory and uses logit models for the implementation of key demand components • The model is designed for high levels of spatial and activity disaggregation, with a zonal system identical to travel model zones • The model presently addresses both new development and redevelopment, using parcel-level detail
Key Features of the UrbanSim Software Implementation	<ul style="list-style-type: none"> • The model and user interface is currently compatible with Windows, Linux, Apple OS X, and other platforms supporting Python • The software is implemented in the Open Platform for Urban Simulation • The software is open-source, using the GPL license • The system is downloadable from the web at www.urbansim.org • The user interface focuses on configuring the model system, managing data, running, and evaluating scenarios • The model is implemented using object-oriented programming to maximize software flexibility • The model inputs and results can be displayed using ArcGIS or other GIS software such as PostGIS • Model results are written to binary files, but can be exported to database management systems, text files, or geodatabases

Model System Design

The overall architecture of the UrbanSim model system is depicted in Figures 3A.1, 3A.2, and 3A.3. Most of the early applications of UrbanSim used gridcells of 150 by 150 meters in resolution as the

basic unit of spatial analysis. More recent applications have adopted the use of parcels and buildings, but the overall logic remains intact. What differs is the configuration of specific models.

The models used in the parcel version of UrbanSim differ in some obvious respects from the earlier gridcell versions, and these differences are summarized in Table 3A.2. In addition to the substitution of parcels for gridcells as the unit of analysis, the real estate development model was completely restructured to take advantage of the availability of parcel geography in representing actual development projects, which do vary in size and shape in the real world, in ways that are difficult to reconcile with gridcell geography. The explicit use of buildings is also fairly new in UrbanSim, and allows a clear mapping of occupants to buildings and buildings to parcels.

Table 3A.2: Specification of UrbanSim Model Components Using Parcel Data Structure

Model	Agent	Dependent Variable	Functional Form
Household Location Choice	Household (New or Moving)	Residential Building With Vacant Space	Multinomial Logit
Employment Location Choice	Establishment (New or Moving)	Non-residential Building With Vacant Space	Multinomial Logit
Building Location Choice	Building	Parcel (With Vacant Land)	Multinomial Logit
Real Estate Price	Parcel	Price	Multiple Regression

UrbanSim simulates the real-world actions of agents in the urban system. Developers construct new buildings or redevelop existing ones. Buildings are located on land parcels that have particular characteristics such as value, land use, slope, and other environmental characteristics. Governments set policies that regulate the use of land, through the imposition of land use plans, urban growth boundaries, and environmental regulations, or through pricing policies such as development impact fees. Governments also build infrastructure, including transportation infrastructure, which interacts with the distribution of activities to generate patterns of accessibility at different locations that in turn influence the attractiveness of these sites for different consumers. Households have particular characteristics that may influence their preferences and demands for housing of different types at different locations. Businesses also have preferences that vary by industry and size of business (number of employees) for alternative building types and locations.

The model system contains a large number of components, so in order to make the illustrations clearer, there are three “views” of the system. In Figure 3A.1, the focus is on the flow of information related to jobs. Figure 3A.2 provides a household-centric view of the model system. Finally, Figure 3A.3 provides a view with a focus on real estate.

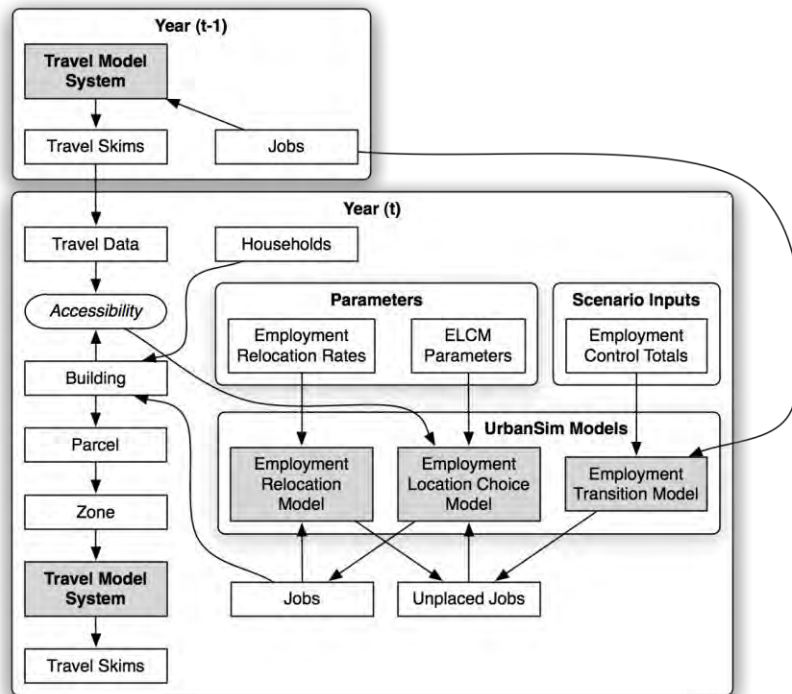


Figure 3A.1: UrbanSim Model Flow: Employment Focus

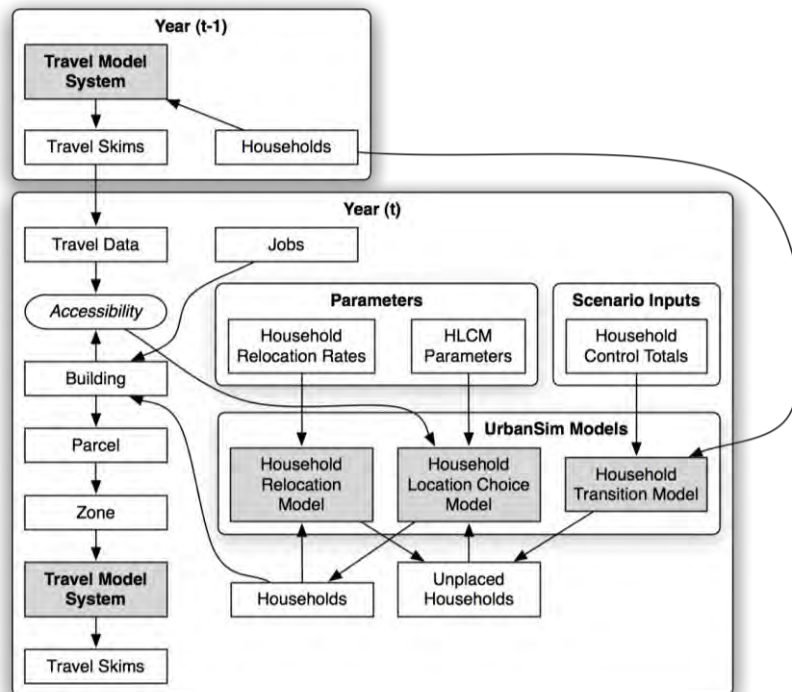


Figure 3A.2: UrbanSim Model Flow: Household Focus

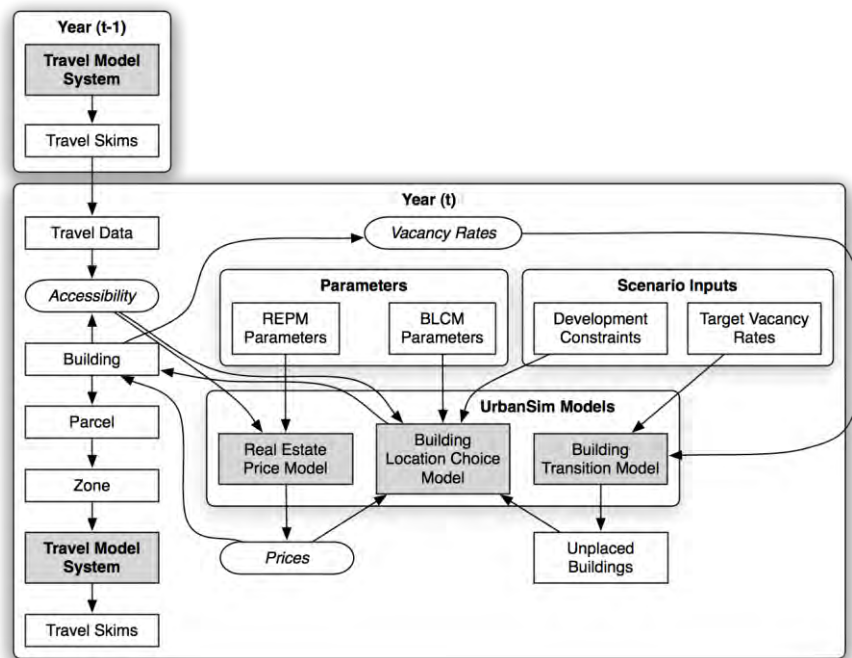


Figure 3A.3: UrbanSim Model Flow: Real Estate Focus

UrbanSim predicts the evolution of these entities (employment, households, and real estate) and their characteristics over time, using annual steps to predict the movement and location choices of businesses and households, the development activities of developers, and the impacts of governmental policies and infrastructure choices. The land use model is interfaced with a metropolitan travel model system (e.g., an MPO's travel demand model) to deal with the interactions of land use and transportation. Access to opportunities, such as employment or shopping, are measured by travel time or cost of accessing these opportunities via all available modes of travel.

The data inputs and outputs for operating the UrbanSim model are shown in Table 3A.3. Developing the input database is challenging, owing to its detailed data requirements. A geographical information system (GIS) is typically used to manage and combine these data into a form usable by the model, and can also be used to visualize the model results. Fortunately, freely available open-source GIS tools such as Quantum GIS and PostGIS are now generally robust enough to handle these needs. Once the database is compiled, the model equations must be calibrated and entered into the model. A final step before actual use of the model is a validation process that tests the operation of the model over time and makes adjustments to the dynamic components of the model. The steps of data preparation, model estimation, calibration, and validation will be addressed in later sections. In the balance of this chapter the design and specification of UrbanSim, using a parcel-based approach adapted for use in the Bay Area, is presented in more detail.

Policy Scenarios

UrbanSim is designed to simulate and evaluate the potential effects of multiple scenarios. We use the term "scenario" in the context of UrbanSim in a very specific way: a scenario is a combination of input data and assumptions to the model system, including macroeconomic assumptions regarding

the growth of population and employment in the study area, the configuration of the transportation system assumed to be in place in specific future years, and general plans of local jurisdictions that will regulate the types of development allowed at each location.

In order to facilitate comparative analysis, a model user such as an MPO will generally adopt a specific scenario as a base of comparison for all other scenarios. This base scenario is generally referred to as the ‘baseline’ scenario, and this is usually based on the adopted or most likely to be adopted regional transportation plan, accompanied by the most likely assumptions regarding economic growth and land use policies. Table 3A.3 summarizes both the inputs and the outputs of UrbanSim.

Table 3A.3: Data Inputs and Outputs of UrbanSim

UrbanSim Inputs	<ul style="list-style-type: none"> • Employment data, usually in the form of geocoded business establishments, but alternatively from zonal employment by sector • Household data, merged from multiple census sources • Parcel database, with acreage, land use, housing units, non-residential square footage, year built, land value, improvement value, city and county • City and County General Plans and zoning • GIS overlays for environmental features such as wetlands, floodways, steep slopes, or other sensitive or regulated lands • Traffic Analysis Zones • GIS overlays for any other planning boundaries • Travel model outputs • Development costs • Real estate transactions
UrbanSim Outputs (by Building, Parcel or Gridcell), Generally Summarized by Zone	<ul style="list-style-type: none"> • Households by income, age, size, and presence of children • Employment by industry and land use type • Acreage by land use • Dwelling units by type • Square feet of nonresidential space by type • Real estate prices
Travel Model Outputs (Zone-to-Zone) Used in UrbanSim	<ul style="list-style-type: none"> • Travel time by mode, by time of day, by purpose • Trips by mode, by time of day, by purpose • Composite utility of travel using all modes by purpose • Generalized costs (time + time equivalent of tolls) by purpose

Discrete Choice Models

UrbanSim makes extensive use of models of individual choice. A path breaking approach to modeling individual actions using discrete choice models emerged in the 1970s, with the pioneering work of McFadden on Random Utility Maximization theory (McFadden 1974, 1981). This approach derives a model of the probability of choosing among a set of available alternatives based on the characteristics of the chooser and the attributes of the alternative, and proportional to the relative utility that the alternatives generate for the chooser. Maximum likelihood and simulated maximum likelihood methods have been developed to estimate the parameters of these choice models from data on revealed or stated preferences, using a wide range of structural specifications (see Train 2003). Early applications of these models were principally in the transportation field, but also included work on residential location choices (Quigley 1976; Lerman 1977; McFadden 1978), and on residential mobility (Clark and Lierop 1986).

Choice models are implemented in UrbanSim in a modular way, to allow flexible specification of models to reflect a wide variety of choice situations. Figure 3A.4 shows the process both in the form of the equations to be computed, and from the perspective of the tasks implemented as methods in software.

For each model component within the UrbanSim model system, the choice process proceeds as shown in Figure 3A.4. The first steps of the model read the relevant model specifications and data. Then a choice set is constructed for each chooser. Currently this is done using random sampling of alternatives, which has been shown to generate consistent, though not efficient, estimates of model parameters (Ben-Akiva and Lerman 1987).

The choice step in this algorithm warrants further explanation. Choice models predict choice probabilities, not choices. In order to predict choices given the predicted probabilities, we require an algorithm to select a specific choice outcome. A tempting approach would be to select the alternative with the maximum probability, but unfortunately this strategy would have the effect of selecting only the dominant outcome, and less frequent alternatives would be completely eliminated. In a mode choice model, for illustration, the transit mode would disappear, since the probability of choosing an auto mode is almost always higher than that of choosing transit. Clearly this is not a desirable or realistic outcome. In order to address this problem, the choice algorithm used for choice models uses a sampling approach. As illustrated in Figure 3A.4, a choice outcome can be selected by sampling a random number from the uniform distribution in the range 0 to 1, and comparing this random draw to the cumulative probabilities of the alternatives. Whichever alternative the sampled random number falls within is the alternative that is selected as the “chosen” one. This algorithm has the property that it preserves in the distribution of choice outcomes a close approximation of the original probability distribution, especially as the sample size of choosers becomes larger.

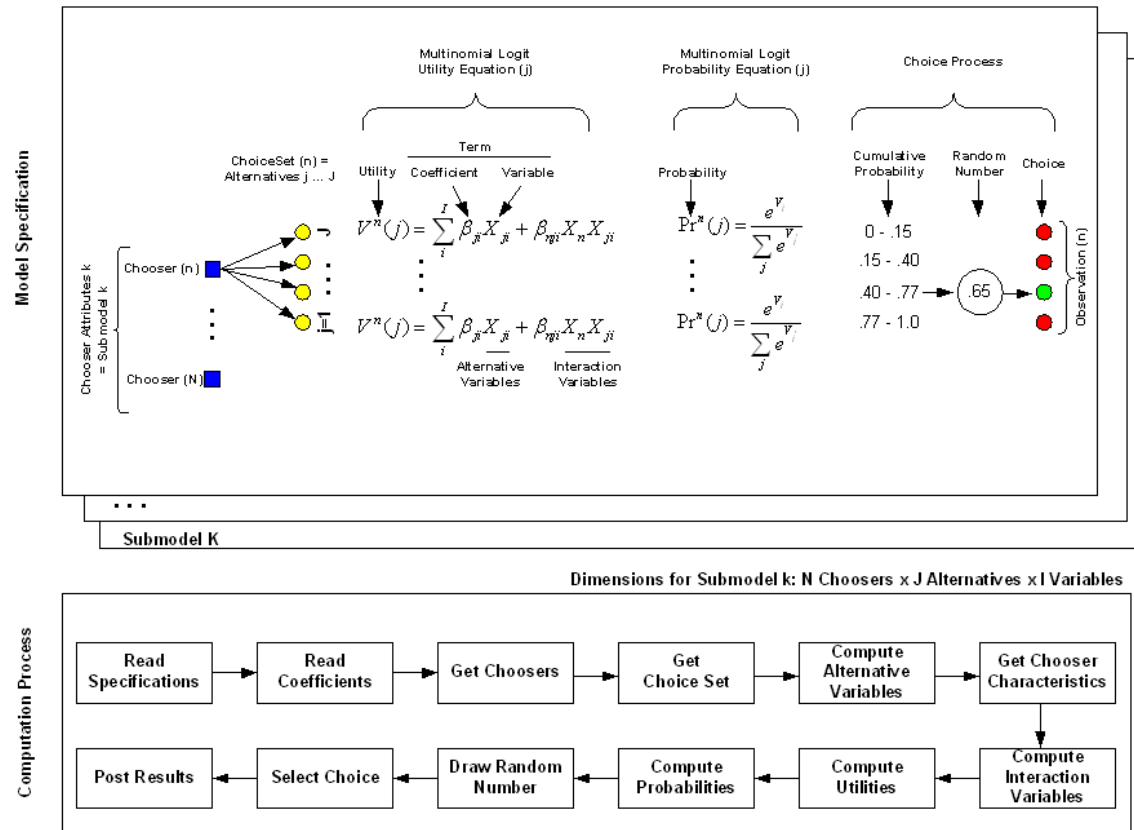


Figure 3A.4: Computation Process in UrbanSim Choice Models

3A.3. Adapting UrbanSim to Address Displacement

Representation of Individual Households and Housing Units

A prerequisite for many of the enhancements to UrbanSim required for this project was to represent individual households and individual housing units. While UrbanSim already used individual households (and persons) in the previous implementation for the Bay Area, it used parcels and buildings as the smallest representations of housing supply. In this project, we have extended the data schema to represent each residential unit in the region, in addition to buildings and parcels. The combination of microsimulating households and residential units simplifies the accounting of which units are for rent (and which households are renting) as well as enabling more detailed tracking of households of different incomes, household structures, and racial and ethnic composition, which are found to be important in exploring the core questions in this research project.

Representation of Renter and Owner Markets Separately

In order to separately represent renter and owner housing markets, several changes have been implemented in data structures and model specifications.

Model structures were modified in the following ways:

- Household relocation models were modified to separately model the move-out probabilities of renters and owners
- Hedonic regression models were modified to separately predict owner-occupied housing sales prices and rental rates for rental housing
- Household location choice models were modified to separate renters from owners, with renters only choosing from vacant rental units, and owners only choosing from among vacant owner units
- Supply-demand price adjustment models were adapted to separately treat the adjustment of rents and prices in the respective components of the housing market
- The real estate development model was modified to evaluate pro forma return on investment for both rental and owner options for relevant housing types, using prices and rents from the relevant hedonic regressions

Data structures were changed in the following ways:

- A housing-unit-level table was added, disaggregating from parcels and buildings, representing each individual housing unit in the region
- Tenure status (rent or own) was imputed for each housing unit from census-block-level tenure composition
- Tenure status was added to each household record in the synthetic population, from the relevant Public Use Microdata Sample (PUMS) record

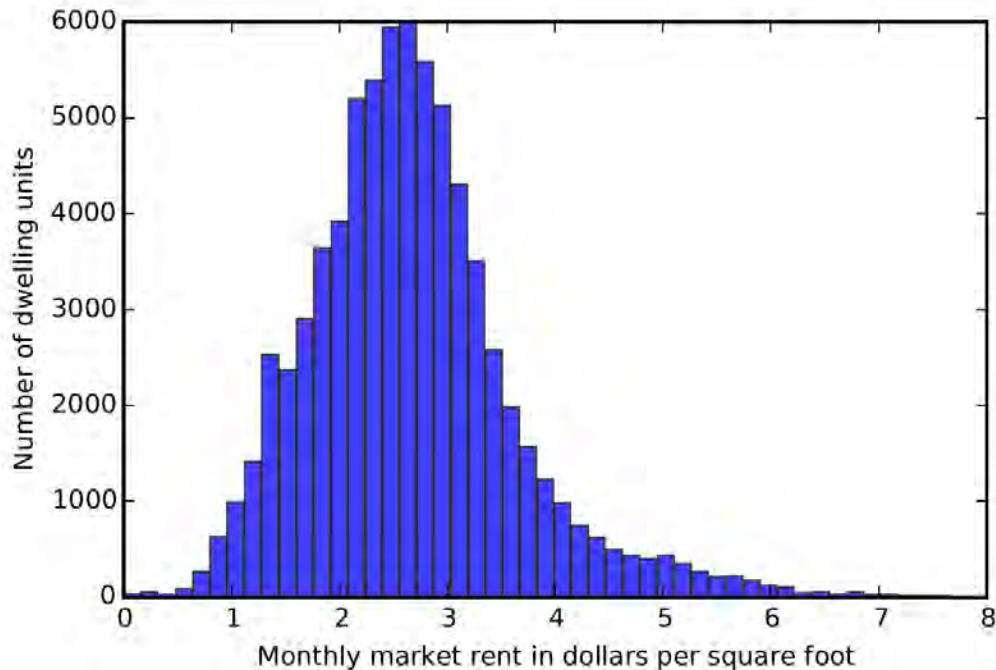
These changes to models and data structures capture the most essential changes to address the requirement of separately representing the owner and renter markets.

We used rental listings from Craigslist to estimate the rental hedonic model presented in Table 3A.4, using the log of monthly asking rent per square foot as the dependent variable. Housing rents were collected by scraping rental listings from the Bay Area Craigslist website over a period of several months. Only records that were sufficiently complete, and included a geocoded location, were used.

Figure 3A.5 shows the distribution of rent per square foot for the collected listings. We tested a combination of structural, neighborhood, and accessibility variables as independent variables in the model. Neighborhood variables were computed as queries of parcels that were within a half-kilometer along the local street network, to better reflect the localized nature of neighborhood effects. The accessibility variables are from the MTC Travel Model, and reflect composite utilities (logsums) that are intended to capture the full set of influences on accessibility to specific modes, across destinations. The estimation results for the rental hedonic model reflect that not only do standard structural characteristics such as square footage and structure type influence rents per square foot, but so too do socioeconomic characteristics of the neighborhood around the units, including their income and racial composition, as well as broader accessibility from the location by auto and transit.

Table 3A.4: Hedonic Regression Estimation Results for Rental Listings

Dependent Variable: Log of Price Per Sq. Ft.	coef	std err	z	P> z
Intercept	6.6031	0.079	84.012	0.000
Log of average sq. ft. per unit	-0.3266	0.002	-148.469	0.000
Average lot size per unit	-0.0406	0.001	-34.985	0.000
Average income	0.0473	0.001	32.935	0.000
Poverty rate	-0.5245	0.013	-39.223	0.000
% Black	-0.0068	9.46e-05	-71.538	0.000
% Hispanic	-0.0028	0.000	-27.751	0.000
% Asian	0.0057	9.77e-05	58.724	0.000
% Renters	0.0009	0.000	5.159	0.000
Single family dwelling unit	-0.0718	0.001	-79.909	0.000
Auto Peak Total Accessibility	-0.5061	0.014	-36.533	0.000
Transit Peak Total Accessibility	0.0166	0.001	30.635	0.000
Auto Off Peak Retail Accessibility	0.2103	0.015	14.046	0.000
Total non-residential units	0.0279	0.001	41.777	0.000
Total residential units	0.1467	0.002	82.811	0.000
Observations	73,134			
Adj R-squared.:	0.562			
<i>Data Sources: Bay Area UrbanSim Synthetic Population (derived from PUMS), MTC Travel Model, Craigslist</i>				
<i>Note: Neighborhood variables are averages within 0.5 to 3 km</i>				

**Figure 3A.5: Rent per Square Foot from Craigslist Rental Listings**

Size of units is of course relevant to housing affordability, and the size distribution of the rental listings is shown in Figure 3A.6.

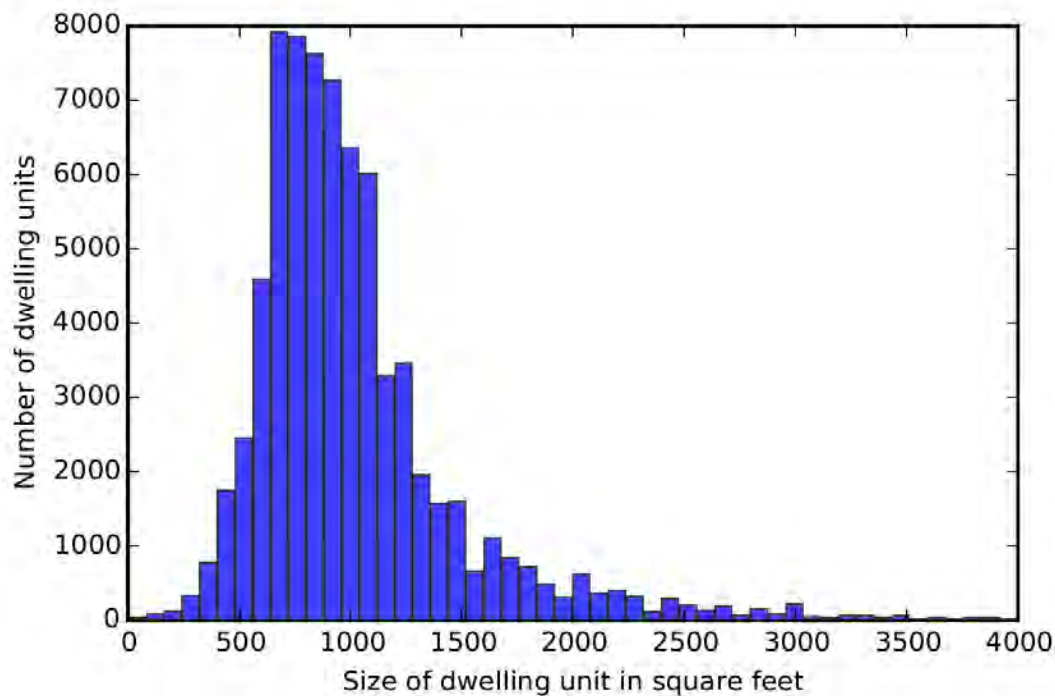


Figure 3A.6: Square Footage per Unit from Craigslist Rental Listings

Representation of Income and Race/Ethnicity

Income, racial and ethnic composition of households was incorporated into the data and several models. It was added to the hedonic regression models as shown above in Table 3A.4, in addition to the move-out models and the location choice models. Results were mainly significant in the location choice models (housing demand), and not surprisingly, therefore also in the hedonic models of housing rents and prices. Income and race/ethnicity were not generally found to be significant in the decision to move out.

Representation of the Influence of Rent Burdens on Moving Out

UrbanSim's household relocation choice model prior to this project was a rate-based model in which the probability that a household moves out of its residence in a given year (independent of housing tenure) depended on the age of the head of the household and household income. This model was modified to a binary logit model, with the probability of moving as the outcome variable.

The hedonic regression for rents was used to predict rents for all units. For renters in the synthetic population, the rental cost burden was calculated as the annualized rent divided by household income, and used as an independent variable and presented in Figure 3A.7.

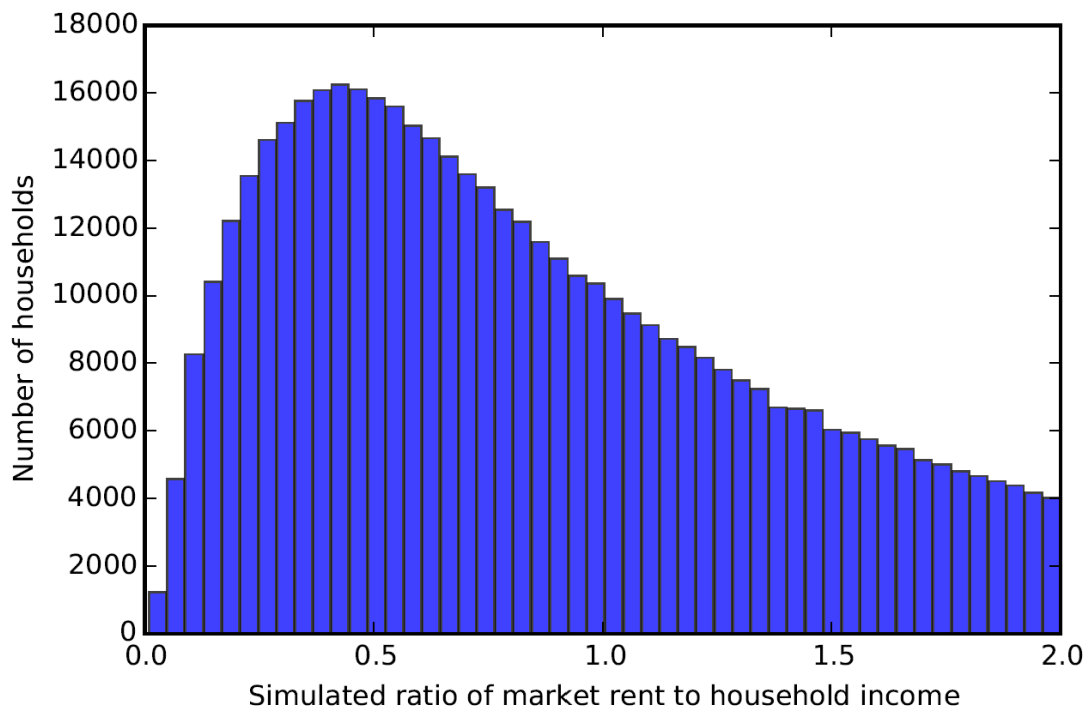


Figure 3A.7: Rent Burdens for Bay Area Households

These estimation results in Table 3A.5 show that there is a systematic change in the coefficients on rent burden as the income of the household increases, with higher coefficients for higher-income households. While this might initially appear counter-intuitive, it is entirely consistent with the observed data: households with lower incomes are forced to spend a higher fraction of their incomes on housing. We also test for any impacts of race of household on move-out propensity, but find these to be largely insignificant, with only Asian households having a measurable difference in their propensity to move. The lack of race effects on move-out behavior is also consistent with the hypothesis that the move-out decision is mostly driven by the economics of rent burdens and other factors such as age, household size, and the presence of children.

Table 3A.5: Relocation Choice Model Estimation Results for Renters

Dependent. Variable: Moved During Last Year	coef	std err	z	P> z
Intercept	0.3159	0.134	2.365	0.018
Rent Burden (\$10,000 income bracket)	0.0121	0.001	8.707	0.000
Rent Burden (\$20,000 income bracket)	0.0114	0.001	7.679	0.000
Rent Burden (\$40,000 income bracket)	0.0176	0.002	9.873	0.000
Rent Burden (\$60,000 income bracket)	0.0257	0.003	9.593	0.000
Rent Burden (\$80,000 income bracket)	0.0379	0.003	11.099	0.000
Rent Burden (\$100,000 income bracket)	0.0432	0.004	10.253	0.000
Rent Burden (\$120,000 income bracket)	0.0566	0.005	11.064	0.000
Rent Burden (\$150,000 income bracket)	0.0582	0.006	9.545	0.000
Rent Burden (\$200,000 income bracket)	0.0803	0.008	10.575	0.000
Rent Burden (\$300,000 income bracket)	0.0976	0.012	8.317	0.000
Rent Burden (top income bracket)	0.1607	0.029	5.553	0.000
Income\(\$ thousands)	0.0003	0.001	0.442	0.659
Age of householder	-0.0429	0.002	-23.155	0.000
Persons in household	-0.2380	0.020	-11.727	0.000
Presence of Young Child	0.1953	0.081	2.424	0.015
Hispanic householder	-0.0927	0.072	-1.294	0.196
Black householder	0.0337	0.094	0.357	0.721
Asian householder	0.1312	0.064	2.047	0.041
Public assistance income (\$ thousands)	-0.0087	0.030	-0.288	0.774
San Francisco householder	-0.8309	0.073	-11.458	0.000
Observations	10,014			
Pseudo R-squared:	0.09712			
<i>Data Source: American Community Survey 2013</i>				

Representation of the Influence of Rent Burdens on Moving In

The effects of rent burdens on households considering a location to move into are captured in the household location choice models in UrbanSim. These have been structured for this project to segment households by income quartile, with separate model estimation for each income quartile, from 1 (lowest) to 4 (highest)². The models are estimated using PUMS. The models are also segmented by owner and renter households. Table 3A.6 displays the results are for renters in income Quartile 1.

These estimation results still require further calibration in order to adjust for the potential influence of variables not measured in the model. In particular, we do not observe numerous internal quality characteristics of housing units, and as a result of this omission, the coefficients on rent are positive rather than negative, though this must be interpreted in the context of other variables such as income, which is a powerful variable in these location choice models. Note that the coefficient for average nearby income increases from -1.45 for quartile 1 (Table 3A.6), to -0.839 for quartile 2 (Table 3A.7), -0.155 for quartile 3 (Table 3A.8), and finally to 1.197 for quartile 4 (Table 3A.9). Rents and average incomes are of course correlated, so in this case the income coefficient for renters is negative for low income renters since they cannot afford to locate in higher income neighborhoods. As incomes for renters increase, this negative correlation is reduced, and

² Quartile 1: \$0-\$30,000, Quartile 2: \$30,000-\$60,000, Quartile 3: \$60,000-\$100,000, Quartile 4: \$100,000 +

Table 3A.6: Location Choice Model Estimation Results for Renters in Income Quartile 1

Dep. Var: Location Choice	Coefficient	Std. Error	Z-Score
Log of rent	0.488	0.076	6.396
Log of nearby sq. ft. per unit	0.084	0.024	3.554
Log of nearby lot size per unit	1.063	0.117	9.059
Average nearby income	-1.454	0.032	-46.069
Log(persons * avg. household size)	0.198	0.020	9.965
White * Log(1 + % White)	9.169	0.007	1318.078
Black * Log(1 + % Black)	5.386	0.009	619.337
Hispanic * Log(1 + % Hispanic)	6.267	0.006	1001.648
Asian * Log(1 + % Asian)	5.374	0.008	641.331
Nearby Jobs	0.022	0.008	2.685
Auto Peak Total Accessibility	0.463	0.054	8.634
Transit Peak Total Accessibility	0.048	0.006	8.139
Auto Off Peak Retail Accessibility	-0.437	0.059	-7.425
Pseudo R-squared:	0.077		
<i>Data Sources: Bay Area UrbanSim Synthetic Population (derived from PUMS), MTC Travel Model</i>			
<i>Note: Neighborhood variables are averages within 0.5 to 3 km</i>			

The comparison of the rent coefficients across income quartiles reveals that it drops slightly from 0.488 for quartile 1 (Table 3A.6), to 0.174 for quartile 2 (Table 3A.7), before climbing to 0.768 for quartile 3 (Table 3A.8), and to 1.011 for quartile 4 (Table 3A.9). Taken as relative measures, this indicates that from quartile 2-4, there is declining sensitivity to rents, which is consistent with households at higher incomes being more willing and able to pay for amenities and higher-quality finishes. Why the lowest income quartile is slightly less sensitive to rents than the second income quartile is less obvious, but most likely is due to an inability to escape higher rent burdens due to the absence of lower-cost housing options.

Aside from control variables for accessibility and neighborhood job density, the interaction of household characteristics with the socioeconomic characteristics of neighborhoods also appears to be very important in understanding spatial segregation patterns. We find very significant clustering effects when interacting the characteristics of households making a location choice with the fraction of households in a neighborhood that share the same characteristic. This applies for household size, with larger households preferring locations in which other households are also larger (more children, generally). It also applies to the racial and ethnic composition of households independent of the income effect. Clustering of whites, blacks, Hispanics, and Asians is clearly evident in the coefficients for these location choice models. One intriguing pattern emerges when comparing across income quartiles: the coefficient on same-race interaction decreases markedly from the lowest to higher income quartiles for blacks, and declines somewhat less for Hispanics, whereas it does not decline much at all for whites or Asian renter households. This suggests that as their income increases, blacks and Hispanics are more likely to move into more integrated neighborhoods.

Table 3A.7: Location Choice Model Estimation Results for Renters in Income Quartile 2

Dep. Var: Location Choice	Coefficient	Std. Error	Z-Score
Log of rent	0.174	0.076	2.276
Log of nearby sq. ft. per unit	-0.017	0.024	-0.721
Log of nearby lot size per unit	0.202	0.106	1.908
Average nearby income	-0.839	0.032	-26.212
Log(persons * avg. household size)	0.474	0.019	24.471
White * Log(1 + % White)	9.244	0.006	1464.798
Black * Log(1 + % Black)	3.924	0.009	448.839
Hispanic * Log(1 + % Hispanic)	5.820	0.006	965.782
Asian * Log(1 + % Asian)	4.598	0.008	587.814
Nearby Jobs	-0.000	0.008	-0.037
Auto Peak Total Accessibility	0.459	0.054	8.422
Transit Peak Total Accessibility	0.015	0.006	2.794
Auto Off Peak Retail Accessibility	-0.359	0.059	-6.067
Pseudo R-squared:	0.041		

Data Sources: Bay Area UrbanSim Synthetic Population (derived from PUMS), MTC Travel Model

Note: Neighborhood variables are averages within 0.5 to 3 km

Table 3A.8: Location Choice Model Estimation Results for Renters in Income Quartile 3

Dep. Var: Location Choice	Coefficient	Std. Error	Z-Score
Log of rent	0.768	0.082	9.404
Log of nearby sq. ft. per unit	0.130	0.025	5.222
Log of nearby lot size per unit	-0.758	0.111	-6.846
Average nearby income	-0.155	0.039	-4.005
Log(persons * avg. household size)	0.940	0.020	47.245
White * Log(1 + % White)	8.908	0.008	1182.424
Black * Log(1 + % Black)	3.636	0.010	349.770
Hispanic * Log(1 + % Hispanic)	5.094	0.007	762.927
Asian * Log(1 + % Asian)	4.854	0.009	565.542
Nearby Jobs	-0.027	0.008	-3.506
Auto Peak Total Accessibility	0.934	0.058	16.201
Transit Peak Total Accessibility	-0.019	0.005	-3.657
Auto Off Peak Retail Accessibility	-0.617	0.063	-9.762
Pseudo R-squared:	0.032		

Data Sources: Bay Area UrbanSim Synthetic Population (derived from PUMS), MTC Travel Model

Note: Neighborhood variables are averages within 0.5 to 3 km

Table 3A.9: Location Choice Model Estimation Results for Renters in Income Quartile 4

Dep. Var: Location Choice	Coefficient	Std. Error	Z-Score
Log of rent	1.011	0.075	13.517
Log of nearby sq. ft. per unit	0.175	0.024	7.451
Log of nearby lot size per unit	-1.132	0.109	-10.389
Average nearby income	1.197	0.036	33.641
Log(persons * avg. household size)	0.030	0.020	1.448
White * Log(1 + % White)	8.032	0.009	928.342
Black * Log(1 + % Black)	3.253	0.013	258.123
Hispanic * Log(1 + % Hispanic)	3.792	0.008	486.235
Asian * Log(1 + % Asian)	4.310	0.010	449.356
Nearby Jobs	-0.028	0.007	-3.917
Auto Peak Total Accessibility	1.622	0.061	26.596
Transit Peak Total Accessibility	-0.008	0.005	-1.673
Auto Off Peak Retail Accessibility	-1.268	0.069	-18.390

Pseudo R-squared: 0.06

Data Sources: Bay Area UrbanSim Synthetic Population (derived from PUMS), MTC Travel Model

Note: Neighborhood variables are averages within 0.5 to 3 km

Representation of Parcel-Level Demand and Supply

As noted in the above section, “Requirements for Regional Models to Represent Displacement,” the need to reflect detailed zoning and walk-scale access to transit imposes a requirement that parcel- and building-level representation be used to capture these effects. In this application of UrbanSim, we have exploited the use of local street network-based accessibility, and moved to a representation not only of parcels, but of individual residential units within buildings. This enables appropriate measurement of localized policies and amenity effects in the location choice models (demand), real estate development models (supply), and hedonic models (prices).

Representation of Affordable Housing Development Feasibility

We have explored alternative strategies to address affordable housing construction in the real estate development model using pro forma analysis. The affordable housing component is made up of two subcomponents, inclusionary housing development and multi-family housing built with assistance from the Low-Income Housing Tax Credit (LIHTC) program, which we believe will capture a majority of all new subsidized affordable housing developed in the coming decades. We have developed a working add-on to the developer model to simulate inclusionary housing development, using San Francisco as a prototype. This can be expanded to the rest of the Bay Area with some data collection about the particular aspects of different jurisdictions’ inclusionary housing ordinances. After pursuing several options of how to operationalize a model of LIHTC-assisted developments, we have developed a potential blueprint for how to address this in the UrbanSim developer model.

Inclusionary Housing

For the past 10 years or so, recognizing the difficulty of providing housing at prices affordable to low and moderate-income households, the City and County of San Francisco, among other

jurisdictions in the Bay Area, have required developers of market-rate housing to provide housing affordable to low-income households. The developer can choose to:

- Provide affordable housing on site;
- Provide affordable housing off site;
- Pay an in-lieu fee on a per-unit basis, providing funds the Mayor's Office of Housing can use to support affordable housing development.

The program applies to all housing development above 10 units, which is the vast majority of development projects (counted in terms of units provided) in San Francisco.

Affordability levels:

- Per Planning Code Sections 415.6 (c) and 415.7 (d), initial rental below market rate (BMR) Rental Units will be priced to be Affordable to Qualifying Households at 55% of area median income (AMI).
- Per Planning Code Section 415.6 (c), initial sale BMR Ownership Units that are provided on the site of the Principal Project will be priced to be Affordable to Qualifying Households 90% of AMI on average.
- Off-site BMR Ownership Units must be affordable to Qualifying Households earning no more than 70 percent of AMI.
- Off-site BMR Rental Units must be affordable to Qualifying Households earning no more than 55 percent of AMI.

UrbanSim has a ROI-type developer model which is separated into the following: a) a feasibility calculation for all parcels for a number of building types, and b) a model selecting the most promising projects. The feasibility model returns a list of parcels where projects could pencil out. When the simulation is actually run, development is randomly chosen among such feasible projects, weighted by profitability, favoring financially stronger projects.

We incorporate inclusionary housing into the developer model on the feasibility side, such that jurisdictions whose planning codes contain inclusionary housing would be, all other things being equal, more expensive places in which to develop, assuming some portion of the cost for renting or selling units at less than their market value is carried by the developer. The implication from a policy perspective would be that the geography of development would, all other things equal, be impacted by the presence or absence of inclusionary ordinances, allowing for somewhat explicit testing of the effect of their introduction, and the provisions they contain. From a modeling perspective, adjusting the feasibility calculation is a quite direct and explicit way of achieving this end.

An important component in the feasibility calculation is the revenue side of potential development projects, which, compared with the cost estimate, make up the basics of the feasibility. Potential revenues come from an aggregation of hedonic sales prices for nearby or similar projects. The basic idea behind the implementation of inclusionary housing is to enter the calculation where expected sales prices are calculated. This takes place in the variable function known as "parcel-average-price." Instead of relying strictly on zone-level hedonic quantiles for expected sale price, the parcel-average-price function now performs a county-level lookup of a U.S. Department of Housing and Urban Development (HUD)-derived table on low-income limits, which is used to calculate upper threshold values for how much housing can cost and remain affordable to households earning 50% of the AMI. The developer must be able to break even, while providing these units at these much lower levels of revenue.

The following lists assumptions made to simulate inclusionary housing development in UrbanSim for the San Francisco prototype:

- We assume inclusionary units are built for this target income level, which is true for the San Francisco program but not necessarily for other jurisdictions.
- We assume inclusionary units are only built in jurisdictions with actual ordinances on the books, ignoring any voluntary arrangements.
- Placeholder values exist at the jurisdiction level (city-id), assuming 12% for all jurisdictions with an inclusionary ordinance.
- We also assumed a two-person household for the purpose of determining the target rent level, which is the closest integer to the average San Francisco household size. It may be advisable to parameterize this choice as a constant, or allow it to vary geographically to better fit actual local variations.
- We have set aside for now the complexities of off-site provision, as well as in-lieu fees.
- Concretely, this would mean that while a hedonic model may provide \$600 per square foot as a revenue assumption, 12 percent of the units now come with a much smaller, around \$200-per-square-foot assumption. The overall project revenue is then the weighted sum of the two.
- A significant deficiency here is that no accounting is done of BMR units produced pursuant to the program. Ideally, there would be explicit accounting of any BMR units produced, over time changing the geography of affordable housing as the simulation progresses. The reason for this is mainly because of a pending migration of the unit of analysis to individual housing units away from the current square footage representation of built space. Once that is in effect, individual units should be flagged as deed-restricted units, and, importantly, the household location choice model should be segmented to select BMR vs non-BMR units. This would entail schema changes as well as model changes.

LIHTC-Assisted Projects

We have explored several possibilities for modeling 100% affordable multi-family units, which make up a majority of all income-restricted housing units in the Bay Area, developing rough conceptual models for each, and discussing their plausibility with specialists from the San Francisco Mayor's Office of Housing, ABAG, the San Francisco-based Non-Profit Housing Association of Northern California (NPH), and Mercy Housing California (a large statewide developer of non-profit housing).

The initial concept was a "layering" approach, whereby affordable housing projects would compete with market-rate development for land in the developer model. Their ability to compete would be based on layers of subsidies from various public sources (LIHTC, remaining redevelopment funds, and other sources) as well as streamlined entitlement processes that would reduce friction and allow these projects to be completed in less time. Housing practitioners acknowledged that affordable housing would be developed in this manner in an ideal world, but in reality, land in San Francisco has become so expensive that it only gets set aside for affordable developments if it is dedicated by public agencies, donated by developers through one-off agreements with elected officials, or is made available through other types of arrangements that would be impossible to model.

The next iteration was based on an assumption that the vast majority of 100% affordable multi-family developments would receive LIHTCs, which is supported by our interviews with housing experts. Based on this assumption, if we could model the location of LIHTC-assisted projects (in

addition to the inclusionary housing units) we could approximate locations of the new income-restricted units that will be built in the region. Although we have a dataset of all of the developments built in past years with tax credits, our goal was to use the locational criteria established by the California Tax Credit Allocation Committee to forecast where future developments might go. Unfortunately, this approach proved infeasible as locational criteria have a relatively small effect on the likelihood that a proposed project will receive 9% LIHTC, which are competitively allocated by the California Tax Credit Allocation Committee. The official 2015 regulations for assessing 9% LIHTC applications, for example, provide applicants with a maximum of 15 points for neighborhood amenities, a small percentage of the total possible score of over 120 points.²

We have, however, come up with a filtering mechanism that may allow us to narrow the range of total possible parcels to one in which affordable housing developments may be located. Municipalities are required to submit their housing elements to the California Department of Housing and Community Development (HCD). Housing elements must include a listing of parcels already entitled for residential development that will allow cities to meet their Regional Housing Needs Allocation (RHNA). ABAG intends to compile this list of suitable housing sites from all Bay Area jurisdictions in the near future. We believe that the combination of sites deemed suitable through the housing elements (which will have already cleared the political hurdles of public hearings and entitlement process) and the locational criteria of LIHTC may give a reasonable approximation of where 100% affordable multi-family housing developments are likely to occur.

Summary of Status and Next Steps

This project has explored strategies for addressing questions around displacement related to transit investment and has made substantial progress in first, identifying requirements for making such adjustments in the modeling, and second, implementing these requirements. Significant changes have been made in the data structures and models to address the challenges of modeling displacement and modeling the impacts of alternative policies intended to mitigate these problems. We have not fully incorporated these changes into the operational models at MTC and ABAG, though most are in a condition that they could be easily incorporated at this point. This should be the case for the changes in data structures, household relocation model, hedonic models, and household location choice models. Estimation for these models has been completed.

What remains before full implementation and operational use is the following:

- Completion of proposed changes to the real estate supply model to simulate alternative policies designed to address affordable housing supply
- Testing and calibration of the combined changes to ensure reasonable predictions with the fully integrated model system
- Sensitivity testing of the updated, calibrated model system
- Running alternative scenarios with the calibrated model system to compare the effects of alternative policy strategies on displacement outcomes

As of early 2017, MTC has begun integrating most of the research innovations added to UrbanSim as part of this project and through a separate project funded by the MacArthur Foundation into their operational version of UrbanSim. The UrbanSim modeling methodology and platform has also recently been adopted for operational use by SANDAG, and efforts are now underway to generalize

² See <http://www.treasurer.ca.gov/ctcac/programreg/regulations.asp> for details on the regulations.

these changes to make them readily usable by any metropolitan area without extensive customization.

Section 3B: Addressing Displacement in the SCAG PECAS Model

3B.1. Introduction

In this section we present enhancements to the land use model used in the Los Angeles by the Southern California Association of Governments (SCAG) known as the PECAS Land Use Model. First, we review the types of displacement categorized by previous research (Chapple, Chatman, and Waddell 2014) and assess how to implement the causality within PECAS's general equilibrium framework (Hunt and Abraham 2005). Second, given empirical findings concerning the displacement near TOD areas outlined in Chapter 2, the SCAG PECAS model was updated to incorporate incomes and rents. This update allows the analysis of the regional economic benefit of TOD that took place in Los Angeles County, which is presented in the Appendix Q. Lastly, it provides possible options for further enhancement.

The SCAG PECAS model is designed as a sketch tool to provide an overview of the impact of planning alternatives for the SCAG region, which consists of six counties with over 5 million households and 18 million people. The SCAG PECAS model was developed from 2008-2010 via a cooperative arrangement with the UC Davis Team charged with developing the statewide PECAS version. The SCAG region was "carved" out from the statewide database as a sub-regional model. Then, the model was recalibrated with available data for the SCAG region at that time, including travel skim matrices and land use inventory. Its relevancy was somewhat compromised by not fully being calibrated with genuine SCAG regional data. However, by taking such an expedited development path, SCAG was able to operate the model internally to produce cursory impact analyses for the 2012 RTP/SCS.

In its core, PECAS estimates the amount of goods, services, labor, and building floor space produced and consumed. As an output, it generates snapshots of household and job allocation in the region at 302 zones defined by Community Statistical Areas (CSA). While PECAS estimates land use transition for 4.5 million individual parcels in the SCAG region in its space development (SD) model (described in more detail in Section 3B.2), the model's main focus is to summarize regional economic performance of various policy assumptions at a manageable scale.

Given this modeling framework, the SCAG PECAS model is equipped to answer the question, "how does the region look when TOD is implemented compared to when TOD is not implemented?" It is not, however, equipped to answer the question, "what are the characteristics of the residents or households that move into or out of the TOD area?" This is because the sketch model searches for a spatial equilibrium state and uses relatively coarse geographic units of analysis (the CSA zone) and simplified stratification of economic agents (e.g., categories of households, not individual households). This simple model specification allows SCAG to review various planning alternatives in a relatively short analysis period and on a small budget.

The SCAG PECAS model is only partially adequate to explain the dynamic and disaggregated nature of displacement presented in the discussions in previous chapters and sections of this report. The SCAG PECAS model is a quasi-dynamic model in which a momentary state depends on the previous state, and it calculates the “changes” by comparing the two states at different times. Thus, it presents the net changes instead of identifying individual effects separately. The current SCAG PECAS model is without a mechanism that associates individual agents (e.g., households) to residential units at parcel level. Thus, the current SCAG PECAS model is not capable of analyzing potential displacement at the level of detail desired for this project.

Without major investment planned for the foreseeable future, this project gives SCAG an opportunity to review the new requirements for modeling potential displacement and to consider how these requirements compare to the SCAG PECAS model’s current capabilities. It also gives SCAG the opportunity to evaluate methods that could be used in the future to incorporate additional information and to marginally update the model with the latest statistical findings related to TOD investment.

Modification of modeling dimensions, like reclassification of households/industrial sectors or changing zone systems, is considered a major update. In the general equilibrium states on which the PECAS is formulated, every variable is inter-related. Changing the model’s dimension means almost all model coefficients should be re-estimated for the new structure. The current project does not aim for such a major update. The updating process summarized in the following sections demonstrates a possible method for enhancing existing PECAS-like land use models that represent economic actors and activities in aggregated form with very limited resources.

The following discussion consists of three sections: 1) an overview of the SCAG PECAS model, 2) a review of how it can be updated to model the types of displacement under consideration by recalibrating the zonal utility constant (but without radically re-framing the model structure) and applied to show the impact of TOD, and 3) a summary and recommendation with options for further enhancement, including major updates.

3B.2. PECAS and SCAG PECAS Model Overview

PECAS (Hunt and Abraham 2005) is a land use forecasting and policy analysis system used for comprehensive planning and transportation planning. It is a time-series (year-by-year) simulation of the evolution of the spatial form and the contribution of the transportation system to the future development of the economy and spatial patterns.

It consists of two internal modules—activity allocation (AA) and space development (SD)—and two external modules—economic/demographic (ED) and transportation (TR) (J.E. Abraham and Hunt 2007).

The AA module represents two elements: (1) the relationships between the people of the region—their interaction with businesses and other establishments in the region (and in the world) through markets for labor, goods, and services and (2) the relationships between businesses and establishments. The module allocates the region’s households and production (employment) (called “activities”) to the region’s buildings (and other land improvements). It uses the region’s travel demand models (TDM) to allocate “activities” according land uses and “skims” the TDM for travel conditions between transportation analysis zones (TAZs). The word “PECAS” is an acronym for “Production Exchange Consumption Allocation System,” since AA represents the production of

goods, services, and labor (collectively called “commodities”) in one location, and the exchange (and transportation) of these items to consuming entities in other locations, with a spatial price search mechanism at the point of exchange in order to clear the markets for each commodity in each short-term equilibrium time period (each year of the simulation).

PECAS’ AA module estimates the production and consumption of commodities and building floor space, with consideration of three types of equilibrium states: 1) given the regional control of households and jobs, the estimated regional production is identical to consumption, and there is a set of market clearing prices in zones; 2) each type of household and business has a set of substitution technology, which determines the amount of input and output to maximize their gain at a given set of commodity prices according to the technology; 3) given the transportation system (and its capacity) as supply for transportation activity, the zone-to-zone travel demand for exchange of commodities from the produced zone to the finally consumed zone determines travel time and travel cost. The market clearing commodity price includes this endogenously determined travel cost.

The SD module represents developers (private or public) as they change the built form of the region (Hunt et al. 2007; Hunt and Abraham 2009). SD represents the land and buildings in the region via a parcel database; development conditions are represented via construction costs, zoning regulations, fees, servicing costs, etc. SD also represents the detailed appropriateness of specific parcels for specific uses through proximity functions, and is thus able to respond to the price signals (received from AA) indicating neighborhood demand/supply in a way that respects and responds to the specific arrangement of developable land, roads, buildings, transit stations, etc. SD inputs are largely GIS files that describe the land and parameters that represent developer behavior and ROI functions.

An aggregate version of SD is often developed in complex regions with missing or inconsistent data. This aggregate version contains a simplified inventory of the quantity of developed and vacant land in each land use zone, categorized by current development and zoning category. The aggregate version of SD converts quantities of vacant land into quantities of developed land in each TAZ in each year of the simulation, in response to the price signals from the AA module (higher rents indicating unsatisfied demand), and other demand signals that are region specific. In the SCAG region, there is both an aggregate SD model and a disaggregate SD model, with the disaggregate SD model not yet fully calibrated.

AA and SD work together with a spatial economic forecasting model of ED and TR to represent the state of a spatial economy over time.

Figure 3B.1 depicts the flow of information in the PECAS system. The system runs year-by-year. The ED module forecasts the size of the total economy given outputs from the AA module. Note that AA allocates by TAZ based on transportation system performance and the inventory of buildings and other space. Within the SD module, the inventory of buildings and space is modified per AA’s price signals. The TR model develops measures of transportation system performance given the locations of business and household activity from AA.

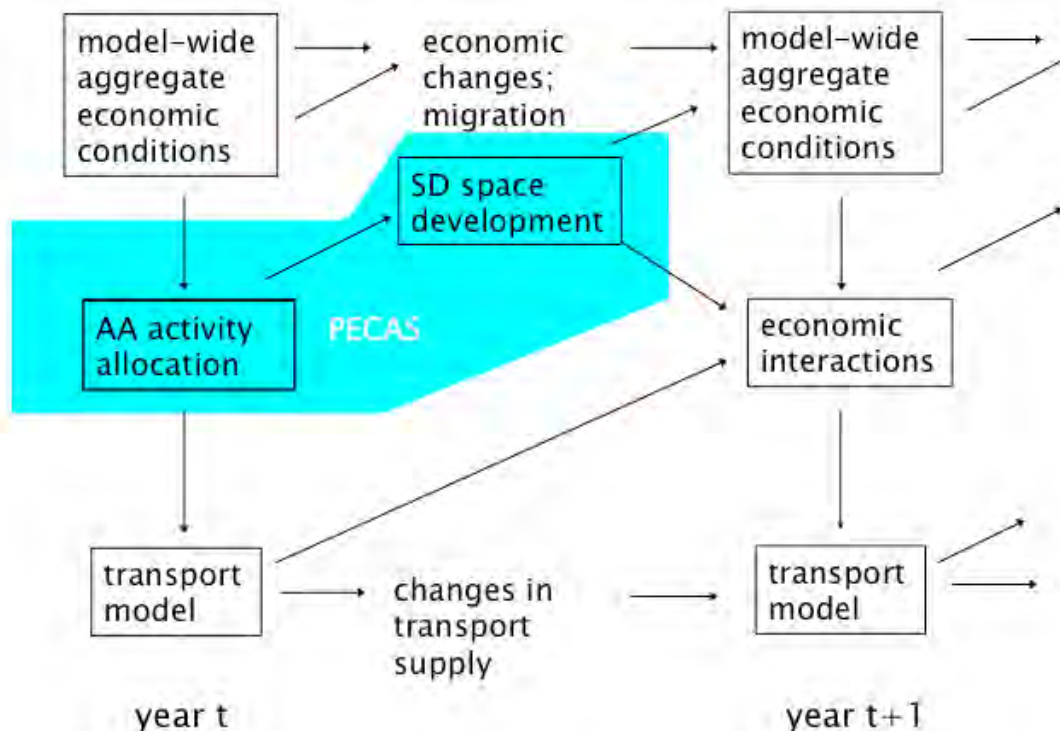


Figure 3B.1: Information flows in the PECAS framework

In the SCAG region, the PECAS model is currently operational with a simplified TR model, which relies on the skim matrices (average zone-to-zone travel time and distance by all modes including bus and rail transit, weighted by the ridership) produced by the regional travel demand model. The ED model is represented by forecasts, guided by a group of experts' economic outlook. The feedback process from PECAS to ED has not yet been established since, in SCAG's practice, the regional forecast is considered to be fixed during an RTP cycle.

3B.3. Modeling TOD and Displacement in PECAS

Rent in Modeling TOD using PECAS

In the context of TOD, it is generally expected that the lower-density and older uses will be replaced by newer, higher-density uses. Each of the housing categories shown in Table 3B.1 represents a range of densities, with the upper (and lower) value of floor area ratio constrained by both 1) the definition of the category, and 2) the zoning regulations that prohibit or allow specific ranges of densities.

Real estate developers modeled in the PECAS SD module are motivated by future profit, and thus are blind to specific social issues (e.g., race and ethnicity) and spatial issues (e.g., proximity to transit), *unless* those factors are included in the calculation of rent or construction costs. Such issues are more directly related to households' decision process and housing demand, which is modeled in the AA module. Within PECAS's general framework, TOD should directly impact rent in two ways: (1) in the AA module, via the estimation of the zonal average rent as the equilibrium market

clearing price, and (2) via the SD module, whereby parcel-specific rents are determined within a zone, depending on the local condition where the parcel is located.

Table 3B.1: Dwelling type categories in the SCAG PECAS Model

Dwelling Type	Description
ResType1-VL Luxury	Very low-density (acreage style homes, high value)
ResType2-VL Economy	Very low-density (acreage style homes, low value), includes rural mobile homes
ResType3-L Luxury	Low-density (subdivision style homes), high value
ResType4-L Economy	Low-density (subdivision style homes), low value
ResType5-MD Separate Entrance	Duplexes, attached single-family, townhomes
ResType6-MD Shared Entrance	3,4,5 or 6 units per structure
ResType7-Higher Density	More than 6 units per structure, but not high rise
ResType8-Highrise	More than 6 units per structure, high rise
ResType9-Urban MH	Mobile home in an urban area

Zonal Rent Impacts

The zonal average rent for each of the space types in each zone is calculated in the PECAS AA module (J. Abraham and Hunt 2007), based on the ability of people to depart from (or arrive to) the zone to exchange labor, goods, services, or other items of tangible or intangible value. The travel attributes are calculated in the SCAG transportation demand model and are used by PECAS to represent “how travel on the transportation system fulfills economic needs,” such as travel to work to sell labor, travel to schools to obtain an education, and so on.

The zonal rent is established through a supply/demand relationship in the housing market, with households in the PECAS categories making location and housing choices to optimize their access to the labor markets (to sell their labor as a product of the household) and to goods, services, and other PECAS commodities (to buy and to consume), based on their chosen economic interactions. In their choice process, the “zonal attractiveness factor” is considered as representing a base attractiveness of a zone to the household based on the zone’s categorization. This factor includes both economic and non-economic terms, but the existing SCAG PECAS model does not include any non-economic attractiveness term at this time. Typical economic terms—which are included in the SCAG PECAS model—are price of goods and services, travel impedance, and amount and variety of available commodities including transit services.

The economic terms for the PECAS’s “zonal attractiveness factor” have been developed using two key data sources: (1) economic input-output tables, which show household consumption relationships, (2) and Census micro-sample data, which show labor force participation and housing choices in terms of dwelling size and type. It is not expected that an analysis of displacement data and literature will significantly contradict the spatial economic interactions that drive spatial behavior in the SCAG PECAS model. Therefore, further analysis of displacement data is not expected to add much value to improve rent estimation from an economic aspect. Of course, recalibration of the model upon the availability of better and more recent data should enhance the model.

However, as new data and information emerges, model updates may be warranted to reflect non-economic aspects of household choice behavior, particularly if these new findings might affect PECAS's rent model. In PECAS, the "zonal attractiveness factor" represents how certain types of households are drawn to certain neighborhoods independent of the housing and the accessibility provided by the transportation system, which is considered part of economic attractiveness. Social proximity effects, whereby households more attracted to neighborhoods with matching or desirable attributes of current residents, can be represented in these factors.

In the current SCAG PECAS model, household categories—denoted by income range and household size—are shown in the Table 3B.2. The empirical findings could be included as a zone-by-zone modifier to the zonal attractiveness measures to target households with certain characteristics as long the findings are in a form of specific quantitative metrics about how neighborhood attractiveness changes for households as a function of household attributes and neighborhood attributes.

Table 3B.2: Household Categories in the SCAG PECAS Model

Household Category	Income Range	Household Size
INC0010 2 or less	Less than \$10K	2 or less
INC0010 3 or more	Less than \$10K	3 or more
INC1025 2 or less	\$10K ~ \$25K	2 or less
INC1025 3 or more	\$10K ~ \$25K	3 or more
INC2550 2 or less	\$25K ~ \$50K	2 or less
INC2550 3 or more	\$25K ~ \$50K	3 or more
INC5075 2 or less	\$50K ~ \$75K	2 or less
INC5075 3 or more	\$50K ~ \$75K	3 or more
INC75100 2 or less	\$75K ~ \$100K	2 or less
INC75100 3 or more	\$75K ~ \$100K	3 or more
INC100150 2 or less	\$100K ~ \$150K	2 or less
INC100150 3 or more	\$100K ~ \$150K	3 or more
INC150m 2 or less	\$150K or more	2 or less
INC150m 3 or more	\$150K or more	3 or more

In the PECAS model, neighborhood attractiveness influences would have to be treated as average amounts for each of the above household categories, either model-wide or zone-by-zone. The method of aggregation could make use of the relationship between PECAS household categories and household attributes in the measured relationships. There are few data options to support the method. The census PUMS data provides the information to enable an aggregation based on regional relationships, or the synthetic population representation could be used to aggregate within specific TOD zones. Individual households and population were synthesized based on the controls of household size/income/housing type distributions, as well as population age/race/worker status at 11,268 TAZs for the base and planning years (2012, 2020, 2035 and 2040) of the 2016 RTP/SCS in various land use scenarios.

The most important aspect of using observed neighborhood attractiveness in the PECAS model is the monetization of attractiveness into an annual willingness-to-pay measure, since zonal attractiveness households in PECAS are currently measured dollars of annual expenditure. Statistical estimations in location choice models should include, as a variable, a measure of housing

cost as annual rent. Otherwise, the units will be ambiguous and not translatable into the PECAS context. There is currently no explicit representation of race or ethnicity in the SCAG PECAS model, and a statistically sound relationship of race/ethnicity composition to the annual willingness-to-pay as rent has not yet been established.

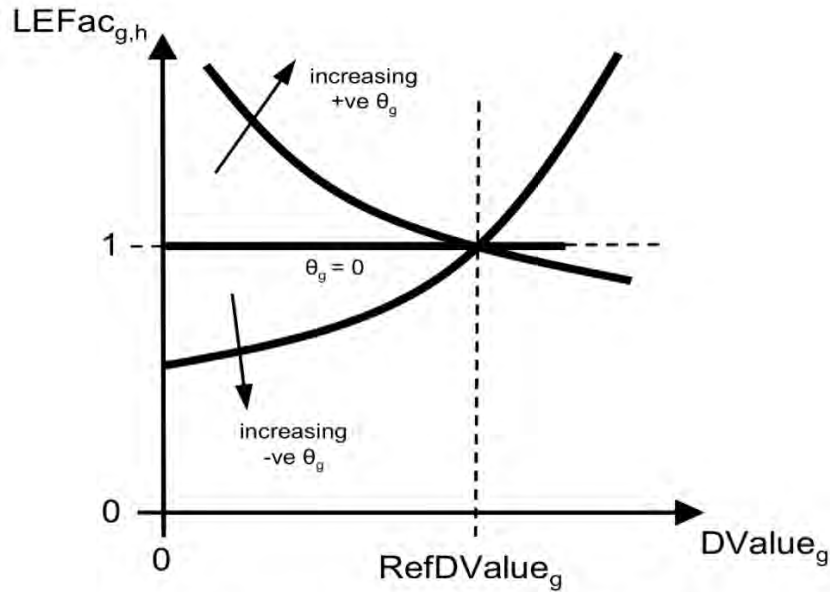
The SCAG PECAS model is being developed using an “agile and incremental” development approach (Beck et al. 2001). This means that SCAG is continuously interested in potential improvements to the PECAS model. Recommendations regarding adjustments or enhancements to the system of categorization of households in Table 3B.2 could result from the displacement study described throughout this report, especially as quantifiable measures of neighborhood desirability are produced. A microsimulation version of the PECAS AA module is also planned, allowing additional socioeconomic variables or location variables to be included in utility functions, removing the need for zonal based variables. The study could recommend that SCAG adopt this PECAS enhancement.

Within-Zone Parcel Rent Adjustments (Local Level Effects)

Within each zone, certain parcels are more desirable for certain uses. PECAS uses a two-level hedonic model to modify parcel-level expected rents by development type to account for the characteristics of each parcel. This allows PECAS to represent particular parcel-specific development probabilities.

An example in the statewide model (as well as in the SCAG PECAS model) is the rent modifier that considers the distance to the nearest transit station. The average zonal rent estimated in the AA module based on economic and non-economic terms of attractiveness is further modified for each parcel and each space type, based on the distance to a major transit stop by multiplying factors from the shifted exponential function shown in Figure 3B.2.

Using the same distance to the transit station example, the distance to the transit service would have both positive and negative influences on rent, when all other factors are controlled. With ease of access to the transit service, the shorter distance from a residential parcel should be a positive impact on rent. But if the distance is too far, its influence diminishes. On the other hand, due to nuisance factors such as noise from train operation, shorter distance could negatively affect rent, but this negative influence also diminishes with distance. The adjustment factor to a parcel is 1 when the rent of the parcel is exactly the same as the zonal average, and its distance from the station is the “reference distance value” for local effect of g , $RefDValue_g$. The local effect factors are then modeled as increasing functions for positive influences and decreasing functions for negative influences of observable measures, such as distance to certain amenity or age of property ($DValue_g$) with one known point on the Figure 3B.2 of $(RefDValue_g, 1)$. Negative values for θ_g in the exponential function result in values of $LEFac_{g,h}$ that decrease from 1 as $DValue_g$ decreases from $RefDValue_g$ to 0. Thus, rents decrease down from the zonal-level value as the effect gets closer to the parcel.



Shifted Exponential: $LEFac_{g,h} = \exp (\theta_g \cdot [1 - \{ DValue_g / RefDValue_g \}])$

Figure 3B.2: Shifted Exponential Function used in Transit Local Rent Modifier

$LEFac_{g,h}$: Factor adjusting proportional change in rent for space type h as a function of values on dimension relevant for local-level effect g

$DValue_g$: Values on dimension relevant for local-level effect g . Typically this represents the distance from the parcel to the source of the local-level effect, the local-level density for the parcel, or the age of the space on the parcel

$RefDValue_g$: Reference value on dimension relevant for local-level effect g

θ_g : Parameter for function calculating values for $LEFac_{g,h}$

g : Index of local-level effects on rent

In the SCAG PECAS model, the coefficients were estimated locally, using Orange County data. Table 3B.3 shows the empirically estimated rent modifier function coefficient by household categories. Higher-density housing shows increased value within the zone when it is located closer than one mile from a major transit stop, while non-residential uses increase even more substantially. Within the single-family housing categories, the nuisance effects of proximity to major transit (noise, litter, traffic) at the sub-zone level causes rents to decrease (although rents could still increase in total due to the zonal average impact). See (Wang et al. 2011) for details regarding the technique and the estimations that were performed using 58,000 residential parcels, and statewide (California) GIS representations.

These local rent coefficients could be updated based on the findings from the literature review and analysis of this project that provides additional information about the localized impact on the desirability of developments (separate from the neighborhood effect). Any analysis of changing rent patterns that occur due to major transit development should be careful to separate neighborhood uplift effects from parcel-specific effects, and should attempt to classify rental properties using the above categorical definitions. In this way, the displacement study could provide a major enhancement to the SCAG PECAS model, by improving this representation of rental proximity effects, and hence improving the representation of housing demolition and reconstruction. In

general, the *a priori* expectation is as follows, and these hypotheses should be tested and confirmed with a rigorous statistical analysis.

Table 3B.3: Rent Modifier Coefficients in the SCAG PECAS Model for Distance to a Transit Station

Space type	RefDValue	θ
ResType1-VL Luxury	5280	-0.116
ResType2-VL Economy	5280	-0.116
ResType3-L Luxury	5280	-0.116
ResType4-L Economy	5280	-0.116
ResType5-MD Separate Entrance	5280	-0.116
ResType6-MD Shared Entrance	5280	0.056
ResType7-Higher Density	5280	0.056
ResType8-Highrise	5280	0.056
ResType9-Urban MH	5280	0.056
Manufacturing space	1320	0.993
Commercial High space	5280	0.713
Commercial Low space	2640	0.252

- Multi-family residents are protected from nuisance effects by the structure type (they may live on higher stories, do not have to maintain a yard, and can secure the outside entrance to the building in addition to the entrance to their own residential unit) and have already chosen housing that causes them to interact with others as they come and go from their residence. Thus, the households bidding for multi-family housing will place a much higher value on the reduced walking time to transit, over the privacy and nuisance effects of transit stations and multi-family dwellings near transit will have an increased value.
- Single-family residents are more affected by the nuisance effects of transit, yet still value the reduced walk time of the closer locations, so the effect of major transit station proximity on rent could be positive or negative depending on which element is stronger.
- Users of commercial space value the visibility and access to pedestrian and change-mode (park-n-ride, bus transfers) users, and, all other things being equal, should bid the rents in the closest locations higher.

The other local effect modifiers in the current SCAG PECAS model are:

- Distance from schools
- Distance from coastline
- Distance from major roads
- Distance from freeway link (negative effect primarily due to noise)
- Distance from freeway access ramp (positive effect, especially for commercial uses, due to access)
- Distance from parks (positive effect for residential uses)

Analysis of parcel-specific rents or parcel-specific desirability for specific uses should attempt to include (or control for) the proximity effects of these other variables. For instance, if a major transit facility is built on an existing road right-of-way, turning a former major road into a local road,

commercial rents along the right-of-way could decrease, as the positive impact of the transit stop could be more than offset by the negative impact of the loss of a major road.

Analysis of parcel-specific rents or desirability could also suggest additional proximity measures affecting rents, for eventual inclusion in an enhanced PECAS model. Adding or changing these local-level effect modifiers in the PECAS SD module is a potential stand-alone enhancement that could have high modeling value for a potentially reasonable cost.

Modeling of Displacement in PECAS

This section reviews types of displacement in focusing on the possible methods to incorporate in PECAS model. According to the previous research referenced in the project scope (Chapple, Chatman, and Waddell 2014):

“Transit investment and TOD may result in either direct displacement, when residents are forced to move when new development replaces their housing units, or indirect displacement, which may occur as property values in the area increase due to its new desirability. Indirect displacement may be voluntary, if property owners elect to sell their residences (typically for a profit), or involuntary, occurring in any of three forms: (1) economic, in which housing becomes prohibitively costly (because of high rent or, outside of California, property tax increases); (2) physical, in which the landlord evicts the tenant or induces departure through harassment or persuasion; and (3) exclusionary, in which low-income and/or minority households no longer have the opportunity to move into the neighborhood.”

This categorization of displacement provides the organizational framework for this section, explaining how the PECAS model in Southern California can represent displacement.

Direct Displacement

Direct displacement is defined as “when residents are forced to move when new development replaces their housing units.” In PECAS, this category represents the demolition of existing housing units, potentially for two reasons: government demolition and private demolition.

Direct Displacement due to Government Demolition

Housing could be purchased for civic use and demolished by government authority. For example, housing can be demolished so the land can be used as a right-of-way for transit, for new access roads to transit stations, for park-n-ride transit lots, or for a new school provided together with new transit.

Since PECAS is designed to represent how the spatial economic and social economic system responds to government policy, the impact of forced displacement by direct government policy should be understood directly, analyzed outside of PECAS. Instead of letting the model decide future land use of the parcels in the TOD area, it is directly edited into the database for the SD module. In this situation, PECAS could be used to help understand how the system may adapt by the externally given land use change through second-order effects.

Direct Displacement due to Private Demolition

Housing can be demolished and replaced by private developers, who are pursuing the *Highest and Best Use* of existing land. The PECAS model for SCAG provides a direct representation of this

phenomenon, especially if the microsimulation SD module is calibrated and used. It contains a parcel-by-parcel representation of developer decisions, with developers motivated by expected future rent streams by type, age, and intensity of development. The space types in the SCAG PECAS model, representing types of development, are the same as in the California statewide PECAS model, and as Table 3B.1 shows. Within each category, the cost of constructing new space is calculated based on a commercial construction costing model, adjusted for zip code and for the slope of land (Circella et al. 2011).

Voluntary Indirect Displacement

Voluntary indirect displacement occurs if property owners elect to sell their residences. This category involves owner-occupied residences being sold for the benefit of the owner. The representation of this phenomenon in PECAS relates to the specific representation of rents, as already discussed in the previous section, direct displacement due to private demolition. The opportunities discussed in the section to better understand the TOD-related rent impacts in the context of demolition and redevelopment also apply to the understanding of voluntary displacement.

The PECAS model represents housing value as a rent stream regardless of whether housing is owner- or tenant-occupied, representing the direct rent paid by tenants and the opportunity cost of not renting forgone by owners. Typically, tenant vs owner analysis in PECAS has relied on the segregation by household income (Table 3B.2). Given the strong tendency of higher-income households to own their own homes, prior analysis along this dimension has been appropriately successful. Analysis of data for this category of displacement should attempt to understand the characteristics of households choosing to sell their homes to take advantage of upward rent pressures, to help assess the appropriateness of the existing income- and size-based classification system.

Owners usually have a longer-term mortgage with payments set based on purchase price. This allows them to make longer-term decisions, but they are less mobile in searching for a new residence than renters. The opportunity of increased revenue due to selling (or renting out) a residence with increased desirability may not be something that households are initially aware of, or initially consider, and because it represents an increase in value (rather than an increase in costs subject to a budget constraint), it does not force immediate lifestyle changes, or immediate decisions in a general equilibrium state of the economic system. The PECAS model has terms (called “inertia terms”) that serve to adjust the rate of locational response, if it is shown through the displacement research that households who own their dwellings respond more slowly to increased housing value, the PECAS inertia terms could be adjusted.

Analysis of displacement data could support this household categorization, as long as the rates of response are highly correlated with income or household size in the manner represented in the current SCAG PECAS model. Or it could suggest a more detailed categorization, or supplementary variables to be included in a future microsimulation version of PECAS AA, when the rates of response are highly correlated with many different variables, which are not part of the current SCAG PECAS household classification variables. Statistical analysis presented in Chapter 2 show that race/ethnicity and housing tenure are important variables in the explanation of demographic changes near TOD areas of Los Angeles County. Unfortunately, the current SCAG PECAS model does not include those variables to represent households explicitly.

Involuntary Displacement due to Rent Impacts

This category of displacement is economically similar to the category above, “Voluntary Indirect Displacement,” with the difference being that the residents of the household are not the owners of the residence. It is implied in the literature that this displacement is less desirable than voluntary displacement, because the displaced households do not themselves receive the benefit of property uplift.

In the current SCAG PECAS model, no tenure distinction is included. The location choice and space consumption behavior is mainly modeled by rent or rent-related accessibility, assuming the household mobility is already incorporated implicitly in the model by the income category as a proxy, owing to the high correlation between the proportions of renters and income category (from ACS PUMS 2007-2011 in SCAG region, it is 0.995). Such an assumption might be reasonable for the purpose of the current SCAG PECAS model, in which specificities are aggregated into totals or averages. But, if the model should be revised in a way to maintain the individual specificities, it would be desirable to expand the household classification given by Table 3B.2.

Involuntary Displacement due to Physical Evictions / Harassment / Persuasion

This category of displacement refers to non-market-based representations of displacement, with some person or entity forcing people out of the home. The general assumption is that landlords would be the ones trying to force out existing tenants, so that they can increase rents on new tenants or redevelop the property to a higher-profit use. From an economic theory perspective, this implies one of following:

- an “economic agent” who, by definition, acts on profit motivation, would simply increase the rent on existing tenants, and let them decide whether to leave or stay,
- an attempt by monopolistic landlords (or a landlord cartel) to change the character of the neighborhood due to perceived benefits (and eventual higher rents) associated with a dominant socioeconomic characteristic, or
- an undesirable tenant, whether due to landlord discrimination or tenant behavior.

The empirical research should explore, or potentially identify, situations where individuals felt compelled to leave. In the case when the compeller was a landlord, the research could explore why the landlord didn’t simply raise rents. As this category of displacement is identified as a common one, different possible constrained choice frameworks should be investigated for future inclusion in an enhanced PECAS model. It can only be represented in the current SCAG PECAS model in a calculation (for calibration) of adjusted zonal specific constants, as discussed in the context of neighborhood rent in the section on Zonal Rent Impacts. This could be adequate to represent the non-economic attractiveness, but may not be adequate to represent the non-free-market motivations of this category of displacement.

Exclusionary Displacement

“Exclusionary Displacement” refers to situations where households no longer have opportunities to move into the neighborhood. This could be due to overly high rents as already discussed in previous sections, or characteristics of the neighborhood that make it less desirable to future residents. If this is not related to high rent, then the observed rent does not explain the composition of household characteristics in a certain community. Thus, the mechanisms for neighborhood desirability and exclusivity should be explored and quantified in terms of willingness-to-pay to

convert the effect of non-economic terms to economic. Any measures of willingness-to-pay in equivalent annual rent can be included in the PECAS zone specific attractiveness measures. For example, if an exclusionary characteristic of a zone causes low-income households to avoid the zone to the same degree as a \$500 higher annual rent, this can be represented in PECAS directly for zones that acquire the characteristic, through a modification of the zonal attractiveness variable for low-income households by -\$500.

Representing Displacement Mitigation Measures in PECAS

There are policies that can be undertaken to mitigate displacement by allowing existing residents (or new residents matching the income, ethnicity, or other characteristics of existing residents) to live in areas that are affected by improved transit service. Some examples are listed in this section, but other possibilities should be further identified to determine how they can be best represented in the PECAS model.

Low-Income Housing Tax Credit (LIHTC)

SCAG may consider a future enhancement to PECAS that adjusts the housing types in the model (Table 3B.1) to separate LIHTC properties from other properties. In general, space types in PECAS represent physically different types of space, but the LIHTC works through the investment and capital formation phases of development. Since abandoning LIHTC status in favor of renting to higher-income households affects developer profitability as represented through the corporation or investor syndicate, this program is also best represented in PECAS's SD module.

Any program under consideration that impacts developers' costs in a conditional-use way, so that the housing is classified and its use or tenancy is restricted in the future based on the payments or fees at the time of development, are best represented as enhancements to the housing categorization in the SD module. However, this must be balanced against the availability of data to accurately represent such housing.

Changes to Rent Stabilization Ordinance, Ellis Act, and the like

Rent controls in a city affect the ability of landlords to increase rents. This limits the response of the market to changes in desirability induced by the improved transit services. The Ellis Act allows building owners to evict tenants if they wish to demolish their building or change its use. Any proposed changes to these or similar ordinances could be analyzed with the existing PECAS model as they are targeted towards housing types in Table 3B.1 or household types in Table 3B.2.

Future enhancements to PECAS's household categorizations (Table 3B.2) should be necessary as housing is built that restricts particular households from occupancy. For instance, if a program of providing housing without any on-site parking in the vicinity of major transit stops is being considered, further household category segmentation based on auto ownership should be included. Programs based on racial or ethnic characteristics are unlikely to be proposed due to anti-discrimination laws, so housing supply policies are unlikely to suggest further segmentation of household categories based on race and ethnicity variables. Despite this, however, the effectiveness of the policy may not be diminished due to the certain existing conditions. To better analyze impact of policy, future versions of the SCAG PECAS model need to be flexible enough to incorporate various household types.

Enhancements to housing type categories (Table 3B.1) could reflect any revealed market segmentation variables that cause differences in rents and opportunity costs. For example, dwellings that can freely and easily be converted from owner-occupied to tenant-occupied dwellings could continue to share a category (since owner-occupiers are clearly foregoing a rent stream through their occupation) while dwellings that are required, through agreement or legislation, to remain tenant-occupied, could be included in a separate categorization.

3B.4. Representation of Empirical Research Findings in PECAS

This section describes the use of the model to represent displacement in the SCAG region, in the context of the empirical research findings. The method presented in this section demonstrates the possibility of further calibration of the SCAG PECAS model to better represent the impact of TODs on displacement when new findings are available without requiring a major re-framing of the model.

Findings Reported

The PECAS modeling team was tasked with incorporating the empirical results from Chapter 2 into the existing regional forecasting and policy analysis models. It was also tasked with considering adjustments and enhancements for future model versions.

For the Southern California region, the primary empirical research made available to the PECAS modeling team took the form of a regression equation relating the changes in 2,224 census tract-level attributes in Los Angeles County between the years 2000 and 2013, to census tract attributes from the year 2000. These results are shown in Table 2F.2. We present them again in Table 3B.4 below, since the remainder of this section relies heavily on the regression coefficients presented. Table 3B.5 defines terms shown in Table 3B.4.

Table 3B.4: Effects of neighborhood characteristics on neighborhood change

	Δ LTHS	Δ BA+	Δ NHW	Δ Renter Burden	Δ Low-Income HH (<10K)	Δ High-Income HH (<125K)	Δ Median HH Income	Δ Gross Rent
Constant	-5.544 ***	3.230 *	-19.66 ***	-4.181	2.129	2.938	6006.842 *	266.135 ***
Median Household Income (/10,000)	1.212 ***	0.137	0.11	1.333 ***	0.366 **	-0.841 ***	-410.652	28.163 ***
Median Household Income Squared	-0.049 ***	-0.003	0.03 ***	-0.049 ***	-0.022 ***	0.016 **	-75.488 ***	-2.745 ***
% Asian	-0.034 ***	0.021 **	0.08 ***	0.024	-0.039 ***	0.001	-40.271 **	-1.875 ***
% NHBK	-0.006	-0.036 ***	0.12 ***	0.055 ***	-0.024 ***	-0.038 ***	-88.725 ***	-1.246 ***
% Hispanic	-0.108 ***	-0.055 ***	0.09 ***	0.120 ***	-0.011 *	-0.044 ***	-95.379 ***	-1.240 ***
Downtown TOD	-4.975 ***	9.028 ***	11.31 ***	-3.361	-4.596 ***	1.591	7703.347 **	166.895 ***
Other TOD	-0.440	0.897 **	1.42 ***	-1.186	-0.696 **	0.611 *	2679.065 ***	17.775
% Renters	-0.023 **	0.045 ***	0.13 ***	0.057 ***	-0.008	0.017 **	0.671	0.184
Δ Gross Rent	-0.003 ***	0.005 ***	0.00 **	0.006 ***	-0.003 ***	0.004 ***	9.520 ***	-
Adjusted R-Squared	0.359	0.133	0.258	0.071	0.055	0.144	0.279	0.156
n	2,224	2,224	2,224	2,224	2,224	2,224	2,224	2,224

***<.01 **<.05 *<.10

Parameters with a p-value of >= .10 are not denoted with asterisks

With the exception of change in gross rent and median household income, all other changes represent percentage point changes

Values for gross rent and median household income are in 2013 dollars

Data Source: 2000 Census, 2009-2013 5-year ACS

Tabulations by P. Ong & C. Pech

Table 3B.5: Legend of measured effects from Table 3B.4

Effect	Meaning
Δ LTHS	Change of proportion in individuals with less than high school education
Δ BA+	Change in percent non-Hispanic black
Δ NHW	Change in percent non-Hispanic white
Δ Renter Burden	See Chapter 2 Sections E and F for the definition
Δ Low-Income HH (<10K)	Change in percent low-income households, adjusted to inflation to less \$10,000/year 2013 dollars income
Δ High-Income HH (>125K)	Change in percent high-income households, adjusted to inflation to more than \$125,000/year 2013 dollars income *
Δ Median HH Income	Change in median household income, inflation-adjusted to 2013 dollars
Δ Gross Rent	Change in average gross rent paid per month, inflation-adjusted to 2013 dollars

The regressions controlled for accessibility via a variable that measured location within a transit station area. However, they did not analyze changes in accessibility provided by the transportation network operations over time, and so have a limited ability to explain how transportation infrastructure and services impact the socioeconomic arrangement of households in the region. Also, PECAS would benefit from information on real estate development for recalibration of the SD. Overall, however, the very strong statistical significance of some of the coefficients shows correlations that could be represented in regional land use models, in particular, as the causal nature of the correlations can be explained through further investigation.

Implications of Findings on PECAS Model Scenarios

For modeling TOD and possible subsequent displacement in the SCAG PECAS model, it was anticipated that the fine representation of the detailed development pattern would focus on the PECAS SD module, representing developers' attempt to provide appropriate housing types and densities in desirable locations, within the constraints of zoning, to maximize profits (J.E. Abraham et al. 2015b). However, the empirical analysis presented in Table 3B.4 is more focused on neighborhood-level changes over 13 years. As a result, the PECAS AA module is more appropriate to be updated.

Households are represented in the PECAS model using an aggregate categorical system, as shown in Table 3B.2. Categorizing households in this way—by income and size—makes it possible to link them to economic information via economic input-output tables, which is why this categorization method was chosen for both the SCAG PECAS model and the statewide version of PECAS. The division into income categories is based on the earnings and expenditure patterns of households, as well as their participation in different labor markets according to the predominant wages paid in different occupational categories. The partition into size categories is done specifically to represent the consumption of different housing types/rates in the real estate model, the differing trip rates per household in the travel model, and to further support the spending and consumption patterns on a per-capita (rather than per-household) basis.

Mechanism for Representing Displacement in PECAS

We stated above that the quantitative metrics about how neighborhood attractiveness changes for households is a function of household attributes and neighborhood attributes and could be included as a zone-by-zone modifier to the zonal attractiveness measures in the PECAS AA module.

Instead of the empirical results that are presented as zonal attractiveness measures, it showed the changes in the rent and income distribution around TOD zones (separated into Downtown and Other TOD zones), controlling for other influences, and thus implying that the TOD nature of the zone caused such changes. Changes in zone-by-zone modifiers for each household category were planned to best reproduce the reported shift in neighborhood characteristics.

Scenario Development and Calibration

Parameter Change Methodology

The overall approach was to develop a small set of parameters for the SCAG PECAS model that represent the effect of TOD on housing location choice in a simple but realistic way. This was done using linear relationships that modify the utility constants on each zone for each household type (distinguished by income level and household size). These parameters were then calibrated so that they reproduced the currently representable findings from the empirical research.

The pool of parameters to calibrate was based on the following conceptual relationships:

- TOD makes neighborhoods more attractive in general because of the improved accessibility.
- TOD has a greater attractive effect on higher-income households when expressed as a monetary value because money is less valuable to them. They are willing to pay more for amenity value because they can afford it, e.g., they have a higher value of time in transportation.
- In addition, households with fewer members could be more or less attracted to TOD than those with more members, due, for example, to differing preferences for housing types and different labor force participation rates.

To represent these relationships, three types of parameters were examined:

- a constant utility adjustment applied to all household types equally,
- an income-sensitive utility adjustment applied to each household type in proportion to its income, and
- a “small household” utility adjustment that applied only to household types with one or two members.

Each of these parameter types had one variant for downtown TOD and another for non-downtown TOD, for a total of six parameters.

Thirteen model scenarios were formulated with different combinations of these parameters to test their ability to help match the correlations in the metrics from Table 3B.4. Based on the results of these test runs, the “small household” utility adjustments were dropped because they had a minimal impact on the metrics, while the income adjustments were coalesced into one parameter for both downtown and non-downtown TOD areas. This left three parameters to calibrate:

- a downtown TOD constant for all household types,

- a non-downtown TOD constant for all household types, and
- a household income TOD adjustment.

Once the values of the three parameters are chosen, the following formula produced the changes in the utility constants for each zone needed to represent the effect in the SCAG PECAS input files:

$$K_{zh} = p_{DTz}k_{DT} + p_{NDz}k_{ND} + (p_{DTz} + p_{NDz})i_hs$$

where K_{zh} is the value added to the zonal utility constant for household type h in zone z ;

p_{DTz} is the percentage of zone z that is in a downtown TOD area, while p_{NDz} is the percentage that is in a non-downtown TOD area, to translate census tract TOD binary categorical variables into portions of PECAS LUZ Zones;

i_h is the midpoint of the income range represented by household category h ;

k_{DT} , k_{ND} , and s are the downtown constant, non-downtown constant, and income adjustment.

The calibration runs were then made and the differences in various metrics from the base condition were calculated. Table 3B.6 shows the metrics used in the calibration process.

Table 3B.6: Metrics used to calibrate TOD scenario

Metric	Description
DT % low-income	Change in the percentage of the households that are low-income in the downtown TODs
DT % high-income	Change in the percentage of the households that are high-income in the downtown TODs
DT median income	Change in the median income of households in the downtown TODs
DT average rent	Change in annual rent in the downtown TODs
ND % low-income	Change in the percentage of the households that are low-income in the other TODs
ND % high-income	Change in the percentage of the households that are high-income in the other TODs
ND median income	Change in the median income of households in the other TODs
ND average rent	Change in annual rent in the other TODs

The differences in these metrics were compared to the changes found by the empirical research. By changing one parameter at a time, the approximate effect of each parameter on the metrics could be calculated. A least-squares optimization was then solved for the best set of parameter values to use. Each metric was weighted according to its statistical significance in Table 3B.4. The metrics with a correlation significant at $p < 0.01$ were given the highest weight, while those at $p > 0.1$ were given the lowest weight. In addition, the “average rent” metrics were given lesser weights than their significance would imply, since a price investigation revealed unreasonably high residential space prices for some uncommon space types in many zones of the SCAG PECAS model. Insisting on an accurate match on the rent metrics would distract from matching the more reliable income-based metrics.

Description of Calibration Scenarios

Six of the 13 calibration scenarios are described here. They are the ones that were relevant to finding the final set of parameter values. The scenarios are:

- **The constrained base scenario.** This scenario was done in the way that is normal for the base year in a SCAG PECAS time series run: the number of households in each zone was constrained to be equal to the observed amounts to establish the zonal constants. It represents the control case that does not account for TOD and its effects on the neighborhood income mix.
- **“SDBU”, the unconstrained base scenario.** This model run was designed to reproduce identical results to the constrained base scenario, but without the option to constrain the allocation to the controls. Instead, the zonal constants found in the constrained base scenario were given to the SCAG PECAS model as a direct input, to open up the possibility of changing these constants in future scenarios. Since no adjustments were made to the zonal constants in this run, it represented the case where all three parameters were zero ($k_{DT} = 0, k_{ND} = 0, s = 0$).
- **Test scenario 1: downtown TOD constant.** This run was the same as the unconstrained base scenario, but with a constant of \$10,000 added to each zone containing the downtown TOD, in proportion to the fraction of the zone that is located in the downtown TOD. This constant would make all households willing to spend an extra \$10,000 per year on living expenses in order to gain the accessibility benefits of locating in a downtown TOD neighborhood. The choice of this number was somewhat arbitrary, since it served only for exploration purposes and was not intended to be realistic. The other two parameters were zero ($k_{DT} = 10,000, k_{ND} = 0, s = 0$).
- **Test scenario 2: non-downtown TOD constant.** This scenario had a constant of \$10,000 added to zones containing non-downtown TOD zones, in proportion to the fraction of the zone located in the non-downtown TOD. The other two parameters were zero ($k_{DT} = 0, k_{ND} = 10,000, s = 0$).
- **Test scenario 3: income adjustment.** This scenario had an income adjustment of 0.2, representing each household being willing to pay an extra 20% of its income to locate in a TOD neighborhood. The other two parameters were zero ($k_{DT} = 0, k_{ND} = 0, s = 0.2$).
- **“SD10”: Scenario with optimal parameters.** This scenario used the parameter values found from the least-squares optimization; as discussed below, these values were $k_{DT} = -3,110, k_{ND} = 2,530$, and $s = 0.0176$.

Parameter Exploration

For each of the above scenarios, the eight metrics were calculated, with the differences between the metrics for each test scenario and those for the unconstrained base scenario. Table 3B.6 defines the metrics for the unconstrained base scenario and the test scenario. Table 3B.7 shows the changes caused by the parameter values in the test scenarios, i.e., the difference between the metric in the test scenario and that in the base scenario. With the addition of \$10,000 to downtown TOD zones, Test Scenario 1 shows an increase of high-income households to 6.56% from 4.93% in the same zones. Interestingly, this additional utility in the downtown TOD area also affects the proportion of high-income households and median income, as well as the average rent in the non-downtown TOD zones. On the other hand, the SCAG PECAS model responded very little to the additional utility in the non-downtown TOD zones of Test Scenario 2.

These differences are compared to the empirical values, which are derived from Table 3B.4. Since all of the scenarios were run for one year, while the targets were calculated from changes between 2000 and 2013, the targets were divided by 13 for the comparisons. It would be desirable to extend this approach to a run over time, so that the parameters could be increased in each successive year to simulate the long-term effects captured by the empirical findings.

Table 3B.7: Results of the parameter test scenarios

Metric	Unconstrained base	Test Scenario 1: Downtown constant	Test Scenario 2: Non-downtown constant	Test Scenario 3: Income adjustment
DT % low-income	32.69%	30.22%	32.86%	32.71%
DT % high-income	4.93%	6.56%	4.69%	4.89%
DT median income	\$15,003	\$18,049	\$14,780	\$15,007
DT average rent	\$4,149	\$4,408	\$4,232	\$4,170
ND % low-income	14.29%	13.45%	14.29%	14.39%
ND % high-income	14.16%	15.85%	14.15%	13.79%
ND median income	\$41,704	\$44,844	\$42,217	\$41,986
ND average rent	\$5,237	\$5,502	\$5,239	\$5,329

The size of the effects from Table 3B.8 provides an estimate of the derivative (or marginal differences) of each metric with respect to each parameter. From these results, a set of optimal parameters were derived using a least-squares optimization. In this optimization process, the targets were given tolerances (desired closeness of match) based on the statistical significance of the correlation found between that outcome and the presence of TOD.

Table 3B.8: Effect of parameter changes compared to the empirical targets

Metric	Unconstrained base	Test Scenario 1: Downtown constant	Test Scenario 2: Non-downtown constant	Test Scenario 3: Income adjustment
DT % low-income	-2.48%	+0.17%	+0.01%	-0.35%
DT % high-income	+1.63%	-0.24%	-0.03%	+0.12%
DT median income	+\$3,046	-\$223	+\$3	+\$593
DT average rent	+\$259	+\$84	+\$21	+\$13
ND % low-income	-0.84%	-0.01%	+0.09%	-0.05%
ND % high-income	+1.69%	-0.00%	-0.36%	+0.05%
ND median income	+\$3,139	+\$513	+\$282	+\$206
ND average rent	+\$265	+\$2	+\$93	+\$1

The approach for the weights was to assume that the parameter effect was a Gaussian random variable with a mean equal to the target and a standard deviation equal to the tolerance. A tolerance was chosen so that the chance of this random variable reaching zero (and therefore the correlation does not actually exist) was equal to the stated p value. For example, at the $p < 0.01$ statistical significance level of the empirical study, the tolerance was set to about 43% of the

absolute value of the target, since at that standard deviation, the probability of the target reaching zero was about 1%. The targets that showed no statistical significance were assumed to have a p value of 0.3.

In addition, the tolerances on the rent targets were multiplied by 15, since the rents produced by the current SCAG PECAS model were not believed to be reliable. The resulting tolerances are shown in Table 3B.9.

Table 3B.9: Change resulting from the optimal parameters

Metric	Empirical target	Tolerance	Actual change
DT % low-income	-0.35%	0.15%	-0.27%
DT % high-income	+0.12%	0.23%	+0.21%
DT median income	+\$593	\$360	+\$338
DT average rent	+\$13	\$83	+\$2
ND % low-income	-0.05%	0.03%	-0.05%
ND % high-income	+0.05%	0.04%	+0.06%
ND median income	+\$206	\$125	+\$188
ND average rent	+\$1	\$39	+\$46

The actual changes in the metrics produced by these parameters are also shown in Table 3B.9. As expected, the changes of rent were not close to the targets, although they had the correct sign. However, the other metrics showed a good match to the targets. Therefore, the method outlined in this section is a viable way to reproduce the empirical effects of TOD on neighborhood change.

The optimal parameters derived from this approach were: $k_{DT} = -3,110$, $k_{ND} = 2,530$, and $s = 0.0176$. Households, in general, were willing to spend \$2,530 per year to locate in a non-downtown TOD, \$3,110 to *avoid* a downtown TOD, and 1.7% of their income to locate in any TOD.

The parameters in the PECAS AA model inputs are constants by zone type (TOD, Downtown TOD), which are then modified in an alternative scenario based on the optimal “meta parameters” discussed above. The changes in the PECAS model inputs are shown in Table 3B.10.

Table 3B.10: Changes in Zone Constants

Household Category	DT TOD Mod	Other TOD Mod
INC0010 2 or less	-3,019.27	2,616.29
INC0010 3 or more	-3,019.27	2,616.29
INC1025 2 or less	-2,799.27	2,836.29
INC1025 3 or more	-2,799.27	2,836.29
INC2550 2 or less	-2,447.28	3,188.28
INC2550 3 or more	-2,447.28	3,188.28
INC5075 2 or less	-2,007.29	3,628.27
INC5075 3 or more	-2,007.29	3,628.27
INC75100 2 or less	-1,567.30	4,068.26
INC75100 3 or more	-1,567.30	4,068.26
INC100150 2 or less	-907.32	4,728.24
INC100150 3 or more	-907.32	4,728.24
INC150m 2 or less	-27.34	5,608.22
INC150m 3 or more	-27.34	5,608.22

In this section, a set of parameters was estimated for the SCAG PECAS model to best reproduce the empirical findings on changes of households by income category, median household income and gross rent in downtown TOD and non-downtown TOD areas. For the zones identified as TOD zones, the zonal accessibility factors in the AA module were updated during its run with the parameters in Table 3B.10 for each household category. For downtown TOD zones, the annual changes of low and high-income households are -0.3% and +0.2%, respectively. For non-downtown TOD area, the annual changes of low and high-income households are -0.05% and +0.06% respectively, as Table 3B.9 shows.

This study did not attempt to incorporate the existing conditions, such as proportion of Asian or black, or proportion of renters. It could be possible to calculate the willingness-to-pay rent depending on the zonal conditions with racial/ethnic proportion in year 2000, just as demonstrated in this section. However, it would be more desirable to be able to update such conditions with endogenous variables and express displacement through the relationship between variables, rather than keep referring to a fixed set of input data. To make this possible, fine-scaled household/population segmentation is required.

In spite of the limitation of being incapable of dealing with existing conditions, the updated SCAG PECAS model with the optimized parameters still gives an opportunity to examine system-wide changes. Although the SCAG PECAS model is not able to pinpoint the origin of the 0.2% high-income households who relocate in the downtown TOD area, it shows changes of households by income/size categories and cascading effects from all of the zones in the region. The following section briefly summarizes the zonal differences created by inclusion of the TOD-related parameters. Appendix Q summarizes the region-wide impact of TOD by household types, industries, and housing types.

Displacement Impact

This section analyzes the region-wide zonal changes of household location and rent estimated by the updated SCAG PECAS model with and without the TOD-related parameters. The model run with this optimized set of parameters is labeled “SD10.” The equilibrium state estimated by the SD10 scenario is compared to the unconstrained base scenario, called “SDBU.” The difference of the two states is caused by the parameters estimated from the empirical findings of Table 3B.4, which shows the displacement as the changes of household proportion by income group.

Location Changes

The calibration of model behavioral constants described in the previous section was able to reproduce the change in income that occurred in the TOD zones. Average incomes in TODs went up compared to the model run SDBU, without TOD consideration, and the percentage of people in TODs who are low-income went down, as Table 3B.9 shows in the “Actual Change” column. However, Table 3B.4 also shows that the absolute number of low-income households in TODs generally went up, even though the percentage went down, with the exception of the low- to middle-income groups (0 to \$75K). They are being reduced in the downtown TOD zone, as Figure 3B.4 shows. It is also shown that the reduction in the downtown TOD zone is severe (colored by dark red) for households with less than \$10K income and of small size, and \$10K-\$25K income and of large size.

Note that SDBU, the “without” TOD version of the SCAG PECAS model, is also calibrated to the zonal household statistics by income and size categories. In the calibrated “with” TOD version (SD10 in the previous section), the estimated household location deviates from the target statistics. Two separate attempts were made to get the SCAG PECAS model to calibrate, one with targeting of a snapshot of household location in the region, and another one to match the marginal changes in the TOD zones. And the latter one contradicts the former effort. In the ideal situation, the introduction of the TOD-related parameters should maintain the previously calibrated household location, and still should be able to show the marginal changes over simulation time. Along with an “agile and incremental” approach, a comprehensive strategy should be devised to calibrate the model to reproduce not only a static snapshot, but also marginal changes.

Spatial Changes in Rent

The spatial changes in rent for the “L Luxury” category (ResType3) and “L Economy” (ResType4) are shown in Figures 3B.5 and 3B.6. There are increases in rent in most of the TOD zones, but decreases in rent in the non-TOD zones.

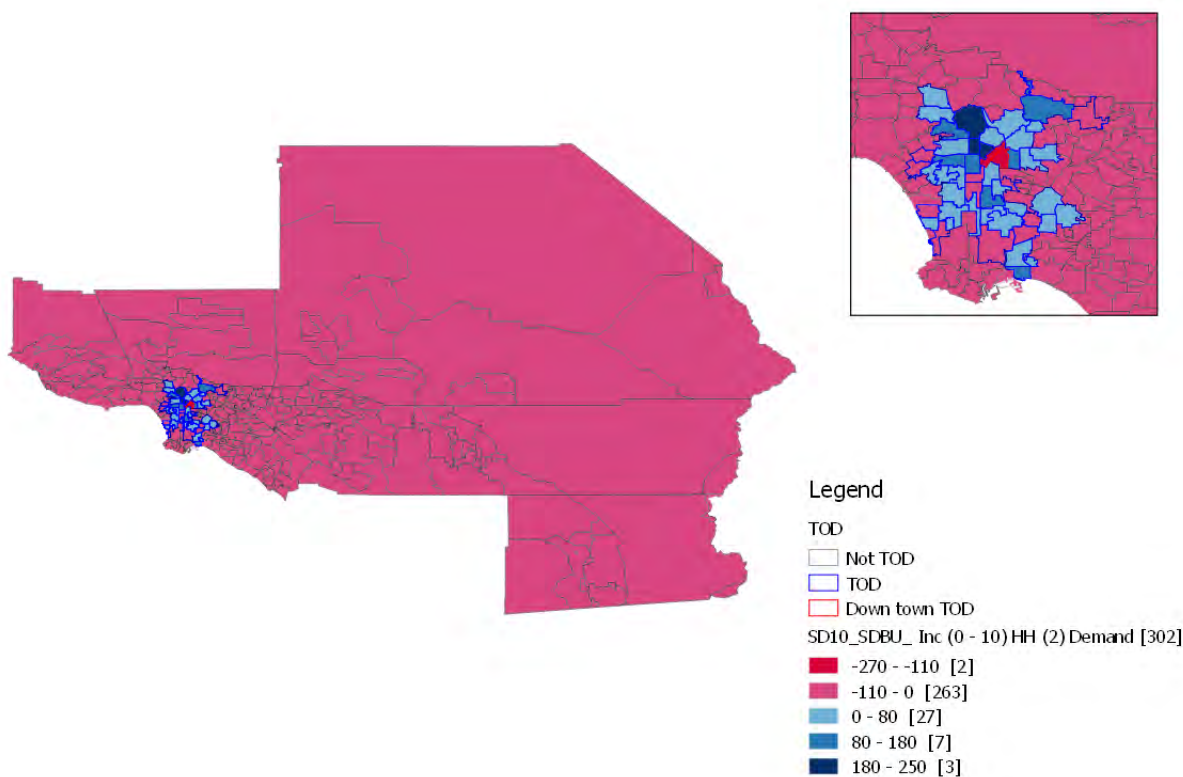


Figure 3B.3: Change in number of households <10k, 2 or less person

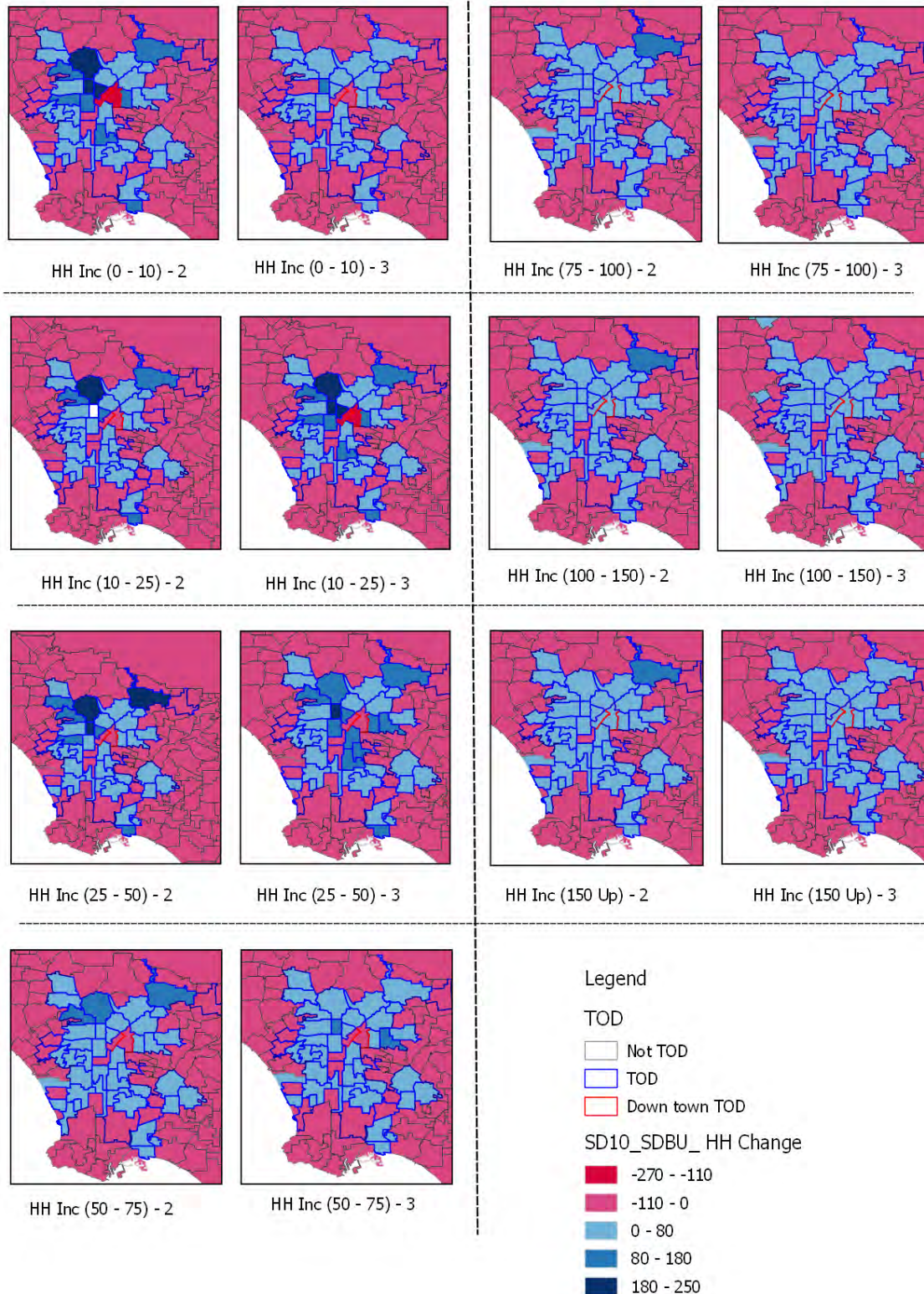


Figure 3B.4: Change in Households by Category and Zone

The shift in the demand for location towards TOD zones allows for an overall decrease in housing prices in the region with a corresponding benefit to residents and loss to landowners. However, the increase in some TOD zones is much larger than the decreases elsewhere, and hence much more likely to be measureable and noticed. When TODs are envisioned and developed, the region-wide impacts on rent must also be considered, since they mitigate the TOD-specific changes in rent, and may be larger in aggregate to the region but smaller in each location.

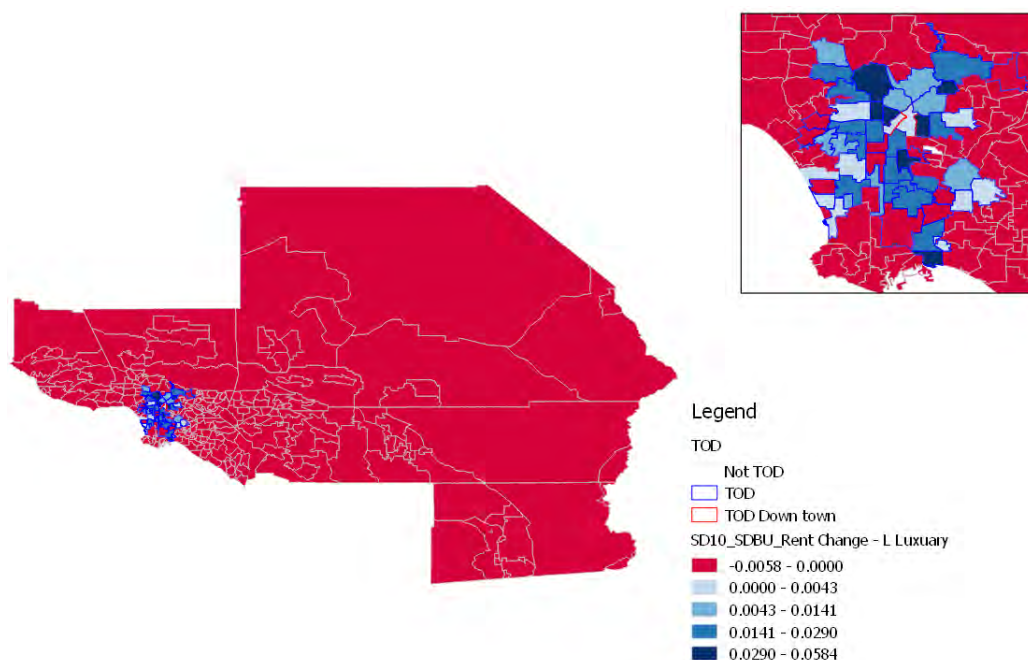


Figure 3B.5: Relative change in rent in Luxury Single Family Dwelling space (ResType 3)

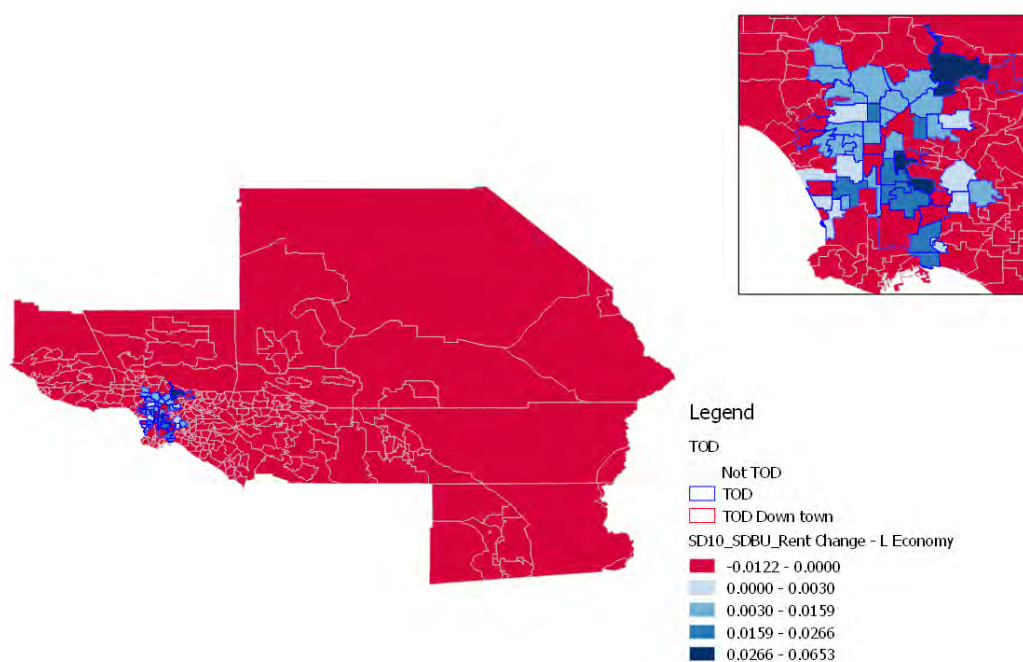


Figure 3B.6: Relative change in rent in Economy Single Family Dwelling space (ResType 4)

3B.5. Findings and Conclusions

SCAG PECAS Update and Findings from TOD Scenario

This work explored possibilities for representing TOD and displacement in the SCAG PECAS model, and it proved challenging. The current model design could best represent the real estate development nature relating to TOD as developers demolish, convert, and build housing (or non-residential space) near major transit stations. PECAS, then, represents displacement as the difference of states estimated from with and without TOD-related parameters. Further empirical research on real estate development, especially with a behavioral framework analysis of developer profit motive, could lead to a very rich representation of displacement in the SCAG region in terms of physical changes anticipated in planned TOD areas.

The SCAG PECAS model was modified to best represent the empirical findings regarding displacement around TOD zones that occurred between 2000 and 2013. The attractiveness of the TOD zones was changed for households, with a search process determining the optimum set of parameter shift strategies to represent observed changes (divided by 13 to annualize) in TOD zones in the percentage of low-income households, percentage of high-income households, median household income, and gross (and then) average rent. This scenario was compared to the base scenario to determine the impacts on the spatial economy.

A shift in the desirability of TOD zones brings about changes in the distribution of households in the region. As Figures 3B.5 and 3B.6 show, rent outside of TOD zone decreases as the demand for housing in TOD zones is generally increased. The increase of rent in TOD zones and the decrease in non-TOD zones result in positive net change in rent; in other words, regional net rent increases. In the updated model, the TOD-related parameters work as an increasing factor of rent in the TOD. Within the closed economic system (aka, the input-output analysis framework) that characterizes the SCAG PECAS model, the rent increase in TOD zones is interpreted as a positive direct impact without any leakage to outside the region. Also, its multiplied impact (again, as of Input-Output framework) cascades to every household in the region. Analysis of aggregated economic impact has been traditionally used as one of the most important measures in evaluation of various facility or land use plans. The current SCAG PECAS model shows that TOD in Los Angeles County is economically desirable to every household in the region.

However, this may be an overly simplified assertion in the modeling of displacement. Even at the zonal aggregated level, households of certain types are moving out from the downtown TOD zone, and the resulting rent of certain type of residence decreases as modeled with fixed real estate inventory. Although the total of their surplus or composite utility might be increased, this is not the case for a small group of households, and the degree of negative impact to them might be very acute. Parting from its initial design specification, the SCAG PECAS model might need a radical update so that it can scrutinize the difference in susceptibility to policy at the micro level.

Caveats and Cautions in Interpreting the TOD Scenario

The scenarios developed here do not include a representation of shifts in developer behavior. The magnitude of observed change in the empirical study was reproduced in the cross sectional portion of the SCAG PECAS model through attractiveness measures to draw households into TOD zones. Without the enabling effect of shifts in development, the attractiveness measures would be too

high. Thus, the total benefit measures calculated may be too high, and the absolute magnitude of those benefits may be overstated.

The proper consideration of transport costs requires a time-series scenario run with full integration with one of the SCAG travel models. This study approximated the improved desirability of TOD zones through a constant neighborhood effect, but the direct travel improvements from transit services would be better represented in changes in the “skims” calculated from the travel demand model. The suggestion in the scenarios that TOD development could lead to higher travel costs for obtaining household services is based on location (home and destination) changes only; a travel model is the appropriate tool for further investigating this concern.

Consideration for Next Steps

The monitoring and future empirical analysis of TOD in the SCAG region should be expanded to incorporate the motivating factors of developers: notably the costs and profitability of different types of buildings on land with different conditions such as land classified by spatial regulations, fees, and physical geography effects influencing construction costs. Housing desirability, and hence developer profitability, of different building options vary with the exact location. The analysis should include a numerically specific representation of the impact on rent (or willingness pay for housing) of proximity to transit station entrances, transit infrastructure noise effects, and other statistically important effects such as proximity to freeways, parks, beaches, and major arterial roadways. The specific approaches described in (Wang et al. 2011), where California statewide data was used, should be expanded into a time-series analysis with a focus (or oversampling) on changes in the vicinity of transit stations.

The model scenarios developed here show that the undesirable displacement of low-income people from around TOD stations could be the result of changes that are beneficial at the aggregate level to other households. Wealthy people have more freedom and economic power, and so they can take advantage of changes in situations more easily. Their shifts in behavior, however, may open up other opportunities, which low-income people who are sensitive to price changes may be able to take advantage of. Displacement of people of certain ethnic groups could not be analyzed with the current SCAG PECAS model.

The empirical research and the model categorize households by their income. It was found that TODs tend to be associated with higher incomes in the future. This modeling result could happen due to higher-income households moving into TODs, lower income households moving out, or upward mobility. Future empirical research in the SCAG region should attempt to address these possibilities, through panel analysis of TOD residents, or through retrospective surveys of current residents. Time-series census tract data is not generally adequate to identify these possibilities (although the ACS geographic mobility question has proven somewhat useful).

The household-level categorization in the SCAG PECAS model should be refined to add representation of race and ethnicity. The empirical findings showed correlations between race and ethnicity variables over time, and causal hypotheses could be explored using a PECAS model that includes race/ethnicity and housing tenure. Even though current empirical study suggests adding these variables, a more vital improvement would be focusing on making the SCAG PECAS model more flexible. Its tight theoretical structure and use of input-output (and social accounting) matrix makes it hard to expand PECAS to include non-economic variables. Enhancing the flexibility of

PECAS requires fundamental change in the model structure, which would require considerable time and resources.

A few options for expanding the household classification could be explored, including options to incorporate the variables suggested by the empirical study, and options for restructuring the model. Table 3B.11 summarizes the pros and cons to be considered.

The first option is to expand the dimension of household classification in the SCAG PECAS model to three or more from the current 2 dimensions of [7 income group]-by- [2 size group]. In addition to 4 to 7 groups for race/ethnic variables, 2 housing tenure groups (owner/renter) can be considered. Although this is one explicit way to incorporate the empirical findings' variables, the model's flexibility is not improved. In the case when a new finding points to another important variable, the same discussion should be repeated. In the incorporation of the variables mentioned above, the model should be recalibrated for at least 112 ($= 7 * 2 * 4 * 2$) household types; the scope of that task would be virtually identical to a fresh development of PECAS for the region. Another aspect to be considered is that a change in household classification from the current version also means that the SCAG version would diverge from the statewide one, and there would be no more direct cooperative relationship in its development.

A microsimulation version of the PECAS AA module is the one of the options, respecting the same PECAS utility function, to enable specific coefficient modifiers in the PECAS utility functions for different races and ethnicities, without drastically expanding the number of categories represented in the model. However, adopting microsimulation without caution and respect for the type of analysis undertaken here, and the economic foundations of PECAS, could weaken the ability to show comprehensive distributions of benefit measures by type of household, interaction, location, housing type, etc. Since this option radically changes the model structure as well as the software implementation, existing microsimulation tools should be considered with an open mind. Even though the model structure would be different from the existing one, a new microsimulation model could use data similar to what is already collected for PECAS. Therefore, instead of developing new software with an updated model formulation of PECAS, a fresh start with an existing tool might a way to increase the chance of success.

Recalibration of the hedonic price model and complete development of the disaggregated version of the SCAG PECAS SD module is another option. Since the current SD module includes the zone ID as a dummy variable to capture unexplained price factors, it is also possible to include other neighborhood variables, such as ethnicity. This is not performed in this project, because the empirical finding does not include sufficient evidence to support recalibrating the hedonic model. However, this might be the most feasible among the options examined as additional parcel-level real estate data, including price, becomes available.

Another option in modeling ethnic change is to apply a household joint distribution of income, size, and ethnic composition to the current SCAG PECAS output of household by income and size. This approach assumes that the current ethnic composition is determined by income and size composition at the TAZ level and the relationship is fixed. However, that method just matches the empirical findings without making much economic sense. The ethnic proportion is just calculated without clear causality with TOD and displacement.

As the method demonstrated in the previous section of the recalibration of SCAG PECAS based on the empirical finding, the last option is to recalibrate the zonal utility constant with ethnic variables and the proportion of owners. It could be possible to match more coefficients provided from the

empirical findings shown in Table 3B.4. However, this option still does not improve the flexibility of the ultimate model.

Table 3B.11: SCAG PECAS Enhancement Options

Option	Description	Pro	Con
Expand household classification for AA	<p>Currently household is in [7 income group] X [2 size]. Expand to [7 income group] X [2 size] X [4 to 7 ethnic group]</p> <p>Re-estimate model within general equilibrium framework.</p> <ul style="list-style-type: none"> - Consumption (commodity and housing by location) pattern for each household type - Labor supply (occupation) pattern for each type of household. 	Explicit modeling of the household by ethnic group	<p>Divert from the State-wide PECAS model</p> <p>Requires significant resources and time for data compilation and recalibration.</p> <p>Model is still inflexible to add other important/significant variables that are found.</p>
Microscopic version of AA	<p>Current model structure is in matrix-represented aggregated form, and calculates the market clearing prices in a closed mathematic way.</p> <p>Restructuring it into simulation based model with representation of individual households and business, model resulted from random drawings</p>	Individual representation of economic entities allows flexible model expansion	<p>Details are in discussion. Hard to make a decision to go with it without further estimation of development time and budget.</p> <p>Need more concrete evidence of “success” to choose this option</p>
Ethnic composition as neighborhood condition for SD (Hedonic price model)	<p>Current model uses ZONE ID as dummy variable to compensate for all of the unexplained price factors.</p> <p>Use the ethnic composition in the price model along with the ZONE ID dummy.</p> <p>It was has to be done in separate study for the empirical study in this project does not provide the necessary parameters</p>	Technically feasible to incorporate additional zonal level variables to price estimation.	<p>Space development is partially calibrated for the SCAG land use.</p> <p>It can be incorporated when the SD is fully calibrated with the proper value data.</p>
Ethnic composition comparison before-and-after the calibration with TOD binary variables	<p>Using joint distribution of household [income] X [size] X [ethnic composition], calculating the difference in the ethnic composition before and after the calibration (with TOD variables).</p> <p>Further adjust the model to match the estimated parameter (changes of NHW at TOD area)</p>	Technically feasible with relatively small budget and resources.	Ad-hoc application of TOD variables to estimate ethnic composition as DV, not IV.
Ethnic composition as neighborhood condition for AA	<p>Adjust AA model further to incorporate ethnic variable as neighborhood condition, as the method described in this chapter.</p> <p>Given estimated parameters, adjust the location choice constant to match the gross rent change by proportion of Asian, NHBLK and Hispanic</p>	Technically feasible with relatively small budget and resources	<p>Model is still inflexible to add other important/significant variables that are found.</p> <p>Model will depend on 2000 ethnic composition. Then why not the time period out of recession?</p>

Section 3C: Development of an Off-Model Displacement Assessment Methodology

In this section we identify neighborhood indicators that significantly predict types of neighborhood change associated with displacement in the models developed in Chapter 2 as related to transit investment. We construct neighborhood indicators from readily available, tract-level ACS data in order to facilitate assessment of displacement risk by city or regional agency staff in a simple spreadsheet analysis. For the Bay Area and Los Angeles cases, we will calibrate these indicators to the extent possible with the findings of the UrbanSim and PECAS models.

The following presents several different approaches to an off-model displacement assessment methodology, reflecting in part the differences between the model structure and results for the Bay Area and Los Angeles. The Los Angeles model builds on the logit regression of gentrification in Chapter 2, section 2E, adding variables to represent change in rent and density. The tool assesses risk by totaling the significant coefficients using data from each tract; to assess future risk, SCAG will need to provide additional inputs that project rent and density. For the Bay Area, we provide two models: one to assess gentrification risk based on risk factors from the built environment and the second to predict displacement specifically (since it is occurring in all types of neighborhoods, not just gentrifying neighborhoods). The tool identifies whether a tract is at risk for each factor, and totals the risk factors to determine the level of risk. All of the variables used can be predicted by UrbanSim in order to assess future risk. All of the models demonstrate a robust ability to predict gentrification and/or displacement, with results ranging from 50% to 86% accuracy.

Defining a Predictive Model

A predictive model should have the ability to predict future outcomes, and a quantitative predictive model uses a set of observed or anticipated indicators (variables) that influence the projected results. For this task, the objective is to identify neighborhoods (defined as tracts) that will be at risk of gentrification and displacement in the future so that the relevant governments (e.g. counties and cities) and their agencies (e.g. MPOs, housing, transportation, and environmental departments) can take appropriate action to offset negative effects. A predictive model can be based on causal or descriptive models of past patterns and dynamics. A causal model uses causal independent variables or factors, while a descriptive model may also include independent variables that are not necessarily causal but nonetheless correlated with the variable (outcome) of interest. For predictive purposes, we do not necessarily require knowing causal relationships since correlated indicators may be sufficient to forecast the outcome. (An example is the canary in the coal mine, where the bird does not cause poisonous gases but merely serves as an early warning.)

Specifications of the Off-Model Tool for Los Angeles

The key challenge of creating a predictive model is the availability of input data for the future time period of analysis. We explored whether SCAG's PECAS model can help fill in some of the required projected variables. We focused on three key variables from SCAG's previous efforts, which include: (1) household by income by size, (2) housing types, and (3) land prices. In terms of household by income by size, for Los Angeles, we find that SCAG's projected patterns are not consistent with recent trends. For example, SCAG projects growth of low-income households on the Westside of Los Angeles County, an area of moderate to higher income. We examined the changes in the spatial patterns of low-income households in the past decade using 2000 and 2013 data and find

inconsistencies with SCAG's trajectory of low-income households in the future. We believe that part of the discrepancy is the way SCAG models the spatial distribution of future changes in total housing units and households, and then translates into household by income by size. Unfortunately, we do not have enough information to understand their modeling approach.

The second variable that we examined is SCAG's housing type category. The challenge is that it does not correspond to available ACS information. Perhaps the biggest issue is the fact that the housing type variable does not differentiate between renters and homeowners. This is a severe limitation because displacement mainly affects renters, and renters comprise an overwhelming majority of households around transit stations. We recommend that SCAG should have projections by tenure. This includes building a bridge between housing type and tenure. A related issue is the lack of information on households by race and ethnicity, which is a key element in the debate regarding gentrification and displacement. Our analyses reported in Chapter 2 show that race and ethnicity have an independent effect and could not be captured by mere differences.

The third variable that we assessed is land prices. Land price is the value of the land per square foot. The idea behind looking at land value is that changes in land price, whether historical or projected, can help us understand changes in rent level, which is highly related to displacement and gentrification. SCAG has stated that it has done very preliminary work on land prices in the previous RTP. This work has only been done at the TAZ level, which makes it problematic if we are to focus on smaller-level geographies such as TOD neighborhoods. As part of our assessment of SCAG's land-price data, we did our own estimate of baseline land prices using the county assessor's parcel data. Here, we find discrepancy with the land price data that SCAG provided to us. Upon further investigation and inquiry with SCAG, SCAG responded that they did not estimate land prices but instead were estimating improvement prices (built structure price per square feet). In our opinion, improvement prices are not an adequate proxy for land prices, and thus have limited usefulness in projecting future rent changes.

We also examined what SCAG is planning to do with land prices in their current PECAS model. They stated that they will use different techniques (e.g. hedonic pricing) to estimate land prices and that they will use micro simulation of the market to project market-clearing land prices in the future. SCAG uses an equilibrium approach rather than a marginal change approach. An equilibrium approach maybe appropriate if the time period is very long, but for shorter time periods, a partial adjustment model is more appropriate. Because this effort is ongoing, SCAG has been reluctant to share any preliminary numbers with us, and we did not receive any of the information for our assessment. As such, we cannot assess its current work. We do believe, however, that if it is able to estimate land prices for the base year and adequately project land prices in the future, then there also needs to be a serious effort to determine how land prices are related to rent levels, and how changes to land prices are related to changes in rent levels.

A possible feasible alternative is an off-model module to identify potential areas at risk of gentrifying. The key missing values (e.g., projected changes in rent) can be filled in later when SCAG finalizes its PECAS land price model and estimates how changes in land prices affect rent levels.

Off-Model Module: Identifying Potential Areas at Risk of Gentrification

As previously mentioned, a predictive model should have the ability to predict future outcomes, and a quantitative predictive model uses a set of observed or anticipated indicators that influence the projected results. Below is a basic predictive model that forecast for outcome “O” into the future (time = t + 1) from today (time = t).

$$O(t+1) = a + b \cdot X(t-1) + c \cdot Y(t) + d \cdot Z(t,t+1) + g \cdot V(t+1) + \text{error}$$

In this model, a, b, c, d, and g are vectors of parameters (usually based on some cause or descriptive model or models). X is a vector of past factors that have persistent influences on the future (For example, major features of the built environment inherited from the past, which are not likely to change over time). Y is a vector of current factors, Z is a vector of factors that will materialize between today and tomorrow, and V is a vector of factors that will be present in the future. The error term denotes the degree of uncertainty in the prediction. Z can only contain factors that themselves can be predicted over the projection period. This can include policy decisions or major actions within the control of an agency, such as major investments in new infrastructure. Z can also contain variables that have been predicted through other means. For example, some regional economic models use national economic projections as drivers (e.g., the projected growth in GDP). Similarly, V can only contain factors that are predicted at the end of the projection period.

We calibrated the model by examining observed recent trajectory. This is based on analyses reported in Tasks 2D, 2E and 2F. Below is a stylized example model, where t is the current period and t-1 is the previous (baseline) period. The model parallels the above predictive model:

$$O(t) = a + b \cdot X(t-2) + c \cdot Y(t-1) + d \cdot Z(t-1,t) + g \cdot V(t) + \text{error}$$

For example, we estimated whether a neighborhood (tract) was defined as gentrified or gentrifying by 2009-13 (the most recent period with ACS data at the tract level). The baseline year is 2000. X(t-2) includes whether the tract was gentrifying in an earlier period and whether it had pre-existing transit stations (e.g., during the 1990s, prior to the 2000 baseline year). Y(t-1) includes variables for the demographic (race/ethnicity), socioeconomic (income), and housing (tenure) characteristics during the baseline year (2000). Z(t-1,t) also includes the opening of transit stations after 2000. It is important to note that we do not include variables denoting changes in the population between t-1 and t. We exclude them because they are potentially endogenous and because we cannot predict their values in the future. The model does not include V(t). Which factors are important is determined empirically (i.e., the variables that are statistically significant).

We use the empirical results to develop the off-model module, which predicts the risk of gentrifying. Gentrifying includes both direct displacement (socially and economically disadvantaged residents who are forced out) and exclusionary displacement (barriers that make it difficult for disadvantaged residents to move in). Our goal is to identify tracts at risk of being gentrified in the future (roughly 10 years from the base year since our analysis of past trends is roughly by decades). We aim to use only data that are readily available to the public and MPOs (ACS) and outputs from PECAS. In our analysis and spreadsheet, we do the following:

1. We determine which tracts are eligible for possible gentrification in 2000 (baseline), and which have gentrified/gentrifying (G/G) by 2013 (future).
2. We develop a list of variables (based on the data restrictions described above) that can be used to model the odds of gentrifying during the 2000-13 period. This is not a causal model,

but a descriptive one including changes (possibly endogenous) during the period. We also include TOD by type to capture its effects.

3. We estimate the influence/association of the right-hand side variables on the probability of gentrifying using a logit regression with available data. We use only eligible tracts. We only use statistically significant right-hand side variables, determined interactively by eliminating insignificant variables.
4. We then run some basic robustness and efficacy analysis on predicted odds of gentrifying, looking at consistency of actual versus predicted G/G. We have decided on three categories: (1) high predicted odds [predicted>.666]; (2) moderate predicted odds; and low predicted odds [predicted<.333]. We examine the absolute and relative numbers of false positives and false negatives.
5. We incorporate the logit regression model results into a spreadsheet that can be used to calculate the predicted odds and the three categories. We do not know if the estimated coefficients are applicable outside of Los Angeles. If not, then each region would need to run a logit model. The values in the spreadsheet can be replaced with new baseline and predicted data from SCAG when these become available.

Limitations

The accuracy of a predictive model varies with a number of factors. For example, the predictive power can be low if the model relies on a causal or descriptive model with little explanatory power (e.g., a multivariate linear model with a low adjusted R-square). The prediction may also be systematically biased if there are fundamental changes in circumstances not captured by the causal/descriptive/predictive models. The accuracy of a predictive model also diminishes when examining detailed outcomes or outcomes further into the future. Because of the inherent variance around a prediction, there will be false positives and false negatives, whose prevalence increases with decreases in predictive accuracy.

Very few models accurately capture the variance and precisely estimate outcomes that are consistent with the actual world. For example, many causal multivariate models have very low r-square which is roughly the percent of the variance explained by the model. Quite often we find r-squares between .10 and .30 which means we are only explaining 10 to 30% of the variance, leaving 70-90% of the variance unexplained. The same is true with a dichotomous model which predicts something happening or not happening. In other words, it can predict false positives and false negatives even if the model overall is statistically significant. For example, our model as a whole is significant but we still have a fair number of false positives and false negatives. Therefore, we should be very cautious on how to use these models. The model, nonetheless, is the best that can be done within the scope of the work that is being funded.

Table 3C.1 displays the crosstabs between the actual and predicted tracts that gentrified or are in the process of gentrifying. Overall, the model is able to predict roughly 93% (867 of the 932) of eligible tracts into their actual category (either did not gentrify or actually gentrified and were predicted as having moderate to high risk). Forty tracts fall into the “false negative” category, that is, these tracts actually gentrified but the model predicts them having a low risk of gentrifying. Fifteen tracts would be considered “false positives,” tracts that did not actually gentrify but the model predicts that they did. In terms of predicting tracts that are at risk of gentrifying, the model has about a 50/50 percent chance of doing so.

Table 3C.1: Actual versus Predicted Gentrification in Los Angeles Tracts

Actual, GG 2000-13	Predicted			Total
	Low (<.33)	Moderate (.33-.66)	High (.66+)	
No	825	18	7	850
Yes	40	22	20	82
	865	40	27	932

Organization of Off-Model Module Spreadsheet

The off-model module includes four different spreadsheets where data can be inputted. The purpose of the first (“County Avg”) and second (“Gentrification Calcs”) spreadsheets is to identify tracts that are susceptible to gentrifying and tracts that actually gentrified between 2000 and 2013. For the first spreadsheet, county-level data are inputted and for the second spreadsheet, individual tract data are inputted. The following definitions from Task 2E are used to define eligible and gentrified/gentrifying tracts:

A tract was eligible if it met all of the following criteria:

1. The tract had a population of at least 500 residents in Year 1
2. Vulnerable (eligible) in year 1 (at least 3 out of 4 of the following indicators):
 - % low-income households (household income below 80% of the county median) is above the county median
 - % college-educated (bachelor’s degree or higher) below county median
 - % renters above county median
 - % nonwhite above county median

A tract is said to be gentrified or gentrifying if it meets eligibility and all of the follow criteria:

1. Demographic change between years 1 and 2
 - Change in % college-educated > county (percentage points)
 - Change in % non-Hispanic white > county (percentage points)
 - Change in median household income > county (absolute value)
2. Change in median gross rent > change county median gross rent (absolute value)

The third (“Risk Factors”) and fourth (“Predicted Value”) spreadsheets are used to predict areas that are at risk of gentrifying. Only tracts that are eligible (determined from the two previous spreadsheets) are included in the calculations. The current spreadsheets use 2000 data as the starting point and the 2009-2013 ACS as the endpoint. Once the necessary data becomes available from SCAG, the values can be replaced with new baseline and projected data. The following variables are to be inputted into the “Risk Factors” spreadsheet:

- ***Median Household Income (2013)***
- ***% non-Hispanic black (2013)***
- ***% Hispanic or Latino (2013)***
- ***% Asian (2013)***
- ***% Renters (2013)***
- ***Employment Density (2013)***
- ***Downtown TOD (Dummy variable)***
- ***Pre-2000 TODs (Dummy Variable)***
- ***Post-2000 TODs Including any Future Transit Stations (Dummy Variable)***

- ***Change in Median Gross Rent*** (to be projected based on SCAG's predicted changes in land prices)
- ***Change in Household Density*** (to be projected based on SCAG's allocation of new housing units and households)

Projected data are needed to calculate the change in gross rent and household density. Once all data are inputted, the last spreadsheet, "predicted value," calculates and categorizes eligible tracts into one of the three categories: (1) high predicted odds [predicted>.666]; (2) moderate predicted odds; and low predicted odds [predicted<.333].

Concluding Remarks

Given the current state of SCAG's regional models (still in development), future work will be needed to develop, test, and refine an off-model predictive module that identifies neighborhoods at risk of gentrification and displacement in the near future. It is important to incorporate insights and understandings based on empirical evidence. This includes explicitly modeling the dynamics as they relate to economic class, tenure status, and race and ethnicity, both for recent developments and future projections. SCAG can benefit by seeking outside advice from those with expertise on these topics.

Specifications of the Off-Model Tool for the Bay Area

The Bay Area Off-Model tool uses the variables that we found to be significant in predicting gentrification and displacement in the Bay Area. Instead of using the coefficients from the regressions of Section 2E, however, we construct risk indices similar to the gentrification index used in that section. Again, we focus on variables that the regional model (UrbanSim) can predict, and give an example of calculating risk for present-day (2013) data, although we believe such data can easily be replaced with future projections from the models. We develop two different models, one to assess gentrification and the second to assess displacement, specifically, the loss of low-income households. We separate the two, as our ongoing research has shown that low-income households can be displaced from many different types of neighborhoods, not just poor, gentrifying ones.

Gentrification and Displacement Risk

Recall from Section 2E, the gentrification index was assessed using the following index, which was used in models to determine what kinds of neighborhood characteristics predicted gentrification.

1. Tracts with at least 500 people in year 1 and less than 25% of their population in college (college towns)
2. Vulnerable in year 1 (at least 3 out of 4 of the following indicators):
 - % low-income households > regional median
 - % college-educated < regional median
 - % renters > regional median
 - % nonwhite > regional median
3. Demographic change between years 1 and 2:
 - Growth in % college-educated > region
 - Growth in median household income > region
4. Investment between years 1 and 2:
 - % market-rate units built between year 1 and 2 > regional median

- Growth in either:
 - Single-family sales price per square foot > regional median
 - Multi-family sales price per square foot > regional median
 - Home value > regional median (where sales data is unavailable)

Using the results from the logit models in Section 2, we then assessed future risk of gentrification by first determining if a tract was eligible (criteria 1 and 2 above), and then assess risk based on the presence of the following risk factors:

1. Within a half-mile of a rail transit station
2. % of units in buildings built pre-1950 > regional median
3. Employment density (# jobs/square mile) > regional median

Eligible tracts that had only 1 out of the 3 risk factors above were given a risk level of low. Tracts with a composite score of 2 were assigned a risk level of moderate, and tracts with all 4 risk factors were assigned a high level of risk.

We then applied the same method to data from 2000 and the previous decade to compare predicted risk values to the actual gentrification index for the period of 2000-2013. These are summarized in Table 3C.2.

Table 3C.2: Actual versus Predicted Gentrification in Bay Area Tracts

	Predicted			
Actual, 2000-13	Low	Moderate	High	Total
No	109	353	50	512
Yes	12	57	16	85
	121	419	66	597

Thus, for the gentrification model, the Bay Area tool predicts moderate or high risk of gentrification for 73 of the 85 tracts that actually gentrified (86%). However, it also predicts a moderate or high risk for 383 of 512 tracts (75%) that did not actually gentrify.

A similar procedure was used to assess displacement risk, except most tracts were deemed eligible to experience displacement if they were home to more than 100 low-income households, had over 500 people living in them and less than 25% of the population in college. Based on the results from section 2E, we added prewar neighborhoods, TODs outside of the three largest cities and percentage of low-income households living in naturally occurring affordable units as risk factors for displacement. Tracts with a composite score of 2 or 3, were assigned a risk level of high, and tracts with a score of 1 were considered moderate.

As shown in Table 3C.3, the displacement prediction tool predicts moderate or high risk of displacement for 470 of the 537 tracts that experienced a loss of low-income households (88%).

Table 3C.3: Actual versus Predicted Loss of Low-income Households in Bay Area Tracts

	Predicted			
Actual, 2000-13	Low	Moderate	High	Total
No	240	472	297	1009
Yes	67	259	211	537
	307	731	508	1546

Chapter 3 Conclusions

In this chapter, we explain our findings that the integrated transportation land use and transportation models used by the state's MPOs have varying ability to address displacement. Researchers successfully adapted UrbanSim to address how race, income, household size, rent, and rent burden shape household location decisions and thus displacement. These modifications will ultimately be integrated into MTC's Sustainable Communities Strategy. However, PECAS, the model used by SCAG, could not be adapted to analyze displacement.

We also present several different approaches to an off-model displacement assessment methodology, designed for use by practitioners. All of the models are able to predict gentrification with results ranging from 50% to 86% accuracy.

Chapter 4: The Effects on Auto Use of Household Displacement from Rail Station Areas

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Acronyms Used in This Chapter

- ACE (Altamont Corridor Express)
- ACS (American Community Survey)
- BART (Bay Area Rapid Transit)
- CHTS (California Household Travel Survey)
- CNT (Center for Neighborhood Technology)
- GHG (Greenhouse Gases)
- GPS (Geographic Positioning System)
- NHTS (National Household Travel Survey (NHTS))
- OLS (Ordinary Least Square)
- ORNL (Oak Ridge National Laboratory)
- TOD (Transit-Oriented Development)
- TSDC (Transportation Security Data Center)
- VMT (Vehicle-Miles Traveled)
- VTA (Santa Clara Valley Regional Transportation Authority)

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This chapter addresses the question of whether gentrification and displacement affect regional auto use, and greenhouse gas emissions. We use travel survey data for metropolitan areas within California, focusing on the 9-county Bay Area region¹ and the 5-county Los Angeles region², to analyze whether low-income households reduce their auto use more than high-income households when locating near transit, as measured by their vehicle miles traveled (VMT). We find that low-income households both near and farther away from rail stations have lower VMT than high-income households, but that higher income households either reduce their driving more in response to being near rail, or that there is no difference in VMT impacts across income categories. When gentrification is accompanied by densification, these results imply it will reduce regional VMT on net. However, when displacement is significant enough and population density declines, regional VMT is expected to increase.

Chapter 4 Introduction

Transit-oriented development (TOD) policies are intended to reduce auto use by increasing dense, mixed-use development near high-frequency transit stations. But there is a growing concern that TOD policies or new transit investments may cause gentrification and displacement. In addition to disrupting the lives of displaced households, gentrification and displacement might also increase driving and associated problems such as greenhouse gas (GHG) emissions.

Depending on the neighborhood context and the details of implementation, TOD policies could certainly result in rent hikes and increases in home sales prices. This could cause poorer, transit-using households to seek lower-cost housing elsewhere while being replaced by wealthier households more likely to own cars and to drive. Under these circumstances, auto use in the rail station area would surely go up. But if such a displacement scenario were to occur, would regional auto use increase? And do actual patterns of population change in gentrifying neighborhoods near rail stations suggest that gentrification contributes to regional increases in auto use?

Previous research on this topic has neglected to explicitly take a regional perspective. It has focused instead on the fact that household VMT is likely to increase in station areas when gentrification occurs, without attempting to estimate travel patterns of displaced households, or what travel patterns would have been if planners and policy makers succeeded in forestalling gentrification.

In this study we analyzed how household auto use, as measured by VMT, is correlated with access to rail stations, household income, and the interaction of income and rail access, and we explicitly accounted for spatial population shifts using a simple method described below. We used multiple data sources and carried out a variety of regression models. We used data from the California subsample of the confidential version of the National Household Travel Survey of 2009, and from the California Household Travel Survey of 2010-12, merging these household-level travel data with spatial information on the location of rail stations across the state. We then used regression analysis to estimate how rail access reduces VMT differentially according to different levels of income when controlling for variations in household size and other factors. Finally, we used these estimates to simulate hypothetical displacement of poorer by richer households, as well as to model the VMT impacts of observed population changes in a set of four census tracts located near rail stations in

¹ We define the 9-county Bay Area region as Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma counties

² We define the 5-county Los Angeles region as Los Angeles, Orange, Riverside, San Bernadino, and Ventura counties.

California that experienced gentrification between 1990 and 2013, as defined elsewhere in this report.

Our estimates are based on calculating differences in VMT between households of different income levels located near and far from rail. Similar to all previous analysis on this topic, we relied on cross-sectional data. Longitudinal surveys, following the same households over time and repeatedly collecting data on VMT and spatial characteristics, as respondents move into or out of rail station areas, are unavailable and would require significant new resources for survey data collection. Without longitudinal data we must make reasonable assumptions in our scenarios, such as assuming that the average displaced low-income household moves to an average location in the region outside a rail station area.

We found little evidence that gentrification and displacement in rail station areas would cause auto use to increase, across multiple data sources and model specifications. This is for two reasons. First, rail access is associated with either a greater VMT difference for high-income than for low-income households, or no difference in VMT comparing high- and low-income households, in uncontrolled and controlled results. An average high-income household living within a rail station area has much lower VMT than an average high-income household living outside a rail station area. The difference in VMT for low-income households is substantially smaller when comparing those living within and outside rail station areas. This fact is largely robust to controlling for other factors including household size. However, we also find that in some controlled models, moderate-income households have a smaller VMT reduction associated with rail than do either low-income or high-income households. This latter finding, though not consistent across data sources, does complicate matters because it implies that the specific pattern of household turnover could influence whether gentrification increases auto use regionally, decreases it, or has no effect.

Second, in most census tracts located near rail stations that experienced gentrification (as defined elsewhere in this report), there was either no loss of low-income households or there was an increase in higher-income households exceeding that loss, so that the total number of households in most gentrifying station-area census tracts has increased. In fact, in many gentrifying tracts over the study period there was a quite significant increase in population density. Under our assumptions, this feature of gentrification means that more households were able to live near rail rather than far away, with concomitant VMT reduction benefits. Based on our analysis, the most plausible scenario in which gentrification and displacement in any particular neighborhood would cause VMT increases regionally would be one in which displaced low-income households were replaced by a smaller number of moderate- or higher-income households. A relatively small number of census tracts appears to fit this criterion. For example, based on our analysis of the census tract data described elsewhere in this report, between the years 2000 and 2013 there were 87 newly gentrifying tracts in the Bay Area. Of the 87, just two tracts had both a reduction in the number of low-income households and a net decline in the number of households as a whole.

Thus, in our simulated gentrification scenarios (described below), regional VMT declines or is not statistically significantly affected, except in a stylized scenario in which 1,000 low-income households are replaced by 500 high-income households; in this case, one estimate method suggests an increase in regional VMT. One can easily imagine additional but less common scenarios for which our analysis implies increases in regional VMT – mainly neighborhoods where gentrification is accompanied by significant displacement of poor households without a simultaneous increase in local population density.

Our results vary depending on the region and the data used, but they generally imply the following:

- If higher-income households (making more than \$100,000 per year) displace moderate-income households (with income in the range of \$25,000 to \$75,000) on a one-to-one basis, regional VMT will decrease.
- Regional VMT will likely increase if gentrification results in a reduction of the population living near rail and if those rail station areas have good transit service, high density, and other well-known features of supportive TOD.
- Regional VMT may increase (the results are not consistent) if lower-income households are displaced by households of moderate income, and if population density remains the same or falls.

Study Motivation

How would regional auto use and GHG emissions be affected if transit investments or TOD programs displaced core transit users with higher-income, car-owning residents? Regional reductions in auto use that are assumed to be achieved through the pursuit of smart growth, transit-focused development, and similar urban planning strategies are called into question if such displacement occurs. Urban planners would benefit from a better understanding of how transit investments, and policies to intensify development near rail, may affect the net auto use of households in a region if they also induce spatial population shifts.

Gentrification can cause substantial disruption and harm to lower-income households. It also has the potential to provide benefits to low-income households who are able to remain in gentrifying areas. This study does not address those issues. Rather, we explore whether, if gentrification or displacement does occur, this would result in a global (regional) increase in auto use, as measured by VMT.

If a TOD strategy leads to the displacement of lower-income households near transit stops, replacing those households with those of higher income, the effects on VMT are theoretically uncertain. They partly depend on the nature of residential choice by different household types, which in turn is likely to be influenced heavily by the particular policies adopted to encourage TOD, and they partly depend on whether and how housing supply is constrained, including by policies influencing housing production or renovation elsewhere in the region, as well as physical and environmental conditions affecting the cost of housing production (Chatman 2014, Cao and Chatman 2016). Households seeking new housing are strongly influenced by its spatial distribution and price.

On the one hand, there is reason to believe that displacement caused by TOD would increase auto use. Lower-income households are more likely than higher-income households to take advantage of transit services, and using transit services may decrease auto use. Under such assumptions, regional travel modeling for the San Francisco Bay Area resulted in projections of more net auto use when income increased near transit stops (Kanner and Niemeyer 2012). But the opposite is also possible: the auto use of lower-income households may not be highly dependent on proximity to rail or bus service. Public transit is by no means the only alternative to driving alone. There are alternative modes like walking and bicycling. Since more than three-quarters of auto mileage in U.S. urban areas is for non-work purposes, much daily travel can be thought of as discretionary. Lower-income

households are more likely than those of higher income to travel less, to rely on alternative modes more, and to own and use autos less, regardless of where they live (Chatman 2009). But whether people of different income groups respond differently to transit accessibility and the built environment is a question that has rarely been studied in the literature.

Literature Review

If TOD leads to the displacement of low-income households, we may expect a change in travel behavior of households living near rail stations. The mobility of richer households is far more likely to depend on automobiles than that of poorer households. Minorities and low-income households also account for a large share of the nation's transit riders (Pucher and Renee 2003). Therefore, if TOD programs caused gentrification, transit ridership might be expected to fall due to the displacement of low-income households, and in turn, auto use might be expected to increase.

Previous research has argued that the travel patterns of households living in TODs are primarily affected by two factors: accessibility and income (Danyluk and Ley 2007, Lund et al. 2004). It has also been argued that increased transit accessibility (such as a new rail line) might not increase transit ridership very much if it is associated with an influx of high-income households into the newly transit-served area accompanied by a loss of lower-income households who were frequent transit users (Lund et al. 2004, Dominic 2012, Pollack et al. 2010). One Canadian study showed that although households living in gentrified districts often cycled to work, they used public transportation less and automobile commuting more than those in non-gentrified districts (Danyluk and Ley 2007). A study of 42 neighborhoods and 12 metropolitan areas in the U.S. in which one or more transit lines were developed between 1990 and 2000 showed that transit development was associated with increased rent burden and an influx of automobile-owning households (Pollack et al. 2010).

However, such studies have failed to consider regional VMT. Almost by definition, gentrifying rail station areas experience an increase of high-income households who are more likely to drive cars and use transit less. From a regional perspective, the outcome of such an influx, whether accompanied by displacement or not, is unclear. Understanding the regional VMT impact of gentrification and displacement requires explicitly accounting for any change in auto use by higher-income households moving into the station area, along with any change in auto use by displaced, lower-income households.

Understanding the regional VMT impact of displacement ideally also relies on a better understanding of travel behavior before and after a move for households of these types. Previous evidence on this question has not shown that transit mode choice increased significantly among TOD residents compared to their travel patterns in their previous neighborhoods. Respondents to one California survey reported small increases in transit trips that were not large enough to be statistically significant (Lund et al. 2004). Those who had changed both work location and residential location indicated a variety of mode changes; 11.5% switched from automobile to rail transit, but an almost equal number switched from transit to automobile. The researchers concluded that the pattern of mode change that occurs when a resident move to a TOD is complex, because TODs provide good accessibility of all kinds, not just rail transit. Another study found that the VMT produced by more affluent, newly moved-in households (defined as income 25% above regional median, and living in their current home for less than 10 years) decreased over time, and residents who had been in their current location for less than a year had the highest auto VMT

(Kushto and Shofer). This suggests that recent movers may be less indicative of equilibrium VMT patterns.

One fundamental question, implicit in understanding the net VMT and GHG effects of any displacement coincident with transit investments or development near transit, is how households of different income levels respond to transit availability or the built environment. The combined effect of built environment and income has rarely been studied. One study of residential location choice and activities found no significant difference in the effect of transit access on activity participation among those of differing income (Pinjari et al. 2009). A recent report by the Center for Neighborhood Technology (CNT) investigated whether transit and employment density had different effects on households of different income levels, using different methods and measures than those used here, and similarly found no statistically significant differences in transit responsiveness among low- and high-income households (Newmark and Haas 2015)³. The same report argued that large GHG reductions can be achieved by preserving low-income housing in TOD areas because low-income households emit less VMT when living in TOD areas than high-income households do. But by focusing only on households living in TODs, this conclusion neglects to consider the impacts of TOD on auto use regionally.

Data and Methodology

We focused on household travel in the major California metropolitan areas—the San Francisco Bay Area, the Los Angeles region, Sacramento, and San Diego—and also estimated separate models for the Bay Area and the Los Angeles region. We relied on two sources of confidential, spatially precise microdata. The first was the National Household Travel Survey (NHTS) of 2009, with 16,575 households residing in California metropolitan areas. The second was the California Household Travel Survey (CHTS) of 2010-2012, with 25,246 metro area households.⁴ The NHTS 2009 confidential data were obtained with approvals from the NHTS committee of the U.S. Federal Highway Administration. We accessed the CHTS data through a remote system maintained by the Transportation Secure Data Center (TSDC), with approval from the National Renewable Energy Laboratory.⁵

Our dependent variable in the analysis was average daily VMT. Due to differences in surveying methods between the two datasets, we used a different calculation to arrive at this figure for the CHTS and the NHTS. The CHTS dataset contains detailed travel behavior information using two data collection methods: self-reported trips and GPS tracking. For trip reports, respondents reported the locations they visited over a 24-hour period using an online travel diary, and the travel distance for

³ The CNT report used data from the California Household Travel Survey and calculated average VMT estimates for five different income groups of households throughout California living within a quarter-mile of TOD areas (including rail, ferry and high-frequency buses), within a half-mile of these areas, and households beyond these thresholds (non-TOD households). The built environment factors used were whether the household was in a major metropolitan region, small city, or rural setting; residential and job density; and commute distance. Demographic control variables included the number of adult students, workers, preschoolers, school children, adults, and seniors, as well as whether any member of the household had a disability, and whether the travel diary day was a Saturday, Sunday, or holiday.

⁴ We used NHTS 2001 as well but do not share the results in this paper since the sample size was too small.

⁵ The application and approval process for access to confidential CHTS data took several weeks. Additionally, since confidential data cannot be moved or copied from TSDC's servers, we connected remotely in order to access and work with the data on their servers. In doing so we were limited to the software programs available to TSDC, which were QGIS and R statistical package.

each trip was calculated by the system as the shortest network distance between origin and destination for each trip. Since trips are represented at the person-level in the CHTS, we calculated a corrected estimate of VMT for each trip taken by the household by dividing the trip distance in miles by the number of occupants in the vehicle (including both household and non-household members). We then summed the VMT per trip over all trips taken on the travel day for each unique household.

The NHTS dataset includes an odometer reading for each household vehicle, as reported by survey respondents. For the 2009 version of the NHTS, only one odometer reading was collected. Annual mileage per household vehicle was estimated from the total odometer reading, as follows. Using the NHTS 2001 data, which showed a negative correlation between vehicle age and the annual odometer VMT calculation, the Oak Ridge National Laboratory (ORNL) developed regression models for three vehicle types (new vehicles, used vehicles, and used/new status unknown) to estimate the most recent year's VMT based on total VMT and vehicle age (ORNL 2001). We summed this estimate for all household vehicles, and then divided by 365 to get the average daily VMT per household.

The VMT calculation for each dataset has its advantages and drawbacks. Odometer estimates represent aggregated VMT for an entire year, which is less sensitive to noise from atypical travel behavior on the survey day. But odometer estimates neglect any auto trips taken without using household vehicles, such as borrowed vehicles or rental cars. The relatively accurate trip distance calculations in the CHTS dataset include all trips, such as auto trips taken without a household-owned vehicle. But for most respondents these distances are calculated under assumptions about least-path, rather than being directly measured. And the fact that they are measured only for a survey day means there will be much more statistical noise in the CHTS estimate.

The spatial specificity of the two datasets also varied somewhat. The confidential version of the NHTS provides the location of the census block group, allowing us to join the household spatial data, represented here at the block group centroid, to accurate spatial data on rail station locations that we created from a variety of sources (mainly from previous research projects of the first author). The confidential CHTS data included the latitude and longitude of each household, allowing us to calculate a more precise rail proximity measure than for the NHTS data. The CHTS dataset also provides information on each household's most recent move, and the zip code and city of the previous address, if the move was within five years of the survey date. As described below, we investigated these data but did not find statistically significant results due to small sample sizes of households living near rail.

Transit accessibility is represented in this study as being located within a half-mile of a rail station, which is highly predictive of rail ridership (Guerra et al. 2012). Transit access of all kinds, including bus service, tends to be highest near rail stations. Rail-station areas are also where most TOD programs are focused. In California, TOD is defined as being within a half-mile of transit stations with transit services having a headway of not more than 15 minutes (SB 375 2008). The rail stations included are those from the San Diego Trolley, North County Transit District, Metrolink (Orange County), LA Metro, Caltrain, Santa Clara Valley Transportation Authority (VTA), Altamont Corridor Express (ACE) Train, Bay Area Rapid Transit (BART), San Francisco Muni, and Sacramento light rail. This yields a total of 765 rail stations. Of the 16,575 households in the metropolitan areas in the California NHTS 2009 data, 847 are within a half-mile of a rail station. Of the 25,246 metropolitan households in the CHTS data, 2,263 households are within a half-mile of a rail station. For each dataset, we estimated a Tobit model of average daily household VMT as a function of rail station access, income, the interaction between rail proximity and income, and control variables.

The Tobit model is a more appropriate model than ordinary least squares (OLS) because it accounts for the fact that, in the case of the CHTS, a substantial fraction of respondent households did not drive on the survey day (either because they did not have access to a vehicle, or for some other reason), or, in the case of the NHTS, did not own household vehicles and therefore did not report a yearly odometer reading. The Tobit model allows for the auto ownership effect of transit access to be incorporated into the model, providing an appropriate functional form for the left-truncated distribution of the dependent variable. (We also estimated OLS models and did not find large differences such as changes in sign.) We considered other functional forms including count models (Poisson, negative binomial) and zero-inflated count models, but the Tobit is more appropriate for a continuously distributed variable like VMT. The use of sample selection models is another option that we did not test, and in future research plan to do so. However, we strongly suspect that the results will be consistent with the Tobit model results.

Results

Descriptive analysis

Table 4.1 shows summaries of average daily household VMT by income categories and rail access using the NHTS and CHTS data. Figures 4.1 and 4.2 show a graphical representation of the data. In order to ensure comparability between the two datasets, which have somewhat different income category reporting, we used four categories of income for the descriptive analysis: less than \$50,000 per year, between \$50,000 and \$75,000, between \$75,000 and \$100,000, and over \$100,000 per year per household. Household income of \$100,000 is not considered particularly high-income in most parts of metropolitan areas in California, but this is the highest income category in the NHTS data.

In both datasets, households of different income categories living near a rail station have lower VMT than those living farther away (although in the NHTS dataset, there is no statistically significant difference for the \$50,000 to \$75,000 range of household income). In the NHTS data, the percent and absolute VMT difference is higher for the \$75,000-\$100,000 and \$100,000+ income groups than the less-than-\$50,000 group. In the CHTS data, although the VMT difference is higher in percentage for the lowest-income group, the absolute value of the VMT difference is higher for households with income exceeding \$75,000, while the middle-income groups have smaller differences in VMT.

We conducted the same descriptive analysis for the entire state of California, for the San Francisco Bay Area only, and for the Los Angeles region only (see appendix S, Tables S.1 to S.3 and Figures S.1 to S.6). The statewide California descriptive statistics are similar to those for metropolitan areas within California. Comparing average VMT by income category within the Bay Area and Los Angeles region reduces the sample size considerably, which in the NHTS data results in low sample sizes (less than 100 respondents) for households in middle-income categories living near station areas, and reduces statistical reliability (see Appendix, upper half of Tables S2 and S3).

Table 4.1: Average Daily Household VMT by Income Category and Rail Access, metropolitan areas only, NHTS 2009, and CHTS 2010-2012

National Household Travel Survey (NHTS) 2009							
	In rail station area		Outside rail station area		VMT difference		t-test
Income categories	VMT	N	VMT	N	Percent difference	Absolute difference	
<\$50k	31.08	444	37.84	6,220	17.86%	6.76	2.8
\$50k-\$75k	49.03	140	55.87	2,571	12.24%	6.84	2.02
\$75k - \$100k	49.69	104	71.24	2,207	30.25%	21.55	5.44
>\$100k	60.86	159	79.86	4,730	23.79%	19	5.79
Total	41.86	847	57.89	15,728	27.69%	16.03	9.71
California Household Travel Survey (CHTS), 2010-2012							
	Near Rail		Away Rail		VMT difference		t-test
Income categories	VMT	N	VMT	N	% of VMT difference	Absolute VMT difference	
<\$50k	16.81	846	26.67	6,855	36.97%	9.86	7.55
\$50k-\$75k	28.09	386	39.02	3,923	28.01%	10.93	3.48
\$75k - \$100k	29.77	323	45.93	3,661	35.18%	16.16	5.53
>\$100k	35.17	708	55.64	8,544	36.79%	20.47	11.34
Total	25.61	2,263	43.65	22,983	41.33%	18.04	15.85

¹ This difference is not statistically significant

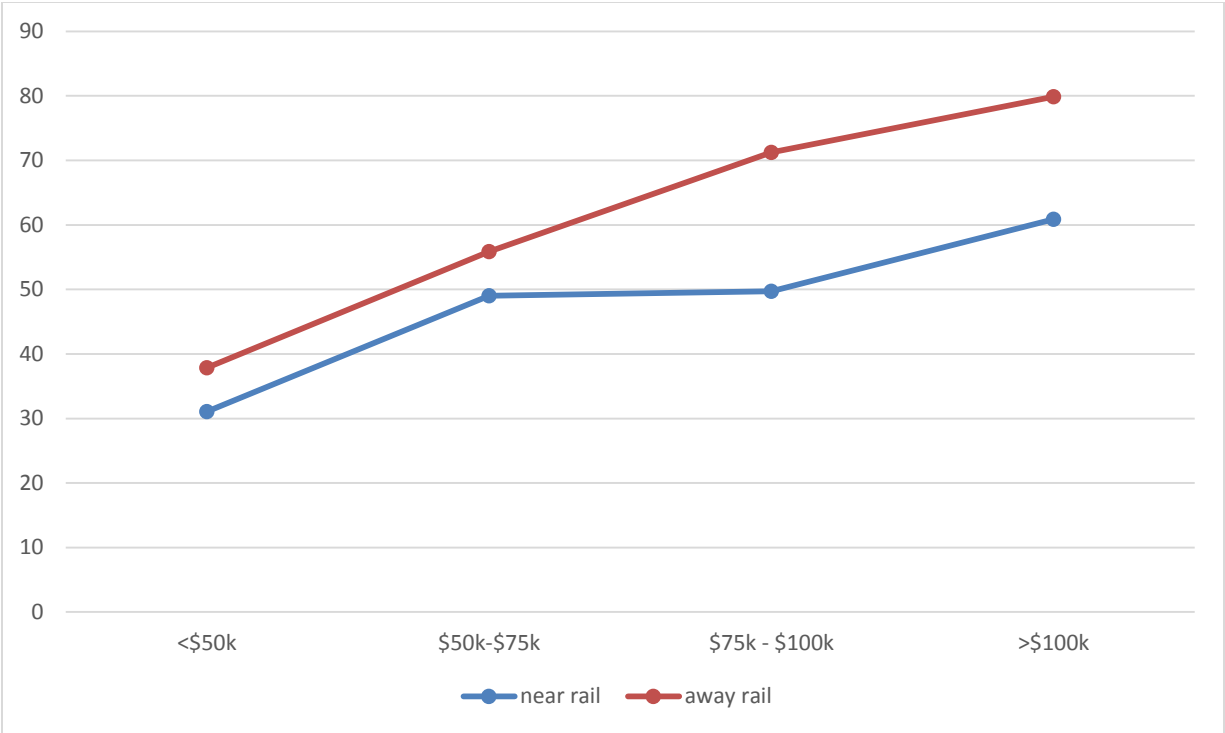


Figure 4.1: Average daily household VMT by income category and rail access, NHTS data, all California metro areas

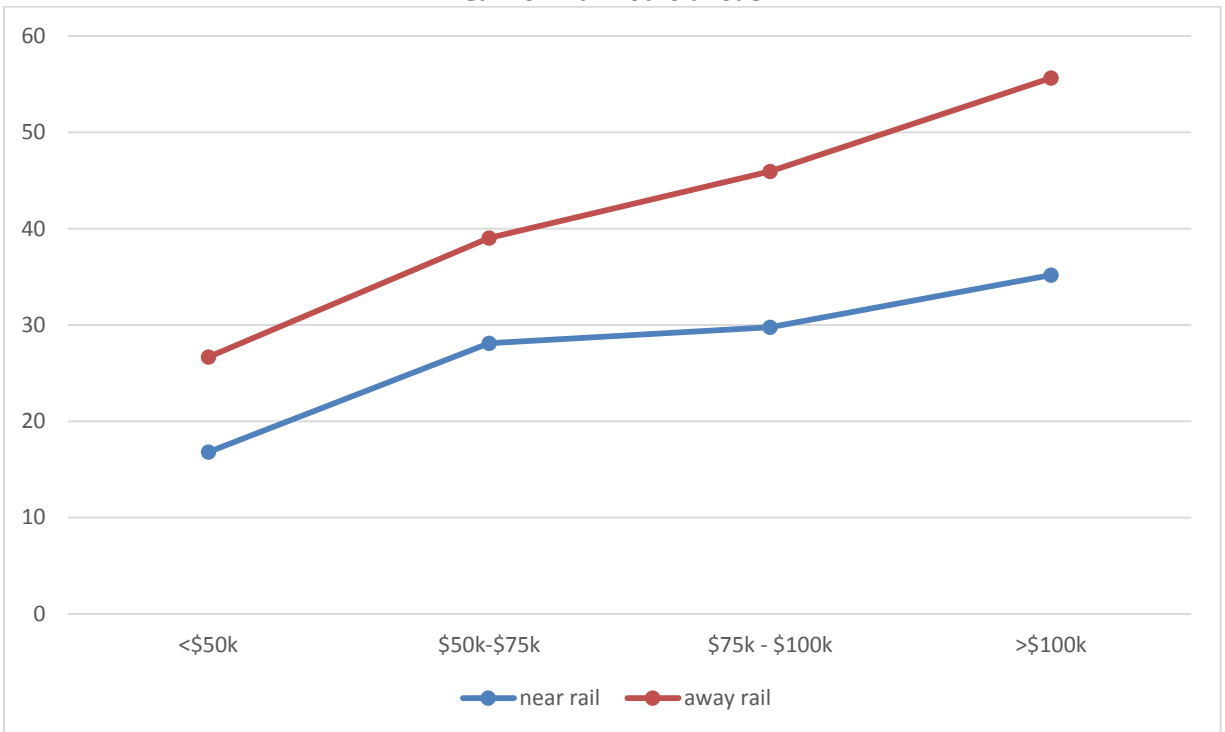


Figure 4.2: Average daily household VMT by income and rail access, CHTS data, all California metro areas

In the NHTS data for the San Francisco Bay Area, the decrease in VMT is larger for each successively higher income category, while in the CHTS data the VMT difference is smallest for the \$50,000 to \$75,000 income range (and not highly statistically significant), somewhat larger for households with less than \$50,000 in income, and largest for the \$75,000 to \$100,000 and “\$100,000 or more” income ranges. In NHTS data for the Los Angeles region, partly due to small sample sizes of households living near rail stations in the Los Angeles region sample, we found no statistically significant differences in VMT by rail access (see Appendix S; Table S.3). In the CHTS data for Los Angeles, we found that only among the lowest-income households was there a VMT difference associated with rail access. Differences in the other income categories were large but not statistically significant due to the small number of households in the sample who live near rail stations.

Thus in both the CHTS and the NHTS data, uncontrolled descriptive differences tend to suggest that displacement might not increase auto use, but might instead have no effect on regional VMT, or even decrease it. The statistically significant evidence suggests the absolute difference in VMT associated with rail access is either larger for higher-income households or there is no difference by income.

We also looked at data about recent movers in the CHTS, although unfortunately the number of respondents is small. Data about households moving near to and away from TOD areas would be a better way than cross-sectional data to determine how rail access influences VMT in a gentrification and displacement scenario, because moving households are likely different from those that stay in place, particularly if travel habits from the previous location influence their travel in their subsequent neighborhood. In the CHTS dataset, the respondent’s previous zip code or city is provided when the respondent moved within five years of the survey date. We used data for the entire state of California (not just metro areas), which has 8,426 households that moved recently. Then we excluded households that only reported a city and no zip code, leaving 6,922 households. Of these, 5,878 households had moved within California and were retained for this analysis. We determined the transit accessibility of the respondent’s previous address by checking whether the respondent’s previous zip code had at least one rail station. We subdivided the movers into three income categories: \$0 to \$49,999, \$50,000 to \$99,999, and \$100,000 or more, and then we categorized these recent movers into one of four mover profiles, based on whether the household moved as follows:

- From a zip code with no rail access to an address within a half-mile of a rail station (“away to near”);
- From a zip code with no rail access to an address farther than a half-mile from a rail station (“away to away”),
- From a zip code with a rail station to an address within a half-mile of a rail station (“near to near”); or
- From a zip code with a rail station to an address farther than a half-mile from a rail station (“near to away”).

Within each mover profile, higher-income respondents had higher VMT, as expected. Unlike the cross-sectional descriptive analysis just described, the difference in VMT associated with rail access was smaller for high-income than for low-income respondents among those who had moved into or out of zip codes with rail stations. But most differences were not statistically significant, since as few as 18 respondents are found in the subgroups (see Appendix, Table S.4). Thus while the mover data might appear to suggest that low-income households increase their VMT when moving out of a station area to a degree exceeding the reduction in VMT by high-income households moving into a station area, this pattern is not statistically reliable. Without a larger set of longitudinal data, we can only work in controlled analysis with the relatively robust set of cross-sectional data available to us,

which is the analysis we turn to next.

Controlled analysis

While the cross-sectional data show that VMT differences associated with rail access in the major metropolitan areas in California tend to be larger for higher-income households, factors other than rail access may play a role. Household size, age, sex, race/ethnicity, and other observed factors also influence auto use, and those factors may be correlated with both rail access and income. For example, higher-income households who live near rail may also have smaller household sizes and may be less likely to have children in the household than lower-income households living near rail. Larger households with children tend to travel more.

Regression analysis that includes control variables is therefore helpful in establishing whether the differences we observe in VMT levels near and far from rail access are actually attributable to rail access. We conducted regression analyses controlling for household size, whether the household has one adult, whether the household has children, and if the home is rented. We also controlled for census tract population density and employment density. These variables have been found to be highly significant determinants for VMT in previous studies (e.g., Chatman 2003). We also carried out models with additional control variables (including the number of drivers, as well as an endogenous variable, the number of household vehicles); results were consistent with the more parsimonious models presented here, which are also more statistically reliable given small sample sizes in certain income categories near rail. We were not able to include additional variables such as parking availability or workplace characteristics in this analysis. Parking availability is likely quite important but not available in the NHTS or CHTS data. Workplace characteristics were not available in the data that we had confidential access to even though they exist in the confidential data held by data steward agencies that may be made available under confidentiality agreements to us or other researchers in the future.

A relatively large percentage of respondents did not report household income (7.1% in the NHTS and 8.6% in the CHTS). We tested three different approaches to address this problem: we excluded households that did not report their income; we included them in the analysis by adding a dummy missing income variable; and we estimated their income using an imputation technique applied with non-missing data on demographics, using the multiple imputation routine in R. The estimation results for the three different outputs were very similar, so we only present models using imputed income.

Table 4.2 shows a first set of estimation results for all California metropolitan areas, as well as the San Francisco Bay Area only, and the Los Angeles region only, using both NHTS and CHTS data. This set of models uses household income represented with two variables: as a continuous (numeric) variable, and as the square of that variable. Representing income as a continuous variable using NHTS or CHTS data requires re-coding categories of income as the midpoint value for the category (e.g., the “\$0 to \$10,000” income category is recoded as “5” to represent \$5,000). For the top-coded income category we arbitrarily assigned a value of \$110,000 for the NHTS “\$100,000 or more” category, and a value of \$250,000 for the CHTS “\$200,000 or more” category, consistent with other studies. As noted previously, the other independent variables include rail proximity (a dummy variable representing whether there is a rail station within a half-mile of the residence), and the interactions between rail proximity and income. These interactions between rail proximity and income are of most interest because they help answer whether households in different income categories are more or less likely to reduce their driving in response to living near a rail station.

Significant coefficients on these variables imply that people of different income levels are more or less responsive to rail access in terms of their auto use, and therefore, that displacement would influence regional VMT in some way.

Table 4.2: Household daily VMT regressed on rail proximity, numeric income, income squared, interaction of income and rail proximity, and demographic controls

	Metropolitan areas		SF Bay Area		LA Region	
	NHTS (1)	CHTS (2)	NHTS (3)	CHTS (4)	NHTS (5)	CHTS (6)
Household VMT per day						
(Constant)	-2.16	-7.90**	-5.36	-3.03	-4.11	-12.55**
Near rail	-11.89**	-7.91**	-5.14	-15.43**	-25.28**	-4.66
Income (1000s)	0.69**	0.47**	0.66**	0.38**	0.76**	0.53**
Income (1000s) + near rail	0.38*	0.03	-0.03	0.09	0.86*	0.08
Income ² (100 millions)	-0.23**	-0.12**	-0.26**	-0.10**	-0.25**	-0.15**
Income ² (100 millions) + near rail	-0.34**	-0.03	-0.02	-0.05	-0.70*	-0.03
Census tract housing. density (1000 /sq mi)	-1.00**	-0.35	-1.20**	-0.43	-0.97**	0.51
Census tract pop. density (1000 /sq mi)	-0.22**	-0.68**	-0.04	-0.72**	-0.27*	-0.93**
Household size	12.62**	9.23**	13.39**	9.91**	12.49**	9.79**
One-adult household	-10.63**	-9.03**	-9.25**	-10.01**	-9.93**	-6.89**
Household with children	4.13**	-1.76	7.62**	-1.69	4.11**	-3.20*
Rental house	-9.13**	-5.48**	-9.37**	-6.06**	-9.14**	-5.05**
N	16,575	25,246	3,986	9,251	6,616	12,869
Log (scale)	3.8	4.16	3.76	4.12	3.86	4.18
Log-likelihood	-8,835	-11800	-19,670	-39160	-32,940	-55120

Note: ***: 99% significant; **: 95% significant; *: 90% significant

The first relevant finding from the models shown in Table 4.2 is that rail proximity is not always associated with a reduction in daily VMT controlling for other factors. In the metropolitan area models (columns 1-2), the rail proximity indicators are statistically significant; being near a rail station is associated with 11.89 fewer VMT per day in the model using NHTS data, and 7.91 fewer VMT in the model using CHTS data. But there is inconsistency in the models restricted to respondent households living in the San Francisco Bay Area and Los Angeles region (Table 4.2, columns 3 to 6). Rail proximity is not significantly associated with VMT in the Bay Area-specific model when using NHTS data, but it is significant and large when using CHTS data, implying a reduction of 15.43 miles per day (Table 4.2, columns 3-4). Apparently this is not merely a function of the different dataset characteristics, because the finding reverses between data sources for household respondents in the Los Angeles region. Rail proximity is significant and large when using NHTS data (rail access is associated with a reduction of 25 VMT per day), but the relationship is statistically insignificant with CHTS data (Table 4.2, columns 5-6). Note that we control for both population and housing density in these models, and our other published research has argued that rail access by itself may be less important than such factors as those, which may be correlated with rail access (Chatman 2013). Thus this finding is not new or particularly surprising, but its inconsistency is somewhat remarkable.

Both numeric income and income squared are statistically significant in the expected direction in all models. That is, across income categories, while there is increasing VMT with income, the effect decreases at higher levels of income. But the focus of this analysis is on the interaction of rail access and income, which provides evidence to help answer the question of whether higher-income households are different from lower-income households in how they reduce their vehicle use when near a rail station. The models show significant relationships only with the NHTS data, and when looking at all metropolitan areas and at Los Angeles (Table 4.2, columns 1 and 5), but not in the San Francisco Bay Area. In other words, four of the six models (Table 4.2, columns 2-4 and 6) imply that rail access has the same effect on VMT regardless of income level, and therefore that a one-to-one displacement of poorer by richer households has no effect on regional VMT.

In the other two models (Table 4.2, columns 1 and 5), the results imply that higher-income households and lower-income households decrease their VMT in response to rail access more than middle-income households do. For all metropolitan areas, there is a positive statistically significant coefficient on the interaction of rail access and income of 0.38, and a negative coefficient on the interaction of rail access and income squared of -0.34. For Los Angeles, the coefficients are 0.86 and -0.7. These coefficients are somewhat difficult to interpret in numerical form so we have graphed them (Figure 4.3, below). Within rail proximity areas in both regions, higher income is associated with higher VMT, but the incremental effect of income decreases when income is higher. Controlling for other factors, in Los Angeles specifically and in the major metro areas in the state, the VMT reduction associated with rail access in the NHTS data declines steadily in the income range from \$0 to \$60,000 and increases again at higher levels of income until becoming largest at levels of household income exceeding \$100,000 per year (Figure 4.3, below). In other words, in the models using NHTS data, the highest-income households have the largest VMT reduction associated with rail access; households with incomes less than \$25,000 are not far behind; and households in the \$50,000 to \$75,000 range have the smallest VMT reduction (in fact, the NHTS model for Los Angeles implies that rail access leads to a small VMT increase for the middle range of income; however, as noted previously, the number of middle-income households living near rail in the Los Angeles subsample of the NHTS data is quite small so the results are somewhat suspect). It is important to reiterate here that the preponderance of evidence, from the larger and more recent CHTS dataset, implies there is no difference by household income in how much VMT declines in response to rail access. In fact, in two of the models, there is no evidence that rail is associated with VMT levels at all.

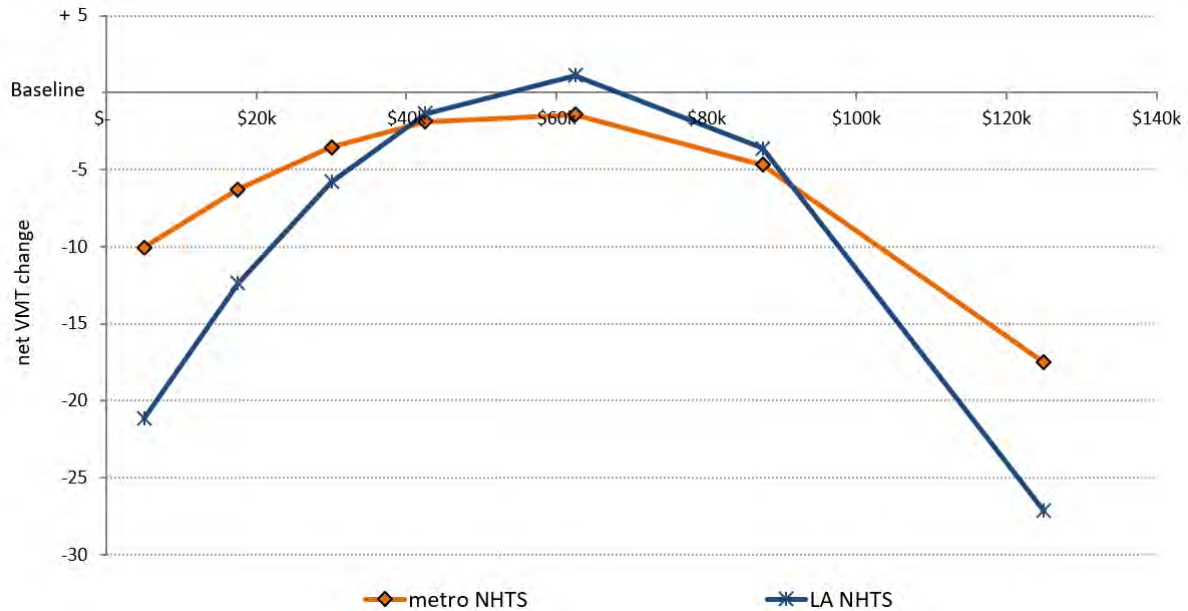


Figure 4.3: Net Effect of Household Income on Household Daily VMT (NHTS, Based on Models in Table 4.2)

A more flexible and potentially more accurate way to represent how VMT is affected by household income and rail access is to specify the income variables and their interactions with rail access as threshold variables for successively higher levels of income (Table 4.3, below), along with a linear coefficient for the effect of income represented numerically (with category midpoints). Using income thresholds is complicated by the relatively small sample sizes for income categories, particularly in the NHTS data as we elaborate upon below, but it is nevertheless instructive to compare this way of representing income effects, and we therefore do so.

In these models, each income threshold is represented by a dummy variable. For instance, the variable “Income > \$10,000” equals 1 if household income is above \$10,000, and zero otherwise. The remaining variables are specified the same way, so that the coefficient on each threshold variable measures the marginal difference in VMT associated with that additional household income increment. We removed those variables representing the interaction of rail proximity and income categories when they were not statistically significant, which accounts for the blanks in Table 4.3. Calculating the net effects for each income category requires summing the coefficient for “near rail,” the product of the midpoint of the income category and the coefficient for “Income (1000s) + near rail,” and, where present, the coefficient for the “Income > + [income threshold] + rail” variable. Since interpretation of Table 3 results is therefore complex, we also represent the results graphically (Figure 4, below). The figure uses dashed lines to represent NHTS model results (reflecting their lower sample size and therefore lower reliability), and uses solid lines to represent CHTS model results.

These models again find some evidence that rail proximity has different effects for households with different income levels, but again, not in the San Francisco Bay Area. In NHTS data for the major metros, the regression model finds a monotonic increase in VMT associated with rail access as household income increases (a reduction of 0.38 VMT per \$1,000 in income), but with positive VMT increments associated with exceeding \$10,000 in income and exceeding \$35,000 in income (Table 3, column 1; Figure 4.4, dashed orange line). In this model, households with income between \$35,000 and \$50,000 increase their VMT when near a rail station. But with the CHTS data, though the shape

of the function is similar, there are no positive VMT effects of rail access. The CHTS model results imply that the reduction of rail access on VMT increases modestly with household income though there is a narrowing of the VMT reduction when income exceeds \$25,000 (Table 3, column 2; Figure 4, solid orange line).

The San Francisco models with NHTS and CHTS data are completely consistent with the models shown in Table 4.2 in that there is no statistical significance of income interactions with rail (Table 4.3, columns 3 and 4; not represented in Figure 4.4). Thus we find no evidence in controlled models that the VMT impacts of TOD have different effects depending on household income in the San Francisco Bay Area.

Finally, we turn to the models for Los Angeles, where results vary based on the data being used. We begin with the model that uses NHTS data (Table 4.3, column 5; Figure 4.4, dashed blue line). At the lowest level of income, rail access is associated with a reduction of 19.77 VMT (see coefficient on “near rail”), but each additional \$1,000 in income beyond that increases VMT by 0.42 miles (see coefficient on “Income (1000s) + near rail”) until, when income exceeds \$75,000, there is a reduction of an additional 19.67 VMT associated with rail access (see coefficient on “Income>\$75,000 + near rail”). The additive effects of these coefficients means that between about \$45,000 and about \$70,000 in income, this model predicts an increase in VMT associated with rail access, and that the income category having with the biggest VMT reduction due to rail access is households earning between about \$70,000 and \$80,000. However, as noted previously, we view the NHTS results with some skepticism due to the very small number of households living near rail in each of the income categories, particularly since above \$50,000 in income there are a total of only 51 such households.

The model using CHTS data for the Los Angeles region had reasonable numbers of households in the different income categories, with 276 households living near rail with household income exceeding \$50,000 per year. This model shows no independent significance of rail access on VMT (the “Near rail” coefficient is small and statistically insignificant) and no significant continuous relationship between income and rail access (the coefficient on “Income (1000s) + near rail” is also small and statistically insignificant). But one variable, the interaction between having income exceeding \$75,000 and living near rail, is large and statistically significant, implying that, controlling for other factors, households earning more than \$75,000 per year, and living near rail, have fewer VMT per day than households in the same income category who live far from rail (Table 4.3, column 6; Figure 4.4, solid blue line).

Across the metro California and Los Angeles region models, the VMT reduction associated with rail access is greater for high-income households than for moderate-income households; moderate-income households have a smaller VMT reduction than the lowest-income households; and high-income households tend to have the same VMT reduction associated with rail access as the lowest income category for the CHTS data, while for the NHTS, which has lower reliability due to sample size issues, high-income households have a smaller VMT reduction associated with rail than lower-income households.

Table 4.3: Household daily VMT regressed on rail proximity, numeric income, income thresholds, interaction of numeric income and income thresholds with rail proximity; and demographic controls (NHTS and CHTS data)

	Metropolitan areas		SF Bay Area		LA Region	
	NHTS	CHTS	NHTS	CHTS	NHTS	CHTS
(Constant)	-1.62	- 14.61**	-5.63	-7.45	-1.12	- 19.33**
Near Rail	-13.54**	-9.40**	-4.67	-9.79**	- 19.77**	-4.47
Income (1000s)	0.41**	0.07**	0.25	0.05**	0.55**	0.04*
Income (1000s) + near rail	-0.38**	-0.07**	-0.06	-0.03	0.42**	0.14
Income > \$10,000	2.95	9.41**	7.64	0.58	-0.86	13.15**
Income > \$25,000	7.04**	7.75**	4.51	11.79**	4.79	7.17**
Income > \$35,000	-3.11*	7.65**	-0.41	10.25**	-4.34	7.12**
Income > \$50,000	-0.29	5.33**	1.17	0.88	-0.08	7.52**
Income > \$75,000	0.99	2.38	6.35	2.94	-2.12	2.69
Income > \$100,000	-4.43**	3.08*	-5.98	2.91	-7.64**	5.62**
income>10,000 + near rail	16.71**					
income>25,000 + near rail		8.22*				
income>35,000 + near rail	16.65**					
income>50,000 + near rail						
income>75,000 + near rail					- 36.10**	- 19.67**
income>100,000 + near rail	13.75*					
Census tract housing. density (1000 /sq mi)	-1.00**	9.20**	-1.18**	-0.45	-0.99**	0.35
Census tract pop. density (1000 /sq mi)	-0.22**	-9.16**	-0.05	-0.70**	-0.26**	-0.88**
Household size	12.59**	-1.44	13.44**	9.93**	12.45**	9.76**
One-adult household	-10.81**	-4.78**	-9.38**	-9.95**	-9.97**	-7.09**
Household with children	4.20**	-0.45	7.95**	-1.42	4.11**	-2.82
Rental house	-9.14**	-0.63**	-9.53**	-5.58**	-9.19**	-4.56**
N	16,575	25,246	3,986	9,251	6,616	12,869
Log(scale)	3.8	4.16	3.76	4.12	3.86	4.18
Loglikelihood	-88350	- 118600	-19640	-43330	-32920	-60540

Note: ***: 99% significant; **: 95% significant; *:90% significant

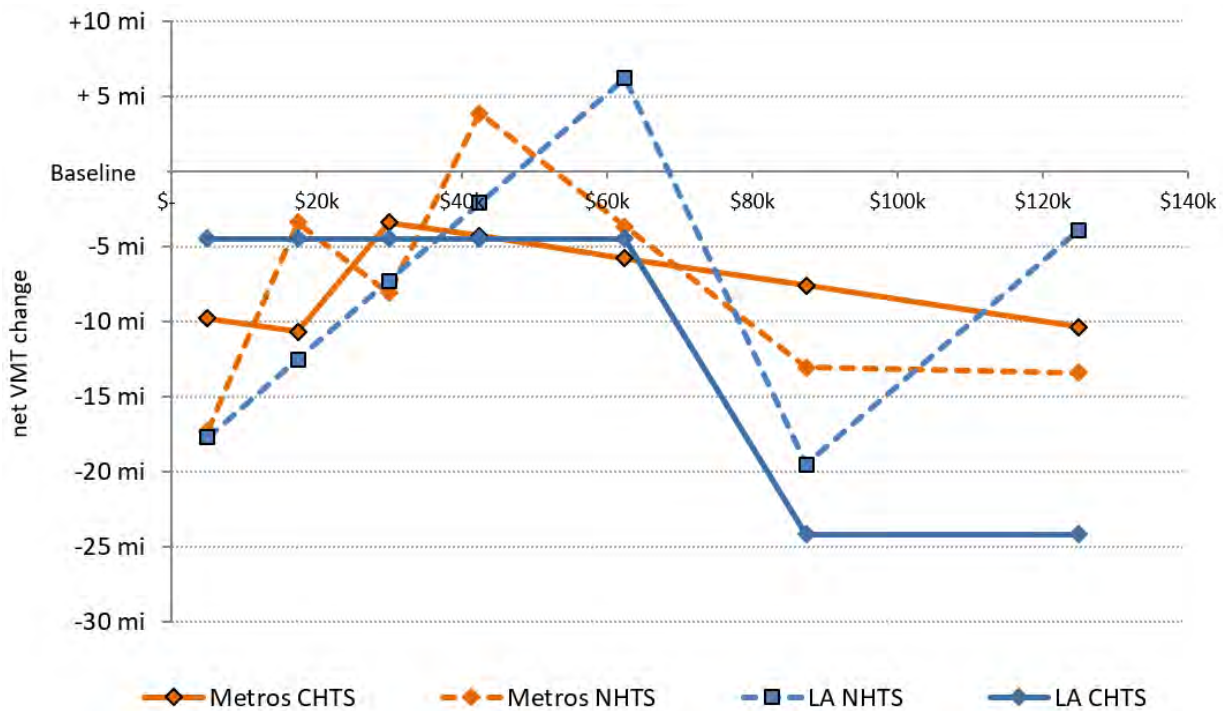


Figure 4.4. Net effect of rail proximity on household daily VMT, by income category - threshold models

Hypothetical gentrification and displacement illustrations

What seems likely to happen to regional VMT when a neighborhood gentrifies, given these findings? We begin our discussion of hypothetical gentrification and displacement scenarios with two simple illustrations and end with data on population change by income for four actual census tracts near rail stations in California that experienced an increase in the share of higher-income households.

For the sake of our first simple illustration, let us assume that there is an influx of 1,000 high-income households with an income level exceeding \$100,000, who previously lived away from rail. Let us assume that they displace the same number of low-income households, with an income level below \$50,000, from TODs to somewhere away from rail. What is the net impact on VMT of the richer households moving near rail, and the poorer households moving farther away? We used two different methods for the two data sets, thus calculating four results:

1. **Compare the near-station and outside-station average VMT figures from Table 4.1 for the lowest- and highest-income household categories.** This method does not control for other features of households that vary between households living inside and outside station areas. This uncontrolled method is arguably appropriate if self-selection is at work and if households require both motive and opportunity to reduce VMT, so that their self-selection, including their different demographic characteristics, is part of what enables a reduction in auto use (Chatman 2014).
2. **Use the Tobit estimation results shown in Table 4.2 (using the model for metropolitan areas) to predict net VMT change controlling for other factors.** We set the average income for low-income households at \$25,000 (the midpoint of the lowest income group), and for high-

income households at \$125,000. Note that the control variables do not need to be fixed at any particular value because the Tobit model is linear in parameters. In other words, there is no need to assume anything about household size or other characteristics of movers, given the model form.

With these assumptions and methods, we estimate the impact of displacement on regional VMT to range between zero effect (using a Tobit model on the CHTS data) and a reduction of 22% (using a Tobit model on the NHTS data) (see Appendix S, Table S.5). These results illustrate that a displacement of this type (of an equal number of higher income households moving in, and poorer households moving out) would not result in an increase in VMT regionally if the model results are generalizable.

However, note that a different kind of displacement in which a smaller number of high-income households displaced a larger number of low-income households, could in fact increase VMT on net simply by decreasing the total number of households with access to rail. This could happen if higher-income households took more space in new developments that consolidated or replaced denser housing near a rail station. Thus in a second stylized scenario, we assume that 1,000 low-income households are displaced by 500 high-income households (Appendix S, Table S.6). In this case the net regional VMT impact estimate ranges from a reduction of 7% to an increase of 23%. Clearly, the actual pattern of displacement will play a potentially large role in whether gentrification leads to a decrease or increase in regional VMT. In the next section we consider four additional scenarios of neighborhood change using census data to illustrate this point more explicitly.

Gentrification/displacement scenarios based on census data

We applied the same method to four census tracts near rail stations, three in the Bay Area and one in Los Angeles. Instead of using the continuous income models shown in Table 4.2, we used the threshold income models shown in Table 4.3, because these models had greater statistical significance for Los Angeles and because we wanted to apply region-specific estimates to carry out the scenarios. We identified the four census tracts using an online tool created as part of this research project (and described elsewhere in this report) which enabled us to find examples of census tracts with rail stations that experienced increases in the share of higher-income households between 1990 and 2013.

For the purpose of this next set of estimates we used numeric income midpoint values to generate average VMT. “Low-income households” are defined as those earning below 80% of the county median household income, according to 1990 Decennial census data and the 2009-2013 American Community Survey (ACS) (see Appendix S, Table S.7). We defined the income of this group of people as the midpoint between \$0 and the dollar amount representing 80% of median household income (this midpoint was about \$20,000 in both metro areas). We defined higher-income (or “non-low-income”) households as having income equal to 50% above the 2013 county median adjusted to 2010 dollars (which was about \$80,000 in both metro areas). For the San Francisco Bay Area estimates, however, the household income assumption is irrelevant because in the Bay Area models we did not find any evidence of any difference in the VMT impact of rail access according to household income. But for Los Angeles the assumptions matter, since as we showed above, the VMT impacts of changes in population in the Los Angeles model results are partly dependent on the particular income levels of the population shifted in and out of rail station areas.

For our scenario analysis, we made the simplifying assumption that the added households in a tract moved from a location far from rail to a location close to rail, and that any reduction in the number

of households in the tract moved to a location far from rail. In other words, changes in the number of households by income category are considered moves into or out of a rail-proximate area, rather than as changes in income among resident households. We estimated regional changes in VMT between 1990 and 2013 assuming that 1990 travel patterns are consistent with findings from the contemporary CHTS and NHTS data. Because in actual fact vehicle use was substantially lower in 1990, our estimates could arguably be better understood as likely region-wide VMT impacts that would be caused by rapid gentrification in such a census tract in the region between, for example, 2008 and 2013.

Our first example is the census tract adjacent to the Hollywood/Western metro station, census tract 1905.10, in Los Angeles County (Table 4.4, part 1). The share of low-income households in the tract decreased between 1990 and 2013, from 78% to 69%, with an absolute reduction of 48 low-income households and an increase of 172 higher-income households. This neighborhood is a mixed-use area and had median household income below the county average in 2013, but a greater share of non-Hispanic whites and fewer households with children compared to county-wide shares. Table 5 shows the rough estimated change in aggregate VMT between 1990 and 2013 using the assumptions described above, and this change ranges from a VMT decrease of between 16% and 33%.

Our second example is census tract 5019 in San Jose, which has experienced increased densification around a transit station, for both low-income and higher-income households. San Jose has experienced an all-time high for housing costs while wages for low-income workers remain stagnant. New residents are more likely to be single or not have children, be highly educated, and earn higher salaries, but the tract has not experienced displacement, which is sometimes attributed to San Jose's anti-displacement policies and rent-stabilized units. From 1990 to 2013, this gentrifying tract gained 411 low-income households and 931 higher-income households. The VMT scenario estimates range from a reduction of 30% to a reduction of 36%, with one estimated reduction of 16.3% being statistically insignificant.

Our third example is a census tract (5003), also located in San Jose, which lost 190 low-income households and gained 447 higher-income households. Table 4.4 suggests that regional VMT would decrease about 19% to 25% overall after such displacement (with one estimated decrease of 10.32% being statistically insignificant). An increase in VMT due to lower-income households moving away from the rail station is more than made up for the decreases in VMT by higher-income households moving near rail. Note that in the case of San Jose specifically, given the low level of rail service available here, it is possible that VMT may not be much affected by rail access. But our sample sizes with these data do not allow us to estimate VMT impacts below the metropolitan area level.

Our final example is census tract 20.1 located in San Francisco's Mission District, a neighborhood that is often used as the face of gentrification. Despite the decreasing share of low-income groups between 1990 and 2013, over that period of time the tract gained low-income households, as well as higher-income households. Like the densification story of our second example (tract 5019), this example results in an estimated decrease in regional VMT ranging from 31% to 41% , with one reduction of 15.4% being statistically insignificant.

Table 4.4: Example scenarios showing estimated change in VMT in selected gentrifying census tracts

Census Tract 1905.10, Los Angeles County, California				
Change in Low-Income Households Near Transit (1990-2013)			-48	
Change in Non-Low-Income Households Near Transit (1990-2013)			172	
Aggregate VMT	Uncontrolled Analysis		Tobit Models ¹	
	NHTS	CHTS	NHTS	CHTS
1990	14,136.80	8,824.36	12,097.56	6,454.07
2013	10,470.08	7,366.20	8,652.68	4,262.90
% VMT changes	-25.94%	-16.52%	-28.48%	-33.95%
Census Tract 5019, Santa Clara County, California				
Change in Low-Income Households Near Transit (1990-2013)			411	
Change in Non-Low-Income Households Near Transit (1990-2013)			931	
Aggregate VMT	Uncontrolled Analysis		Tobit Models	
	NHTS	CHTS	NHTS	CHTS
1990	81,712.99	62,762.21	82,369.33	47,167.75
2013	56,446.20	39,652.18	68,927.32	29,958.65
% VMT changes	-30.92%	-36.82%	-16.32%	-36.48%
Census Tract 5003, Santa Clara County, California				
Change in Low-Income Households Near Transit (1990-2013)			-190	
Change in Non-Low-Income Households Near Transit (1990-2013)			447	
Aggregate VMT	Uncontrolled Analysis		Tobit Models	
	NHTS	CHTS	NHTS	CHTS
1990	36,816.18	28,064.98	37,974.69	20,438.55
2013	29,088.84	20,788.29	34,054.04	16,378.64
% VMT changes	-20.99%	-25.93%	-10.32%	-19.86%
Census Tract 201, San Francisco County, California				
Change in Low-Income Households Near Transit (1990-2013)			600	
Change in Non-Low-Income Households Near Transit (1990-2013)			440	
Aggregate VMT	Uncontrolled Analysis		Tobit Models	
	NHTS	CHTS	NHTS	CHTS
1990	52,799.60	40,483.60	54,341.95	29,769.24
2013	36,244.80	25,560.80	45,980.12	17,599.44
% VMT changes	-31.35%	-36.86%	-15.39%	-40.88%

¹ VMT estimates come from income category regression coefficients by the household income values and rail proximity, holding other independent variables at mean values (see article text). Note that the difference in values drives the net effect of each scenario. Since the regression models are linear in parameters, this difference does not depend on values of the other independent variables in the model.

These stylized displacement scenarios certainly fail to account for more complex real-world phenomena. For example, perhaps displaced households drive more after they move, at least for a while, in order to maintain social ties and participate in activities in their previous neighborhoods. And the dynamics of displacement go beyond income and include other factors that we cannot easily control for here. But we know of no strong reason to know whether such phenomena lead to either underestimation or overestimation of likely VMT impacts of gentrification and displacement. The direction of error is uncertain.

Chapter 4 Discussion and Conclusions

The central question of this chapter was to determine whether the presence of rail reduced VMT more or less for lower-income households than for higher-income households, and to provide an informed discussion of how neighborhood gentrification and displacement might therefore influence regional VMT. The limited amount of previous research on this question had not found much evidence that households of different income levels were more or less responsive to transit access. Such evidence would provide a new reason to fear gentrification and displacement, because it would imply that the intended environmental benefits of TOD programs are precarious. But our results suggest this fear is largely unwarranted, though further research would be helpful.

We used two different data sources and looked at pooled data for the major metropolitan areas in California as well as looking at the 9-county San Francisco Bay Area and the 5-county Los Angeles metropolitan area separately. Almost all results suggest that rail access affects VMT about the same regardless of income, if it affects VMT at all. In about half of the models, using mainly the less-reliable of the two datasets, we find a differential effect of rail access by income. Regardless of dataset or region, the results suggest that one-to-one displacement of middle-income households (between \$25,000 and \$75,000 in income) by high-income households (those earning more than \$100,000) will either reduce VMT or have no significant effect on VMT. We also found some evidence that very-low-income households (below \$25,000 in income) reduce their VMT in response to rail access more than middle-income households do, but this evidence is from the NHTS dataset which has small numbers of middle-income households living near rail. Finally, it is important to note that some of our model results implied that rail access has no independent impact on VMT, and therefore that gentrification and displacement near rail stations will have no impact on GHG reduction.

We note that concerns about TOD-caused gentrification may be over a much more spatially-specific and policy-specific phenomenon than simply rail proximity, our focus here. But the policy landscape in California and elsewhere does privilege proximity to rail or other high-quality transit, making these results clearly policy-relevant. Any more-narrowly tailored research question is also of smaller potential magnitude and importance than the question we have focused on here, and more difficult to empirically investigate because of sample size problems with existing data.

The second focus of the paper was to construct plausible scenarios of VMT changes associated with neighborhood change and displacement in specific rail-proximate census tracts between 1990 and 2013. In all of these scenarios, we found reductions in regional VMT, for two reasons. First, as already noted, most of the data analysis suggests that higher-income households reduce their VMT more in response to rail proximity than do lower-income households. Second, census tracts near rail stations that underwent gentrification in California between 1990 and 2013 also typically increased in population. Any increase in the number of households having proximity to rail will tend to reduce regional VMT, in cases where rail access is substantial enough to reduce household reliance on auto use, or in TOD areas that have low parking levels, high density, and other characteristics that support good transit access. Thus, we do not find evidence that most kinds of gentrification and displacement around rail stations would increase VMT regionally, even if it does increase local VMT generation within rail station areas.

As noted, the analysis also provides some evidence that some kinds of neighborhood change could cause regional VMT to increase. For example, in Los Angeles, a pattern of one-to-one displacement of low-income households (those making less than \$25,000 per year) by moderate-income

households (those making between \$25,000 and \$75,000 per year) could increase VMT. These statistical results, found in NHTS data only, are our most questionable due to a small sample size for moderate-income households living near rail stations. But the result is intuitively reasonable due to the built form and land use policies in the Los Angeles region. In particular, there has until recently been very little relaxation of parking standards in Los Angeles for either new development or redevelopment near rail stations, suggesting that proximity to rail may have little effect on auto use among households who can afford to own autos.

In some cases, anti-displacement policies may have helped rail station areas (particularly, areas with high transit accessibility and high driving costs) to retain lower-income households, or to densify rather than displacing households, without dampening housing production there. Our analysis suggests that such policies would have clear regional VMT benefits. However, given the likely household income profile in California urban areas, our analysis also suggests that a policy that reduced market-rate housing development in locations that encourage lower auto use, even if the policy reduced displacement and preserved affordable housing, would likely result in a net regional increase in VMT compared to a policy that increased the production of (dense) housing near transit.

Finally, the regional VMT impacts of population changes near rail stations critically depend on whether rail-proximate neighborhoods have low parking, high density, and other built environment factors that we were not able to control for in these data (Chatman 2013). Regardless of household income level, rail access is likely not the most critical factor in determining how much households reduce their auto use when they move into and out of rail station areas.

Future refinements to this analysis, which were not possible for us to complete given the scope and timeline of the larger research project for the California Air Resources Board, could include several tasks. First, it would be helpful to investigate a larger number of neighborhood-change scenarios to give a more context-specific sense of the conditions under which gentrification is likely to lead to regional increases in VMT, and even to estimate in what share of tracts statewide these results would predict VMT increases to occur. Second, our models allowed for an interaction of income and rail proximity but did not similarly investigate other interactions. Specifically, we did not investigate whether the effect of rail access varies according to household size, whether rail access effects are influenced by neighborhood population and employment density levels, or whether effects vary by rail service type. (We expect that some of these analyses would yield statistically insignificant results due to small subsample size.) Third, the use of “sample selection” models in addition to the Tobit and OLS estimates we carried out would provide an additional technical robustness check on the validity of these results. However, we expect such models to yield very similar results.

Chapter 5: Anti-Displacement Policy Analysis

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Acronyms Used in This Chapter

- ABAG (Association of Bay Area Governments)
- ACE (Altamont Commuter Express)
- ACS (American Community Survey, U.S. Census)
- ACTC (Alameda County Transportation Commission)
- AMI (Area Median Income)
- CASP (Cornfield Arroyo Seco Specific Plan)
- CBA (Community Benefit Agreement)
- CBO (Community-Based Organization)
- CCDC (Chinatown Community Development Corporation)
- CHPC (California Housing Partnership Corporation)
- CMA (Community Management Association)
- CPIO (Community Plan Implementation Overlay)
- EIR (Environmental Impact Review)
- HCD (California Department of Housing and Community Development)
- HUD (U.S. Department of Housing and Urban Development)
- LAANE (Los Angeles Alliance for a New Economy)
- MTC (Metropolitan Transportation Commission)
- OBAG (One Bay Area Grant)
- PDA (Priority Development Area)
- RHNA (Regional Housing Needs Assessment)
- SCS (Sustainable Communities Strategies)
- SDC (System Development Charges)
- SEACA (Southeast Asian Community Association)
- SNAP (Station Neighborhood Area Plan)
- SRO (Single-Room Occupancy)
- Thai CDC (Thai Community Development Corporation)
- TIF (Tax Increment Financing)
- TLC (Transit for Livable Cities)
- UNIDAD (United Neighbors in Defense Against Displacement)

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Many different anti-displacement and affordable housing policies exist at the city, regional, and state level. This chapter first summarizes the policies and programs available to combat displacement and then assesses which Bay Area and Los Angeles cities offer them. It then examines the potential of regional planning, specifically, station area planning and incentive programs related to the Sustainable Communities Strategies, to mitigate displacement. The chapter concludes that although some mechanisms exist to mitigate displacement, little is known about their effectiveness and in any case, implementation is weak.

Chapter 5 Introduction and Methodology

Many different policies and programs can mitigate the displacement impacts of transit investment-induced gentrification. The following presents a discussion of different housing affordability and anti-displacement policies, as well as an inventory of the policies that exist in the 89 jurisdictions of Los Angeles County and the 109 jurisdictions of the 9 county Bay Area. The purpose of the inventory is to highlight and better understand the policies that can promote affordability or mitigate displacement of vulnerable populations in gentrifying neighborhoods. Where possible, we highlight policies that have been effective specifically in transit neighborhoods. We describe the most common housing affordability and anti-displacement policies and analyze, as well as compare, the policies of both regions.

In what follows, we first offer an overview of the multitude of anti-displacement policies encountered in cities across the country and a review of the literature on anti-displacement policies, as a way of introducing the policies and discussing how other scholars and practitioners write about them. Next, we provide an overview of anti-displacement policies in two metropolitan regions: the San Francisco Bay Area and Los Angeles. Given the potential for displacement around fixed-rail transit stations, we next include a section on anti-displacement policies specific to transit-oriented development (TOD), before turning our attention to specific policies that, while benefitting transit regions, are not explicitly targeted towards them.

We discuss four specific policies: inclusionary zoning and condominium conversion ordinances, because of their prevalence in Los Angeles and the Bay Area; rent control, because of its importance in the anti-displacement discourse, effectiveness, but lack of prevalence and state-imposed limitations; and mobile-home rent control ordinances, because of their prevalence in the Los Angeles region.

To understand how such strategies work at a finer grain, we provide six case studies of specific neighborhoods that, in most cases, have experienced gentrification pressures but less gentrification than expected (as determined by our analysis in Chapter 2)—three in each region. In the Bay Area, we discuss neighborhoods in Chinatown in San Francisco, East Palo Alto, and San Jose. In Los Angeles, we discuss Chinatown, Hollywood/Western, and 103rd St./Watts Towers. Our conclusions appear in the last section.

In terms of methods, this report relied on literature review and secondary data analysis, as well as primary data from surveys and stakeholder interviews. We reviewed both academic and practitioner literature on anti-displacement strategies. For secondary data, we used Decennial Census and American Community Survey (ACS) data from the U.S. Census as well as various other datasets. A survey on the effectiveness of anti-displacement strategies was sent to staff at all of the planning departments in the Bay Area as well as housing-related community-based organizations

(CBOs); we refer to responses from this survey as “stakeholder” comments. Finally, we conducted interviews with many stakeholders, including community advocates, staff of community organizations, and individuals involved with local, regional, and state policy.

Anti-Displacement and Housing Affordability Policies: Literature Review

The emphasis of this literature review is on residential anti-displacement and housing affordability policies.¹ While the existing literature does not provide a systematic assessment of the effectiveness of anti-displacement policies, the metrics, conditions needed for success, and methods of evaluation used in the various studies are useful to our analysis.

Research Methodologies

In general, the literature on anti-displacement policies can be classified into three categories of research methodologies: 1) policy toolkits; 2) case studies; and 3) analysis and evaluation of a specific policy.

The policy toolkit is a particularly popular format among practitioners, in which authors outline an array of policies that cities could implement, describing how they work and giving brief examples of their implementation in various neighborhoods or cities. (Allbee et al. with ChangeLabSolutions 2015; Great Communities Collaborative 2007; Policy Link 2008a). These inventories group certain policies together, often distinguishing between policies that preserve existing affordable housing (subsidized or market-rate affordable) and those that produce new affordable housing. Discussion around the different strategies considers how they are financed, what challenges they face, and where they are most appropriately applied.

A second category of research presents detailed case studies of cities or geographic contexts from which lessons can be drawn. Some focus on just one study area, providing a comprehensive list of anti-displacement policies that have been implemented there or highlighting one of its programs that was particularly successful. Another variation of the case study compares and contrasts policies in two or more places. Comparative studies may assess the performance of similar policies in two cities and pinpoint unique factors that affected their respective success rates. Other studies consider multiple neighborhoods experiencing gentrification pressures and draw conclusions about policy implementation more generally.

Finally, a third category of studies focuses on a specific policy. These studies tend to focus on places where the policy was implemented, and seek to provide a critical analysis of the effectiveness of the policy. This category is most useful in outlining the strengths and weaknesses of policies or sets of policies used in tandem.

¹ This literature review is focused on residential displacement; a separate suite of policies is available to address commercial displacement. While a wealth of studies have focused on residential gentrification and displacement, very few scholars have examined commercial gentrification. As a result, the literature on policies addressing commercial gentrification and displacement is largely nonexistent.

Gaps in the Literature

Gaps in the literature include the relative absence of discussion of unsuccessful policies (negative case studies) or examples of policy limitations or misapplications. This is probably due to the fact that most of the anti-displacement literature is action-oriented, and often written by policy centers to help policy makers with future implementation. Therefore, studies are often written prospectively—they diagnose an ongoing problem and propose solutions moving forward (for example, Pollack et al. 2010), as opposed to retrospectively, giving a critical analysis of a problem, the solutions put forward, and their effectiveness at addressing the problem.

Approaches to Evaluation

A number of quantitative metrics, or indicators, emerge from the literature that can be used to evaluate the effectiveness of certain policies. We discuss three here.

A common measure is the number of housing units preserved or developed, and is most useful for evaluating preservation and production strategies. Studies that present the numbers of units preserved or created as a proportion of the larger housing stock show the relative contribution of a specific policy given the scope of the problem. However, authors frequently present such data.

A second metric is the level of affordability of housing units. Different anti-displacement policies are targeted toward or end up benefitting households at different income levels; therefore, this metric estimates the number proportions or residents of different income levels benefitting from a specific policy. This is most useful for evaluating production strategies.

Other studies focus on qualitative approaches. Authors use qualitative sources, such as government records, focus groups, and interviews, to identify contributors and barriers to success and to detail recommendations for a particular study area. This is a good approach for improving a policy that has already been implemented, or has widespread support.

Lastly, several studies take a historical approach, tracing the impact of a certain set of policies, usually in a specific place (Calavita et al. 1997; Furman Center for Real Estate and Urban Policy 2006). These studies provide greater insight into the potential trajectory of certain policies over an extended period of time, distinguishing between short-term and long-term solutions.

Discussion of Policies in the Literature

Anti-displacement policies found in the literature can be grouped roughly into four categories: those that produce new affordable housing, those that preserve existing affordable housing, those that protect tenants, and those that build the assets of low-income residents (Table 5.1).

Table 5.1: Affordable Housing and Anti-Displacement Strategies

Affordable Housing Production Strategies
<i>Fiscal Strategies</i>
Affordable housing impact fees
Jobs-housing balance or commercial impact fees
Community benefits agreements
Housing production trust funds
<i>Taxing Powers</i>
Tax exemptions for non-profit affordable housing
Levying parcel taxes, tax-increment financing districts
Bonds
<i>Land Use Controls</i>
Expedited permitting processes for affordable housing
Reduced parking requirements for affordable housing
Inclusionary housing/zoning
Density bonus in exchange for building affordable units
Accessory dwelling units
<i>Assets and Investments</i>
Public land dedicated to affordable housing
Land banking
Preservation Strategies
Rent stabilization/control
Condominium conversion ordinances
No-net-loss, one-for-one replacement strategies
Single-room occupancy hotels rent and conversion controls
Mobile home rent controls
Tenant protections and support
Rental assistance
Tenant counseling
Proactive code enforcement
Just-Cause eviction policy
Tenant right to purchase laws
Asset Building and Local Economic Development
Minimum wage
Wage theft protections
Local or first source hiring ordinances
Individual development accounts
Homeowner assistance programs
Housing rehabilitation funds

Affordable Housing Production Strategies

Restricting the production of affordable housing are several factors. High land costs, exacerbated by competition among developers (market-rate and affordable), further drive up production costs. Infill development, while incentivized through state programs, is more expensive, and can be difficult in terms of navigating regulations. Further, according to a non-profit developer, staffing is “inelastic:” it’s hard to compete with market-rate developers with more money.

Cities have a number of tools at their disposal to influence the quantity of affordable housing in their neighborhoods, including fiscal strategies to generate resources for development, land use

policies to incentivize or prioritize certain types of developments, and public investments that can be tied to affordability requirements.

Fiscal Strategies

Numerous jurisdictions have used development fees and transaction fees to generate funds from the private housing market as a means to creating affordable housing. Examples of these include affordable housing impact fees, jobs-housing balance or commercial impact fees, community benefits agreements, and housing trust funds.

One Oakland expert sees impact fees as a policy that is “starting to catch on” given legal limitations on inclusionary zoning; impact fees provide an alternative way to generate affordable housing at a cost to market-rate developers. While less common, commercial impact fees are also emerging. One development fee program that has enjoyed notable success is Boston’s commercial linkage fee program (Kim 2011). This program raises about \$5-\$7 million a year for housing, funding the creation or preservation of more than 8,500 units of affordable housing in projects throughout Boston from 1983 to 2011 (Kim 2011). The strength of the program is attributed in part to its “breadth of coverage.” Tied to all private commercial development, “everything from university projects to hospital expansions trigger the linkage ordinance,” so the City of Boston has a steady revenue stream each year (Kim 2011 p. 42).

When impact fees are in place, jurisdictions can further facilitate production by granting developers an exemption from affordable housing projects. For example, the City of Portland requires that developers pay system development charges (SDCs) to help offset a project’s impact on the city’s parks and recreation facilities, storm water and sanitary sewer systems, water systems, and street infrastructure (Kim 2011). They offer exemptions to SDCs for affordable housing projects, and the cost savings can add up to hundreds of thousands of dollars. As of 2011, the exemption had “reduced development costs for more than 2,225 units of affordable housing” (Kim 2011 p.27).

Another key tool for affordable housing production are housing trust funds. These funds are created by local or state governments as a pool of fees and taxes derived from real estate development (or other sources) that can be drawn upon to provide gap financing for the preservation or new construction of affordable housing (Calavita and Grimes 1992). One of their useful features is that, once established with their criteria for distributing monies, new sources of revenue into the fund can be approved—and the resulting funds distributed—without a whole new advocacy push around what to spend the funds on.

The importance of a housing trust fund was underscored by an expert interviewed, who believes that, in terms of revenue-generating policies (like commercial impact fees), “it’s very rare that any of those fees or policies by themselves can really stimulate production. What you need is a trust fund that has multiple sources that feed into it.”

Taxing Powers

A city’s taxing powers can also be used to create an affordable housing fund or incentivize development, such as providing property tax exemptions for non-profit owners of affordable housing, levying a parcel tax or floating bonds to generate funding for affordable housing, or

creating tax increment financing (TIF) districts² to generate revitalization funds by borrowing against future improvements in land value.

One study looks at New York City's "Ten Year Plan" launched in 1985, which called for the building and rehabilitation of 100,000 units of affordable housing by non-profit and private developers, funded through bonds, the city's capital budget, and other state and federal sources (Furman Center for Real Estate and Urban Policy 2006). It was largely successful: by 2003, the city "had created over 34,000 affordable units through new construction, had restored nearly 49,000 affordable units through the gut rehabilitation of formerly vacant buildings, and had provided renovation subsidies to another 125,000 units of distressed and occupied buildings" (Furman Center for Real Estate and Urban Policy 2006 p.6). The authors find several factors to have enabled the plan's success: "the income mix of households; the focus on preservation and neighborhood revitalization; the cooperation with local institutions; and the overall level of public commitment" (Furman Center for Real Estate and Urban Policy 2006 p.8).

The City of Portland has also made significant gains by implementing TIF districts, which allocate 30% of funds to the city's designated urban renewal areas for the development and rehabilitation of affordable housing (ChangeLabSolutions et al. 2015, Kim 2011). The TIF funds have income guidelines that prioritize the city's most economically vulnerable populations. In the 2012-2013 fiscal year alone, the Portland Housing Bureau was able to use \$28 million of TIF funds in order to create or preserve 959 units throughout the city (ChangeLabSolutions et al. 2015).

Land Use Controls

Cities' land use control and zoning powers are often used to incentivize the production of affordable housing by reducing costs through expediting permitting processes, reducing parking ratios, and easing other requirements that increase development costs. Land use controls can also be used to create inclusionary housing requirements on market-rate developers, requiring that a certain fraction of the units they develop be affordable.

Our literature search using the key words "anti-displacement strategies" and other related terms turned up multiple studies on inclusionary housing—far more than for any other policy (Schuetz et al. with Furman Center for Real Estate and Urban Policy 2007; Hickey 2014; Non-Profit Housing Association of Northern California 2007; Hickey et al. 2014). This could indicate the effectiveness or ubiquity of inclusionary housing in light of the lack of other financing mechanisms for the production of affordable housing. However, it more likely indicates how intricately the policy is tied to anti-displacement work; municipalities tend to implement inclusionary housing in a real estate market experiencing significant growth and development, where households are at risk for displacement.

The Furman Center for Real Estate and Urban Policy (2007) has looked at inclusionary zoning policies across the United States and found that specific factors can predict the adoption of inclusionary zoning policies: "larger, more highly educated jurisdictions and those surrounded by neighbors with inclusionary zoning are more likely to adopt such policies." They find that the policies that produce the most units are those that have been in place the longest (Furman Center

² While the elimination of redevelopment agencies has made this strategy impossible to utilize in California, a recent law signed by Governor Brown enables localities to establish "community revitalization investment authorities" (Young 2015). These will allow tax increment financing districts, albeit in a more limited capacity than were allowed under the former redevelopment agencies.

for Real Estate and Urban Policy 2007, p.4). In some California cities, state legislation is the primary motivation for the adoption of inclusionary housing policies. For example, a survey by Calavita and Grimes (1998) found that eight jurisdictions in San Diego County implemented inclusionary housing programs to avoid actual or perceived threats of litigation due to noncompliance with the state's Housing Element Law.

Advocates of inclusionary housing often cite California as a success story because so many cities have adopted ordinances, but the data shows that the number of below-market units actually built resulting from the policy is modest in comparison to regional housing needs (Powell and Stringham 2006). For example, Powell and Stringham point out that the Association of Bay Area Governments estimated the need for 133,195 affordable units in the San Francisco Bay Area during the 2001-2006 period, but in the 30-plus years of inclusionary zoning leading up to 2006, the policy had resulted in the production of only 6,836 affordable units. Thus, much of the literature asserts that inclusionary housing should continue to be part of an overall affordable housing strategy but not necessarily the core of it (Calavita et al. 1997, Powell and Stringham 2006).

As opposed to requiring affordable units (either directly or through in-lieu fees), some cities choose to incentivize them through density bonuses. California's Density Bonus Law requires that municipalities allow developers to build at higher density in exchange for affordable units (APA 2006). Density bonuses act as a cost off-set and can increase the number of inclusionary units in new developments, specifically in cities where there is significant market interest in developing taller buildings (ChangeLabSolutions et al. 2015). For example, New York City rezoned a number of locations to allow for higher density and provided a strong density bonus for developers that agreed to meet specified affordability targets. The program generated about 2,700 permanently affordable rental units between 2005 and 2013 (ChangeLabSolutions et al. 2015).

However, without the proper market, incentives alone may not be enough to produce affordable units (Schwartz et al. 2012). For example, the City of Cambridge, Massachusetts, had a voluntary inclusionary zoning program that offered density bonuses, and over the course of a decade, the program failed to produce a single unit. In 1998, the program was made mandatory, and as a result, it produced 385 affordable rental and for-sale homes by 2010 (Schwartz et al. 2012).

For built-out areas that may lack sufficient developable land for new units, jurisdictions may consider allowing homeowners to create accessory dwelling units on their property, as enabled by the state Second Unit Law (AB 1866). Chapple et al. (2012) discuss how the creation of secondary units (known as "in-law" or "granny" units) helps increase the stock of very-low- and low-income housing units without dramatic increases in parking demand and with no government investment required. This in turn, "could help to free up such scarce (and dwindling) monies for the subsidization of the lowest-income affordable developments" (p. 12). Through a qualitative review of planning and zoning restrictions, they found that the regulatory environment, with its onerous parking requirements, is the most significant barrier to secondary unit development.

Assets and Investments

Finally, cities can use their assets and investments to generate new affordable housing. Affordable housing advocates are beginning to push jurisdictions to dedicate land they own for affordable housing (Hickey and Sturtevant 2015a; Lane and Seifel 2015). Cities can also invest in land that they later open up for affordable housing development, a process known as land banking. In addition to owning a lot of land, cities continually invest in infrastructure and operate other programs that can be leveraged to create affordable housing.

For example, Hickey and Sturtevant (2015b) discuss policies to use public lands for the development of affordable housing in the Washington, D.C., region. They find that the “strongest” policies have much community engagement and are conscious of the limits of the policy, namely that other subsidies will be necessary for affordable housing to be built beyond just providing the land. They offer recommendations of how to maximize policies’ effectiveness, admonishing policymakers to understand the “relationship between land values and the affordability gap” so that they are aware exactly what kind of difference the land donation would make for developers of affordable housing (Hickey and Sturtevant 2015b, p.1).

In another study prepared for HUD, Sage Computing (2009) discusses the successful use of land banks to simultaneously revitalize abandoned properties and provide affordable housing. The study describes the work of the Fulton County/City of Atlanta Land Banking Authority, which prioritizes the transfer of land for affordable housing development, enabling community development corporations and other affordable housing developers to acquire tax-delinquent properties with insurable title at below-market prices for affordable development. The authority facilitates the transfer of 50-100 properties per year, and as of 2009, affordable housing groups had identified over 140 parcels to bank for future development. The land bank is also part of the Atlanta TOD Collaborative, a 13-member partnership of local non-profits, developers, banks and government agencies aimed at promoting equitable TOD in the Atlanta region (“Atlanta TOD Collaborative,” n.d.). The group was established in 2011 to leverage their joint resources to create affordable homes for low-income residents near transit, and it has conducted strategic planning, market, and feasibility studies since then to guide their future development efforts (“Atlanta TOD Collaborative,” n.d.).

One expert interviewed saw a connection between community land trusts and the “tiny home” movement: holding land in a community trust and allowing the construction of cottages on that land could provide an “eco village” of affordable homes.

Recognizing that the boom period will likely be followed by a downturn, several stakeholders have said that cities should be ready to strike quickly when that downturn comes, buying up land for later development, or getting anti-displacement policies in place when the political temperature isn’t so high.

Preservation Strategies

In many built-out neighborhoods experiencing gentrification pressures, there may be little room for new developments. Therefore, strategies for preserving both deed-restricted affordable units and naturally occurring affordable rental units are needed to counteract displacement forces in these communities. Rent stabilization is perhaps the most well-known strategy used to control the price of non-subsidized rental units, often tying it to inflation rates. Other strategies used in high-demand markets are controls for condominium conversions, adopting no-net-loss or one-for-one replacement policies to ensure that the quantity of affordable units are maintained, and laws that aim to preserve single-room occupancy hotels and mobile homes.

Of the policies discussed in this report, rent control has yielded the most literature with critical analysis. Writing primarily from an economics framework, numerous scholars have undertaken analyses of rent control, generally concluding that it reduces the quality and quantity of rental housing (Keating et al. 1998). They argue that when landlords cannot earn a competitive return on

rents, they under-maintain their units and look for more profitable uses, exacerbating the rental housing shortage (Keating et al. 1998). The less rental housing and the greater the rent gap between regulated and unregulated units, the less mobility renters have (Freeman and Braconi 2004; Munch and Svarer 2002; Keating et al. 1998; Gyourko and Linneman 1989).

However, other scholars point out that the benefits of rent control may outweigh the cost of market distortions in the context of gentrification and displacement. Freeman and Braconi (2004) posit that the limited mobility caused by rent control may be a logical trade-off in gentrifying areas because it allows vulnerable residents to stay in their neighborhoods by moderating their rent burdens. For example, rents for unregulated units in gentrifying neighborhoods of New York between 1996 and 1999 increased by an average of 43.2%, while rents for regulated units increased by only 11.4% (Freeman and Braconi 2004). Ellen and O’Flaherty (2013) also suggest that rent control can contribute to population stability and security of tenure in the face of displacement pressures. For example, 35.2% of renting households in New York stayed in the same unit from 1990 to 2000, while nationally, 13.6% stayed in the same unit (Ellen and O’Flaherty 2013). Minton (1996) prospectively evaluates the potential of targeted rent control to limit displacement in soon-to-gentrify neighborhoods, finding that rent control, in the short run, would have winners and losers: helping low-income renters to afford to stay in their neighborhood while distorting the housing market, which in turn creates an incentive for landlords to use unsavory methods to remove tenants and win a higher return. He also considers the long-term effects, which range from halting gentrification entirely to full gentrification, when the policy fails to preserve a low-income community in a neighborhood.

Barton’s (1998) historical account of strong rent control in Berkeley concludes that its undoing was less economic than political. The policy was established at a time of rapid rent increases in the Bay Area, and while Berkeley also suffered a decline in low-rent units, its decline was half the rate of the Bay Area as a whole and half the rate of Alameda County (Barton 1998). The initial strong policy successfully increased community stability and tenure for low-income households. However, Barton also takes note of its limitations: 70% of the lowest-income residents still shouldered rent burdens greater than 30% of their income, insufficient staff hindered efficient implementation, and controls were gradually loosened over time because of strong landlord resistance at the local and state levels.

The effectiveness of rent control laws depends significantly on the specifics of the policy and the market. For example, ordinances that include vacancy decontrol provisions “reduce the number of affordable units over time” because each time a tenant moves out, the rent can increase to the market rate (Levy et al. 2006, p.17).

In California, due to the Costa-Hawkins act, passed in 1995, all rent control ordinances must allow for vacancy decontrol. This gives landlords an “incentive to push out tenants, which can lead to unjust, or no-fault evictions” (Great Communities Collaborative 2007, p.4). The law also makes it impossible for jurisdictions to pass rent controls on any units built after 1995, on single-family homes, and on condominium units (Portman and Brown 2013).

Tenant Protections and Support

Another important tool to stabilize gentrifying communities is sufficient protections for tenants and homeowners to be able to stay in their homes. These can run the gamut from providing rental assistance and tenant counseling to proactive code enforcement and requiring landlords to have a “just cause” when trying to evict tenants.

The Harrison Institute for Public Law (2006) studied Washington, D.C.’s tenant purchase law, coming out generally in support of the policy: it has “been the catalyst for preserving thousands of affordable homes in Washington, D.C., often in neighborhoods that have been undergoing gentrification”, “has preserved hundreds of units” of low-rent housing, and has allowed “low-income residents to purchase homes” (p. 2). The authors also offer a detailed critique of the law’s shortcomings and a set of recommendations. Through qualitative research, they identify “areas of concern”, including poor data management, lack of resident familiarity with the policy, the availability of technical assistance, and availability of funding.

Winstead (2006) discusses barriers to the tenant protection movement in Richmond, CA. He concludes that the lack of hard evidence of a tightening in the rental market and the difficulty of obtaining evidence of unjust evictions pose the greatest obstacles. Because of the evidence gaps, there is no public sense of “crisis” around rental housing in Richmond, which makes it difficult to garner political support for greater tenant protections. Winstead argues that advocates should focus on the implementation of a well-written just-cause ordinance that would include record-keeping provisions to make further action to protect tenants much easier. He also notes that a tenant protection campaign in Richmond centered on just cause would receive less opposition from landlords and property owners than one pushing for rent control (Winstead 2006). In general, experts argue that without a just-cause evictions policy in place, other preservation strategies will not work, because landlords can remove tenants very easily. It is very difficult to win against landlords in places without these policies, because any challenge to the landlord could result in eviction—forced or through raised rent—and it is hard to prove retaliation.

Asset Building and Local Economic Development

In addition to working on maintaining a sufficient affordable housing stock, jurisdictions can also support their residents by increasing their capacity to obtain housing. A diverse array of asset building and local economic and workforce development programs have been implemented around the country. These include the ever-growing movement to increase the minimum wage, implementing strong wage theft protections, and local or first-source hire ordinances that require a certain percentage of workers to be from the local disadvantaged community (PolicyLink 2015). Other asset-building strategies such as individual development accounts, homeowner assistance programs, and housing rehabilitation funds, among many others, are necessary elements to a comprehensive community stabilization strategy.

Minimum wage as an asset-building strategy has many ends: improving personal well-being, enhancing economic security, increasing civic behavior, and more (Page-Adams and Sherraden 1997). As such, the literature on minimum wage and similar strategies is not explicitly focused on addressing displacement, but scholars writing inventories of anti-displacement policies frequently include minimum wage in their lists because it may allow residents to build sufficient assets to be able to stay in an ascending neighborhood. However, minimum-wage policies have also received scrutiny. For example, there are many studies that evaluate the effects of minimum-wage laws on

levels of employment (Doucouliagos and Stanley 2009), and others on the number of hours worked (Couch and Wittenburg 2001).

Lester's (2009) study challenges this criticism, finding that a living-wage law is unlikely to harm a city's economic development prospects and is the only tool that individual jurisdictions can effectively use to address rising income inequality. He finds that living-wage laws not only provide direct wage increases for workers, but they may also help raise wage standards across the sector due to competition among firms for workers. In San Francisco, living-wage advocates explicitly linked wages and with ongoing debates around land use and displacement. Pitching their argument in terms of the high cost of living in the city contributed to their success in passing legislation (Lester 2009).

Whatever the efficacy of income- and wealth-building strategies, stakeholders interviewed emphasized that they must be linked to anti-displacement policies that target housing costs in order to address the affordability crisis effectively.

General Conditions for Implementation and Effectiveness in TOD Neighborhoods

The conditions for policy effectiveness and implementation are an important component of policy analysis that several authors have undertaken. Levy (2006) discussed tactical barriers to policy implementation, such as the requirement that they be enacted by legislation, market considerations, like the importance of a strong housing market for certain policies, and barriers to effectiveness once implemented, like what level of affordability a policy creates. She provides a good precedent for analysis, as she first outlines the policy, describes "anticipated outcomes," "implementation challenges," and also includes "timing considerations" that focus on which policies are best suited to which market conditions and which gentrification phases.

In interviews, stakeholders pointed out that the context of the city matters tremendously in terms of which policies work best. For example, a production strategy in San Francisco with little available land for development will look different from one in San Jose that has more land available for development; renter protection policies are only useful in places with many renters; the effectiveness of a density bonus will depend on the density limits currently in place, as well as market demand in the locality. One stakeholder put it this way:

I think the more you try to drill down the more context-specific it gets. So in general terms rent control and tenant protection and condo controls, all those things make sense. But, well, what's the right condo policy to have? Or how exactly should you write your rent control ordinance? What Richmond just adopted is very different from what Oakland has, for example.

Most of the literature reviewed does not include a discussion of political barriers or a policy's likelihood of being implemented based on how liberal or conservative a city and its elected officials are. Ellen and O'Flaherty (2013) examined whether New York's progressive housing policies may be due to the city's more liberal electorate, but rejected that hypothesis on the basis that other similarly liberal cities are lacking similar policies. Levy (2006) also considered the political barriers to implementing various strategies, but more generally and less along a "liberal-conservative" spectrum.

Others, like Marcuse (2004), considered political forces broadly, discussing ideological barriers to reforming housing policy, such as a “tendency to focus on the market and ignore non-market participants’ concerns” (p. 3). Goetz (1994) finds that non-traditional economic development policies and progressive housing policies (defined as those that are not directly in line with business interests) are more widespread than previously believed, and are in place not only in strong market cities, but often “in an environment of uneven development. Cities that are characterized by the existence of both wealth and poverty are engaging in progressive policy” (Goetz 1994, p. 103). Political culture and community mobilization are also “positively associated with alternative development policy” (Goetz 1994, p. 100). These variables, plus a good bond rating, are correlated with progressive housing policies as well (Goetz 1994).

At the same time, an ideology that favors real estate interests may obstruct anti-displacement policies in many cities: as one stakeholder argued in an interview, “...people think that people should be able to make as much money as they want.” Besides this pervasive ideology, stakeholders described the “real money” of developers as an obstacle to winning more anti-displacement protections. Given the often-changing cast of elected officials, politicians are less likely to remember to enforce an old agreement than they are to focus on the next big campaign issue (“political memories are short”); slowing development is viewed unfavorably to say the least; and many of these policies invoke the specter of anti-capitalist intentions, which inflame the opposition.

Incentives (like density bonuses) are easier than requirements (like inclusionary zoning) to get through the political process. While some stakeholders believe that housing preservation policies (like rent control) are easier to pass because they require minimal public outlay of funds, others think it is easier to come out in favor of housing production strategies, since doing so does not challenge property rights and is not seen as anti-development like preservation strategies sometimes are.

Stakeholders agreed that some of the barriers to local anti-displacement policy implementation can only be resolved with a state-level legislative fix. Examples include the Ellis Act, vacancy decontrol, and inclusionary housing, the latter two of which we discuss in more detail later in this chapter.

Behind the policies and strategies listed above often lie an informed and organized resident base and a robust community engaged decision-making process. For example, Howell highlights the importance of a strong, engaged non-governmental sector in a case study of neighborhood change in the Washington, D.C. neighborhood of Columbia Heights (2013). Her results indicate that planners “seemingly nailed the punch list for redevelopment”—including ensuring that new housing included low-income units, helping tenants purchase their homes, preserving existing affordable housing, and more—all of which worked to some extent (Howell 2013, p. 11–12). However, even with the city’s many interventions, displacement has still occurred and “low income residents’ sense of community, political power, and access to amenities changed significantly” (Howell 2013, p. 11–12). Findings indicated that it was “the work of tenant organizers, affordable housing developers, policy advocates” and the like that have “driven the effort to preserve neighborhoods” (Howell 2013, p. 16). Another case study of Vancouver goes over several neighborhoods that should have experienced gentrification but did not because strong community resistance held off the market and “[denied] the opportunity for gentrification to occur on these development sites” (Ley and Dobson 2008, p.2484).

Anti-displacement efforts in the context of transit neighborhoods have a particular set of challenges. Although some housing production policies target the areas around transit stations, for instance by requiring inclusionary housing or purchasing land, it is rare to find targeted

preservation policies. One challenge specific to TOD is the way in which transit agencies interpret the Federal Transit Administration's requirement that federal funds be used for the "highest and best transit use" (PolicyLink 2008). The common approach is to pursue development that generates the most revenue. However, advocates can make the case that low-income residents use transit more than high-income residents, so location affordable housing near transit can increase ridership, another element of the "highest and best" use (PolicyLink 2008). Also important is community engagement during all phases of the TOD planning process and the introduction of anti-displacement efforts early on before land prices around transit rise (Ibid.). Community development corporations can proactively lead TOD partnerships and develop projects of their own. For example, in Chicago, the community development organization Bethel New Life launched a series of development projects around the Lake Pulaski transit stop in partnership with the Chicago Transit authority, producing 50 homes for low- and moderate-income residents and planning for 66 more in the future (PolicyLink 2008). Community benefit agreements can also be used to achieve anti-displacement and affordable housing protection around TOD projects (Ibid.). For instance, the Ballpark Community Benefits Agreement (CBA) in San Diego includes a provision that requires and funds studies of how the development will impact land prices and low-income residents (Ibid.).

Statewide Affordability and Anti-Displacement Policies

Before discussing local policies, we provide an overview of the relevant statewide affordability and anti-displacement policies. The primary role the state plays in anti-displacement policy is in funding affordable housing and providing the policy backdrop against which local governments are able to act.

State Affordable Housing Funding

On the production side, the significant expense of building or rehabilitating a single unit of affordable housing means that it is very difficult to fund projects solely from local dollars. Instead, developers rely on state and federal low-income housing tax credits, which are both administered by the state. Wegmann estimates that "63% of the average affordable rental housing project" in an array of projects in the Bay Area he analyzed "is financed by state and federal sources, with the remainder coming from local, rent-supported, and philanthropic financing" (see Table 5.2; Wegmann 2012, p.8).

California has a variety of programs that fund affordable housing, including the Multifamily Housing Program (through the state's Housing and Community Development department), the new Affordable Housing and Sustainable Communities funding (through the Strategic Growth Council), the Affordable Housing Program (through the Federal Home Loan Bank) and several other programs. In addition, it administers the federal Low-Income Housing Tax Credit Program—usually the largest source of funds in a project—through the Tax Credit Allocation Committee. Localities administer HUD programs, like Community Development Block Grants and HOME funds. A detailed discussion of these programs is beyond the scope of this chapter.

Table 5.2: Federal and State Funding Available for Affordable Rental Housing Development in the Bay Area

	2010 Estimated 9-county Bay Area share (mm)
Federal - off balance sheet	
4% Low Income Housing Tax Credits (includes CA state tax credits)	\$163
9% Low Income Housing Tax Credits (includes CA state tax credits)	\$176
Federal Home Loan Bank Affordable Housing Program (AHP)	\$14
Federal – appropriations	
Project-based Housing Choice Vouchers (HCV)	\$114
HUD Section 202 capital expansion	\$19
HUD Section 811 (Capital Advance and PRAC)	\$6
CDBG	\$37
HOME	\$64
State	
Multifamily Housing Program (MHP) from Prop 1C	\$15
Infill/Infrastructure program from Prop 1C	\$55
MHSA	\$9
CALReUSE	\$1
Total	\$673

Source: (Wegmann 2012)

The competitive 9% tax credit program (see Table 5.2 above) receives requests double the amount of funding available (Schwartz 2015). This means that, even if local governments dramatically increased their funding of affordable housing, more projects would not get built, since they rely so much on the tax credit funds.

The state's investment in affordable housing has been decreasing steadily in recent years, even as the state faces a shortage of 1.5 million homes affordable to very- and extremely-low-income households (California Housing Partnership Corporation 2015).

As Figure 5.1 shows, the most dramatic change was the elimination of state funding for redevelopment agencies. These agencies managed redevelopment areas in which they were able to retain new property taxes generated as an area was revitalized, and use these funds to support affordable housing and other investments (Taggart 2012). The agencies were eliminated in 2012 after a legislative act and court decision. Almost every stakeholder we have spoken with has cited the loss of redevelopment as a major barrier to local cities' funding affordable housing: of a sample of 27 projects in the Bay Area, "about 26% of the [non-state and federal] funds contributed...originated from redevelopment" (Wegmann 2012).

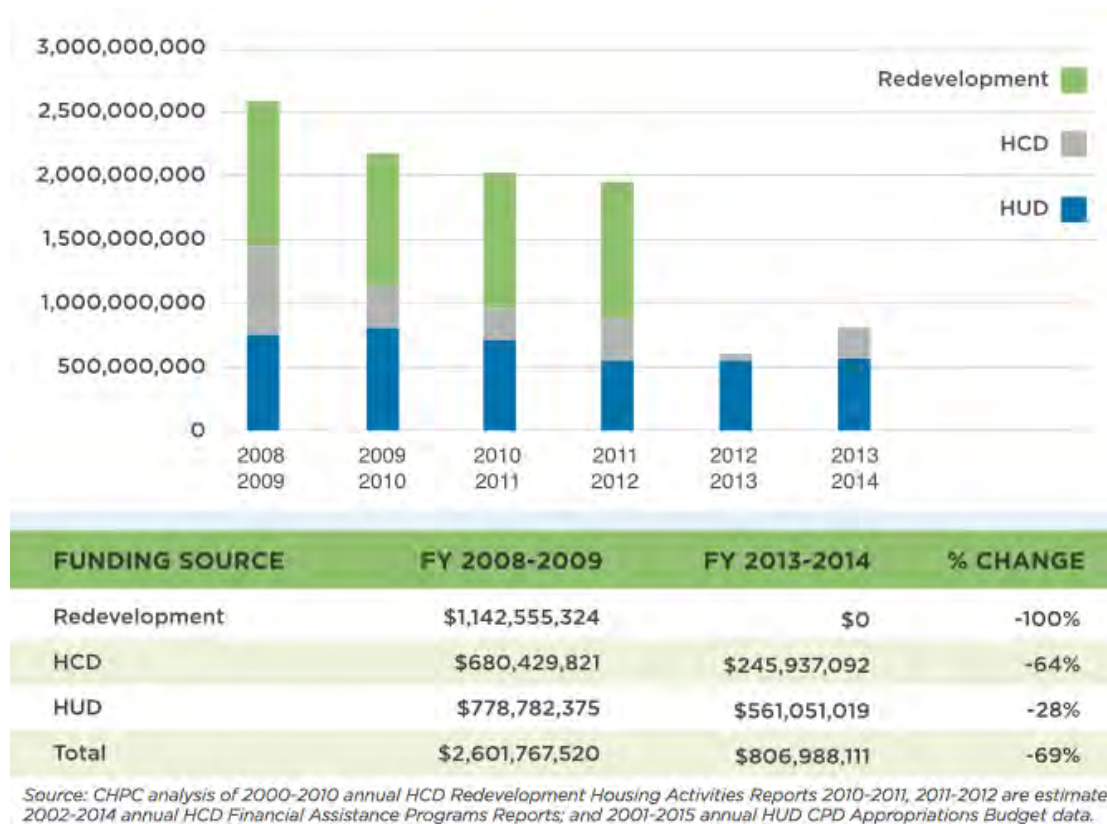


Figure 5.1: State and Federal Investment in Affordable Housing (from the California Housing Partnership Corporation (CHPC))
Source:(CHPC 2015)

One example of the interplay between state and local governments in financing affordable housing is with the way tax credits are allocated. According to a long-time employee of state housing agencies, the City of Los Angeles is considered its own region and receives its own allocation of tax credits (interview with authors). This was motivated by the city's construction of new transit stops, and its interest in targeting its affordable housing dollars towards those areas. The city and state tax credit agency worked together to create the new region (with "Balance of Los Angeles County" a region for the rest of the county besides the city). This arrangement allows the city to effectively control which projects its tax credit funds will flow to (through its control of the flow of predevelopment financing, which is essential for developers to have in order to be able to apply for tax credits). The decision was and is controversial, but could be effective as another tool to address transit-related displacement. Making decisions about the location of such developments and how those projects are integrated within the community is typically considered an appropriate role for localities.

The chief challenge at the state level, according to several experts, is the opposition of the incumbent governor, Jerry Brown, who has taken several steps in recent years to dismantle affordable housing programs, like the redevelopment agencies and an inclusionary zoning "fix" bill.

Ideas for state-level policy changes are numerous and beyond the scope of this project to detail. However, the CHPC suggests the following (2015, p.8):

- Create an “ongoing, predictable revenue source for the state housing trust fund with a \$75 document recording fee on real-estate transactions (excluding commercial and residential home sales).”
- Expand the state’s Low Income Housing Tax Credit by \$300 million per year and make it easier to use.
- Invest in the existing Multifamily Housing Program from the general fund.

These policies would not specifically target transit-oriented development areas, but they would help affordable housing developers who are attempting to develop affordable housing near transit; development in these areas is encouraged by other state affordable housing programs, like tax credits and the new Affordable Housing and Sustainable Communities program. Therefore, expanding these complementary programs indirectly helps produce affordable housing near transit.

State Laws That Enable or Limit Localities’ Anti-Displacement Policies

In terms of encouraging anti-displacement planning, the state requires that all local governments compose Housing Elements that include plans to address affordable housing needs. They must also report on prior progress towards reaching goals.

One aspect of these plans must be how the locality plans to preserve housing that is at-risk of conversion from affordable to market-rate—a major concern for the state (California Department of Housing and Community Development 2014).

On the other hand, several other aspects of state law limit localities’ ability to mitigate displacement. The Costa-Hawkins bill, passed in 1995, limits the scope of local governments’ rent control and inclusionary zoning policies; the effects of this bill on local anti-displacement policies are discussed more below (Great Communities Collaborative 2007).

Other barriers at the state level include changing voter thresholds for communities that want to raise their own funds. Currently, housing bonds must clear 67% of the vote. Since this is challenging for many cities, experts suggest reducing the threshold to 55%, the level required for school facility bond measures. However, this change has not yet succeeded at winning approval of the legislature (interview with authors).

To address the loss of subsidized housing to the market, the tax credit state agency is currently considering including a right of first refusal for the state in their regulatory agreements with owners of tax credit-funded projects. This would allow the state to have the first right to buy the property (at set prices, like the remaining debt on the project plus taxes owed) if ever the partnership that owns it wants to sell. That right would be assignable, allowing the state to allow a non-profit developer, for example, to step in and buy it to keep it affordable. According to a long-time state housing agency employee, this would allow the state to purchase the property at a reasonable price and then preserve the affordability of the housing in the future (interview with authors).

The federal Department of Housing and Urban Development (HUD) recently released a new rule on affirmatively furthering fair housing, which the state of California and local jurisdictions will have to comply with as they distribute affordable housing financing (Fluit 2015). Cities will have to submit detailed reports on their plans to, and progress in, addressing segregation and access to

high-quality affordable housing for low-income households (Semuels 2015). This has several implications for anti-displacement work. It could force localities to focus more on ensuring low-income households can stay in, or move to, moderate- and high-income areas. In terms of transit areas, if an affordable developer is proposing a new development before the area has gentrified, the new rules could make it more difficult for the city to grant that funding, since those funds would be going to build housing in a low-opportunity area. However, cities may be able to show how they expect the area to gentrify in coming years, and invest proactively to retain low-income households in the midst of that change. In sum, this rule change will probably encourage agencies that distribute HUD funds to focus their efforts in places that are experiencing displacement, either already high-income or gentrifying.

Housing Affordability and Anti-Displacement Policies in the Bay Area and in Los Angeles County

To construct an inventory of anti-displacement policies in the Bay Area and Los Angeles, we first reviewed anti-displacement toolkits and policy documents to generate a comprehensive list of strategies, considered by advocates, researchers, and policy makers as efforts to mitigate displacement (see Appendix T for sources). From an initial list of about 50 policies, we applied the following criteria to select policies to inventory:

1. Policies that are applied uniformly to the jurisdiction as a whole (i.e., not only restricted to specific neighborhoods).
2. Policies that have been implemented in at least two jurisdictions, but not all.³
3. Policies that have “teeth” and are being implemented.

A list of 14 anti-displacement policies was generated (Table 5.3)⁴. Researchers then analyzed municipal codes and housing elements for each of the jurisdictions in the Bay Area and Los Angeles County, which was complemented in the Bay Area with data from a survey of housing policies completed by the Association of Bay Area Governments (ABAG) (2015). Note that policies specific to transit-oriented development areas are discussed in a later section; these policies are citywide.

³ Policies that are required by all jurisdictions, such as the Density Bonus or Secondary Units, were not included because we wanted to focus on policies that went over and above the state law.

⁴ Neither the UC Berkeley nor ABAG inventories included Affordable Housing Trust Funds; an alternative data source was found to inventory these policies in the Bay Area and Los Angeles (*Center for Community Change 2015; Center for Community Change 2013*).

Table 5.3: Anti-Displacement Policies in the Bay Area and Los Angeles County

	Policy	Number of Bay Area Cities/Counties with Policy	Percent of Bay Area Cities/Counties (Total = 109)	Number of Los Angeles Cities/Counties with Policy	Percent of LA Cities/Counties (Total=89)
<i>Preservation Strategies</i>	Just-Cause Eviction Ordinance	7	6%	5	6%
	Rent Stabilization or Rent Control	9	8%	4	4%
	Rent Review/Mediation Boards	14	13%	2	2%
	Preservation of Mobile Homes (Rent Stabilization Ordinance)	34	31%	16	18%
	SRO Preservation Ordinance	28	26%	4	4%
	Condominium Conversion regulations	73	67%	24	27%
	Foreclosure Assistance	45	41%	1	1%
<i>Affordable Housing Production Strategies</i>	Housing Development Impact Fee (or Jobs-Housing Linkage Fee)	24	22%	3	3%
	Commercial Linkage Fee/Program	27	25%	3	3%
	Affordable Housing Trust Fund	15	14%	8	9%
	Inclusionary Zoning/Housing	78	72%	16	18%
	Local Density Bonus Ordinance (above state requirements)	19	17%	7	8%
	Community Land Trusts	26	24%	1	1%
<i>Asset-Building and Local Economic Development Strategies</i>	First Source Hiring Ordinances	17	16%	1	1%

Source: UC Berkeley and UCLA Internal Analysis; Association of Bay Area Governments 2015; Center for Community Change 2015; Center for Community Change 2013

Bay Area

Anti-displacement policies are found in roughly equal measure across the nine counties, with the exception of Solano and Sonoma Counties. Inclusionary zoning and regulation of condominium conversions are the most prevalent policies in the Bay Area. Most of these policies were adopted in the early 2000s, with some adopted in the 1980s and 1990s. On the other hand, rent control can be found in only nine jurisdictions in the Bay Area, which were all adopted in the early 1980s.⁵

One indicator of the extent of anti-displacement policies is the number of policies per city (Table 5.4). Alameda rises to the top as the county with the most policies per city, at six, after San Francisco (where the sole City of San Francisco has implemented 12 of the 14 policies). Besides San Francisco, the cities with the most policies in place are Berkeley and East Palo Alto (11 policies each), Oakland (10), Cupertino, Hayward, and Petaluma (nine each), and Alameda and San Jose (eight each).

⁵ The city of Richmond passed a rent control ordinance in August 2015 (Ioffe 2015).

Table 5.4: Anti-Displacement Policies/Programs by County

County	# Cities in County	# Policies - Total	Average # Policies per city (Total Policies/ # Cities)
San Francisco	1	12	12
Alameda	15	87	6
Sonoma	10	48	5
Santa Clara	16	74	5
Napa	6	24	4
Contra Costa	20	62	3
San Mateo	21	63	3
Marin	12	33	3
Solano	8	15	2

Source: UC Berkeley internal analysis. Note that policies in unincorporated parts of each county are also included in these figures.

Geographically, the cities with the most anti-displacement strategies cluster together: San Francisco, Berkeley, Oakland, Alameda, Hayward, and San Leandro, with two exceptions: Petaluma (7 policies) and East Palo Alto (12 policies) (Figure 5.2).

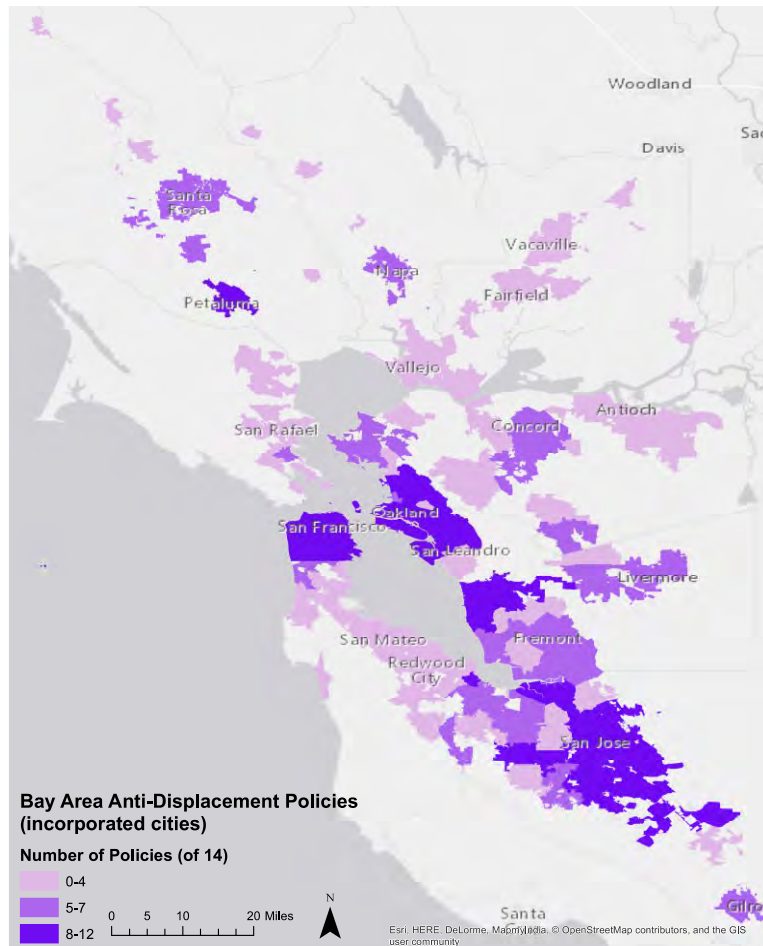


Figure 5.2: Number of Anti-Displacement Policies by City

Source: UC Berkeley Internal Analysis; Association of Bay Area Governments 2015; Center for Community Change 2015; Center for Community Change 2013

Nearly all these cities have BART stations. In terms of specific policies, most do not display a geographic pattern, with a few exceptions. There is a concentration of the following two policies in the South Bay: Community Land Trusts and Affordable Housing Impact Fees (or jobs-housing fees). Few peninsula cities have mobile home rent control policies in place, despite a need for them there, according to stakeholders.

Past and Future Affordable Housing Production

Using housing production figures that cities must report as part of their Regional Housing Needs Allocation (RHNA) requirements, it is possible to see how different cities perform based on whether they have each of the production policies considered here⁶. In terms of the production of very low-income (30-50% area median income (AMI)) housing, we found that, of Bay Area cities, those with each of the production strategies produce more total units (on average, and per capita) than those without each strategy (except for community land trusts) (Table 5.5). This could mean that cities that build more are then more likely to adopt production strategies, or that the causation is the reverse: cities with the strategies produce more affordable housing because the policies are working.

Table 5.5: Annual Average Housing Unit Construction per 10,000 People, Bay Area Cities, by Affordable Housing Production Strategy
(Average of Constructed Units 2007-2013 / Population in 2010 * 10,000)

		Housing Development Impact Fee (or Jobs-Housing Linkage Fee)	Commercial Linkage Fee/ Program	Affordable Housing Trust Fund	Inclusionary Zoning/ Housing	Local Density Bonus Ordinance (above state reqs)	Community Land Trusts
Very Low Income	Without Policy	9.78	9.17	11.50	10.19	10.61	11.97
	With Policy	19.17	19.90	15.21	12.42	18.80	11.39
Low Income	Without Policy	9.02	8.49	8.30	7.51	8.38	8.56
	With Policy	5.43	7.48	7.64	8.51	7.42	7.29
Moderate Income	Without Policy	10.33	9.40	9.69	3.98	9.32	10.26
	With Policy	7.99	11.10	11.16	11.95	12.66	8.48
Above Moderate Income	Without Policy	54.80	47.04	61.17	27.98	55.52	56.00
	With Policy	91.84	111.00	80.29	75.60	105.01	83.77

Numbers in bold are where cities with the policy have, on average, higher production. Source: Internal policy inventory, combined with Regional Housing Needs Assessment progress from Bay Area Legal Aid, EBHO, and NPH.

⁶ The Regional Housing Needs Allocation is a “state-mandated process to identify the total number of housing units (by affordability level) that each jurisdiction must accommodate in its Housing Element” (Association of Bay Area Governments 2015). The state tells the Bay Area regional planning agencies how many units of housing at each income level they need to produce in an eight-year period. These agencies then distribute those units among the various jurisdictions, who are in turn required to modify their Housing Elements to be in compliance with these allocations.

Interestingly, the same pattern does not apply to low-income (50-80% AMI) housing; except for inclusionary zoning, cities without the policy produce more low-income housing than cities with the policy.

Finally, it appears that moderate (80-120% AMI) and above-moderate income production is dramatically higher in places with each policy than in places without them. One hypothesis for this finding is that cities that have the hottest real estate markets, where developing market-rate homes affordable to low-income people is difficult, are also the cities most likely to implement production policies. Further research is needed to investigate this, and also to examine to what extent the adopted policies are also being implemented.

A projection of affordable housing supply and demand found large gaps between housing needed and likely to be supplied by current programs (Wegmann 2012). About 70% of the demand will not be met by the projected supply—a striking conclusion.

Table 5.6 summarizes the analysis, and provides insight into the relative housing production potential of the suite of financing programs and inclusionary zoning: 27% of the projected units would be built through affordable housing finance, while 11% would be constructed through inclusionary zoning. The number of units represented by these figures would probably be lower now, with decreases in affordable housing funding and the legal conscription of inclusionary zoning (discussed below). However, even so, this analysis provides evidence that inclusionary zoning, in general, is likely to produce fewer units than affordable housing finance.

Table 5.6: Projected housing demand, supply, and shortfall for the nine-county Bay Area region

	Very Low Income	Low Income	Moderate
<i>affordability metric</i>	<i>dwelling units</i>	<i>dwelling units</i>	<i>dwelling units</i>
Increase in region-wide housing demand, 2010-2040	231,142	164,216	115,286
<i>Demand absorbed by:</i>			
Affordable rental housing production, 2010-2040	(23,359)	(16,829)	
Inclusionary Zoning housing production, 2010-2040	(4,620)	(7,712)	(3,366)
Habitat for Humanity housing production, 2010-2040	(1,799)	(1,799)	
Foreclosed inventory, 2010-2020	(9,707)	(24,938)	(23,345)
Increase in tenant-based Housing Choice Vouchers, 2010-2040	(30,458)	(1,078)	
Housing demand not met by supply	161,200 dwelling units	111,859 dwelling units	88,576 dwelling units
<i>As % of total</i>	70%	68%	77%

Source: Wegmann 2012. Wegmann's report includes detailed methodology for arriving at each of these figures.

Los Angeles County

As observed in Table 5.3, few jurisdictions have anti-displacement policies and strategies in Los Angeles County, and the vast majority of the 14 policies have only been adopted by a handful of cities. The most prevalent policies in Los Angeles County are condo conversion ordinances (27% of

cities have adopted them), mobile home preservation ordinances (18%), and inclusionary zoning ordinances (18%).⁷ Condo conversion ordinances first appeared in the Los Angeles region in the late 1970s and early 1980s (the City of Los Angeles adopted such an ordinance in 1980), and continued to be adopted throughout the 2000s, with the most recent adoption in 2014 by La Canada Flintridge. Eleven out of the 24 jurisdictions that have condominium conversion ordinances adopted them after 2000.

Sixteen out of the 89 Los Angeles County municipalities (18%) have a mobile home preservation ordinance, but only four municipalities (4%) have a rent control ordinance and only two municipalities (2%) have rent mediation boards. The four cities that have rent control ordinances are Los Angeles, Beverly Hills, Santa Monica (adopting its ordinance in the mid-1970s), and West Hollywood (adopting its ordinance in the mid-1980s). Cities with a rent mediation ordinance are Gardena and Culver City (both adopting their ordinances in 1987).

Table 5.7 shows which cities have the highest number of anti-displacement policies (three or more). The cities with the highest proportion of anti-displacement policies are: Los Angeles that has adopted nine out of the 14 policies (64%), Santa Monica and West Hollywood (50%), as well as Calabasas and Pasadena that have adopted six out of 14 policies (43%). See Appendix U for a list of the policies adopted by each of Los Angeles County's 89 municipalities.

Table 5.7: LA County Cities that have instigated 3 or more Anti-Displacement and Housing Affordability Policies

City	# Total Policies	% of Policies Adopted
Los Angeles City	9	64%
Santa Monica	7	50%
West Hollywood	7	50%
Calabasas	6	43%
Pasadena	6	43%
Beverly Hills	5	36%
Glendale	5	36%
Huntington Beach	4	29%
La Verne	4	29%
Long Beach	4	29%
Malibu	4	29%
Agoura Hills	3	21%
Claremont	3	21%
Hermosa Beach	3	21%
Los Angeles County	3	21%
Rancho Palos Verdes	3	21%

Source: UCLA Internal Analysis

Comparison between Bay Area and Los Angeles

In comparison with the Bay Area, fewer Los Angeles cities have anti-displacement or affordable housing policies (Figure 5.3). The policy differences between the two regions can be explained by several other differences between these regions: the two regions are politically different, and

⁷ 16 Cities (18%) have Inclusionary Zoning and/or In-Lieu Fees. However, La Verne only has Inclusionary Zoning in its Old Town Community Plan, while Malibu only has In-Lieu Fees (Ordinance 375), but not Inclusionary Zoning.

progressive policies are more easily adopted in the Bay Area, due in part to pressures from affordable housing advocates in the Bay Area. Also, geography matters: the supply of land is more limited in the Bay Area; therefore, the development of housing is more constricted and the magnitude of the affordable housing problem is greater compared to Los Angeles (interview with authors).

Another reason cited is that, although Los Angeles is extremely expensive, San Francisco has been the “ground zero” for affordability issues (with rents only rivaled by those in Manhattan). However, given lower incomes in Los Angeles, it is actually relatively less affordable than the Bay Area at this time. Therefore, it is not a simple issue of greater need in the Bay Area. An expert in the Bay Area explained the discrepancy thus:

“...I think the existence of so much progressive housing and urban policy here is the legacy of volunteers...it was San Francisco and Berkeley that had really strong tenant movements in the 60s and early 70s...I think cities tend to look at their neighbors and see what their adopting and when you get to some sort of critical mass, you know half the city is in the county, half these policies. Now you’re not sticking your neck out, you’re just doing what everyone else does.”

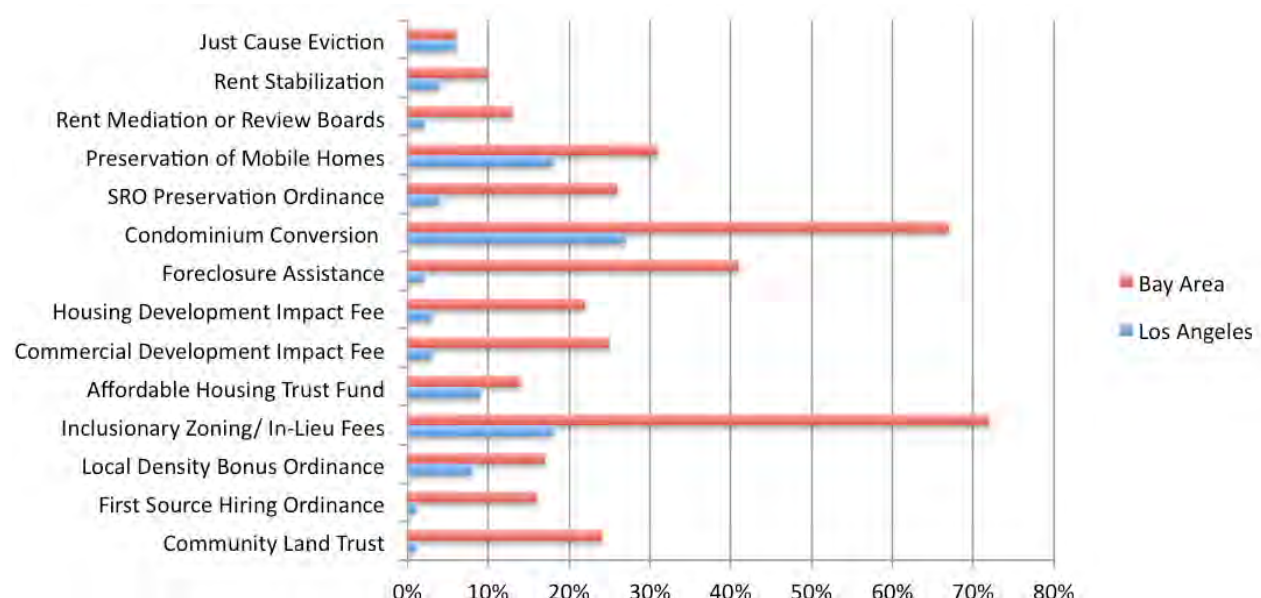


Figure 5.3: Comparison of the Proportion of Bay Area and Los Angeles Cities with Anti-Displacement Policies

Source: UC Berkeley and UCLA Internal Analysis; Association of Bay Area Governments 2015; Center for Community Change 2015; Center for Community Change 2013

Addressing Displacement in Transit-Oriented Development

Transit oriented development is defined as “a planning and design trend that seeks to create compact, mixed-use, pedestrian-oriented communities located around new or existing public transit stations” (PolicyLink 2008, p.1). A CHPC working paper clearly explains why there should be a focus on affordability near TODs (CHPC 2013).

1. Low-income people own fewer cars and use transit more.

- a. People with lower incomes are more likely to be transit riders, with households that earn less than \$20,000 per year using transit more than four times as much as higher-income groups.
 - b. Nationally, 48.5% of transit riders do not own a car, compared to the national average of only 6.1% of all American households that are carless, and low-income households are far less likely to own a car.
2. Proximity to transit is linked to increasing property values and rents, typically 10-20% above similar rental buildings that are further from transit.
3. New transit stations tend to attract new residents with higher incomes and higher car ownership.
4. Evaluations of smart growth plans that emphasize TOD and other infill development have found reduced affordability and loss of lower income households in TOD areas.

A common idea is to impose targeted policies in areas around transit stations. One expert is skeptical of this approach, however, unless the funds going to transit investments have anti-displacement provisions:

“Of course, then the question is what’s the radius that you want to define...I mean everybody let’s say oh within a mile or within a half-mile [of] the transit, and really the effects of our transit—it’s not a circle. It’s kind of...a snake that swallowed a rope with [a] big bulge and you go out along all the arterials that eat into the station. But however it gets defined, that could be one of the problems. Frankly, I think all of the money that’s tied into investments in transportation and close to transit stations needs to have strings attached to it that call for both some kind of anti-displacement policy (however those are defined) as well as some requirement for affordable housing (interview with authors).”

Planning for Transit Oriented Development in the Bay Area

The San Francisco Bay Area has a long history of developing policies to incentivize smart growth and TODs, some of which have explicitly addressed affordable housing and displacement. In this section we review some of these policies and how affordable housing and displacement risk have been incorporated into planning and project review, both at the local and regional level.

Background on Regional Smart Growth Planning in the Bay Area

Beginning in 1997, the Metropolitan Transportation Commission started the Transit for Livable Communities (TLC) program. TLC provided planning and capital grants for local transportation projects in downtowns, corridors, transit areas, and other activity centers, when they planned for higher-density housing and mixed-use development around transit. Since its inception, TLC has awarded over \$250 million in funds to better link land use and transportation decisions made by the region’s cities and transit operators (CTOD, CD+A, and Nelson Nygaard 2014).

In the early 2000s, ABAG, the Metropolitan Transportation Commission (MTC) and other regional agencies began to work together to formulate a regional Smart Growth strategy and developed the FOCUS program that promotes linkages between land use and transportation by encouraging development in key locations (CTOD, CD+A, and Nelson Nygaard 2014). In 2007, the regional agencies asked cities to select areas that they wished to prioritize for infrastructure grant funding, such as a downtown or a corridor, to promote infill development as part of the FOCUS program, which were called Priority Development Areas (PDAs). The criteria for identifying PDAs were that they be located in existing communities, where housing growth was expected, and near transit.

These areas, where cities had largely already planned future growth, then became eligible for planning grants, capital improvements, technical assistance, and other resources to support local governments and encourage TOD.

In 2008 California passed SB 375, directing regions to coordinate land use and transportation planning through the development of sustainable communities strategies (SCS) as part of its periodic Regional Transportation Plan. The SCS must also be consistent with state-mandated plans for ensuring that localities provide adequate housing for all income levels under the RHNA process. Grant funding and litigation provide the primary “carrots” and “sticks” for implementing these state goals.

When the Bay Area’s regional agencies set out to develop their SCS, known as Plan Bay Area and adopted in 2013, they used the pre-established PDAs as the guiding geography. Seventy-eight percent of future growth was directed towards PDAs. Although the implementation of the plan involves allocating transportation funding to projects consistent with the plan, they are largely coordinated through the county-level congestion management agencies that produce county transportation plans every two years and distribute funds to local jurisdictions (ABAG and MTC 2013).

Station Area Plans

Through MTC’s Station Area Planning program (which later became the Priority Development Area Planning), over 50 projects have been funded that include station area planning, funding for Environment Impact Reviews (EIRs) of plans, and in certain circumstances gap financing.

MTC began a station area planning program in 2005 in conjunction with the passage of the TOD policy that would apply to nine transit expansion projects covered under the Regional Transit Expansion Program, also known as Resolution 3434 of 2001 (MTC 2005). The TOD policy required that these plans include a minimum number of housing developments within a half-mile of the station along the corridors to ensure future growth in transit ridership, to make the investments cost-effective and to ease the Bay Area’s chronic housing shortage, among other goals. These housing thresholds were determined through a study of existing and potential levels of development in the corridors (CTOD, CD+A, and Nelson Nygaard 2014). If the corridors did not meet the thresholds (out of the nine, five projects did not meet them), they were required to conduct station area plans. Below-market-rate⁸ units were rewarded by receiving 50% bonus points toward the threshold minima. To be counted toward the threshold, planned land uses had to be adopted through general plans accompanied by the appropriate implementation processes, such as zoning codes.

In an evaluation of the TOD policy, consultants found through a stakeholder survey that despite the bonus points allocated to affordable housing “survey respondents did not feel that the Policy was effective in encouraging the inclusion of affordable housing opportunities within station areas. Most jurisdictions relied on their citywide affordable housing policies rather than making a specific effort to provide affordable housing within the station area plans” (CTOD, CD+A, and Nelson Nygaard 2014). In fact, the consultant team found that “Some jurisdictions feel that their citywide inclusionary ordinances are already near the tipping point of making housing development infeasible and imposing higher requirements for affordable housing in station areas would make transit-oriented housing infeasible. The City of San Jose actually exempted downtown areas from its

⁸ Defined in the policy as affordable to 60% AMI for rentals and 100% AMI for owner-occupied units.

citywide inclusionary housing ordinance, which had the effect of stimulating market-rate housing production around transit stations” (p.19).

In 2008, the station area planning program was expanded to allow areas participating in the FOCUS program to compete for funding. The FOCUS program was established by MTC and ABAG in 2007 to promote land use and transportation linkages by encouraging development in PDAs, which were defined by local jurisdictions as areas near transit that provided opportunities for future growth. At the same time MTC commissioned a Station Area Planning Manual from Reconnecting America in 2007 (Reconnecting America 2007). The manual identified different place types (e.g., city center and transit neighborhood) and attached suggested total housing unit targets for the half-mile radius around a station in each type of place, ranging from a low of 1,500 units for transit neighborhoods to 30,000 units for regional centers. According to stakeholders, these targets were very easy to reach as they were written very liberally to encompass a wide range of places. Also within the manual were suggestions for how to create opportunities for “affordable & accessible living” including a) the setting of affordable housing goals, b) consideration of inclusionary requirements, c) providing a range of housing options, and d) minimizing displacement of existing residents by analyzing and adopting policies where “appropriate and feasible” (p. 24). In addition, jurisdictions were encouraged to consider affordable housing financing mechanisms, including the targeting of existing programs to station areas.

The Station Area Planning program was later converted into the Priority Development Area program in 2012. Although MTC staff evaluated applicants based on the housing policies they required, it was not until 2012 that formal guidelines were distributed, which encompassed “Planning Elements” that MTC encouraged grant recipients to include (MTC 2012a). These elements included a section on “Affordable Housing and Anti-Displacement Strategy” (p.7-8), which involved the quantification of the affordable housing needs and identification of an affordable housing goal. In the identification of goals, jurisdictions were encouraged to consider “No net loss of affordability in the plan area”, to identify quantitative targets of affordable units, and to demonstrate consistency with RHNA numbers. Among the policies jurisdictions were encouraged to consider were: a) inclusionary housing, b) housing trust fund, c) reduced parking standards, d) rehabilitation programs, e) land trusts, f) foreclosure mitigation. To avoid displacing existing residents, the Plan Elements suggests the engagement of communities likely to be displaced, local economic development, and enhancement of community centers and facilities.

Of the 37 completed plans that were reviewed, 31 (84%) had quantified total housing unit targets, while 16 (43%) had quantitative affordable housing targets, usually in the form of a percentage of the total. In addition 14 (38%) plans mentioned displacement, some of which outlined potential efforts to mitigate it. The vast majority of plans, 31 (84%) included language on reduced or unbundled parking, either as a way to reduce costs, or increase transit ridership or non-motorized transit. In stakeholder interviews, MTC staff noted that although the plan elements were suggested to all grant recipients, they didn’t necessarily apply universally as some jurisdictions already covered many affordable housing policies through citywide policies or other plans. In addition, some of the funding went only to EIRs or partial grants for incomplete elements to pre-existing projects, making it difficult to modify plans that were already farther along.

Scoring Incentives through One Bay Area Grants

The One Bay Area Grant (OBAG) was the new funding approach to integrate the region’s federal transportation program with SB 375 to encourage land use and housing policies that support the production of housing with supportive transportation investments. In 2012, MTC established

criteria guidelines for how to allocate federal transportation money to the nine-county Congestion Management Associations (CMAs) (MTC 2012b). For FY2015-16, \$320 million was allocated to CMAs through the OBAG program, approximately 40% of total federal transportation funds that MTC distributed. With the guiding principle of “using transportation dollars to reward jurisdictions that accept housing allocation through the RHNA process and produce housing as well as promoting investments in PDAs” (MTC 2012d, p.2) the formula used to distribute OBAG funding to the counties takes into consideration the following factors weighted according to the percentages in parentheses: population (50%), past housing production (12.5%), future housing commitments as determined by the ABAG RHNA (12.5%) and added weighting to acknowledge very-low- and low-income housing production (12.5%) and future commitments (12.5%).

Each county CMA is then required to prepare a “PDA Growth and Investment Strategy” that includes selection criteria for OBAG grants. The purpose of the strategy is to ensure that CMAs have a transportation project priority-setting process for OBAG funding that supports and encourages development in the region’s PDAs. CMAs in larger counties were directed to spend at least 70% of their OBAG investments in PDAs or on projects connected to PDAs. In addition, jurisdictions were required to have an adopted and certified Housing Element to be eligible for OBAG grants. In developing their local funding guidelines for the competitive grants (accounting for approximately 50-75% of the OBAG grant money, which varied by county), MTC encouraged the CMAs to emphasize housing growth in PDAs, “favorably consider” projects located in Communities of Concern and in PDAs with “affordable housing preservation and creation strategies” (MTC 2012c, p.2). In a footnote, examples of such policies included: inclusionary housing requirements, city-sponsored land-banking for affordable housing production, just-cause eviction policies, policies or investments that preserve existing deed-restricted or “naturally” affordable housing, condo conversion ordinances that support stability and preserve affordable housing, and the like. (MTC 2012c, p.1)

Some CMAs used these suggestions from MTC directly when constructing their evaluation criteria for OBAG grants. For instance the Alameda County Transportation Commission (ACTC)’s first Investment and Growth Strategy of 2013 outlined a two-tier evaluation process. First projects were evaluated based on planning and development readiness, followed by a 100-point OBAG scoring and selection criteria. Projects could potentially receive nine out of 100 points for “Affordable Housing Preservation and Creation Strategies” such as “inclusionary zoning ordinance or in-lieu fee, land banking, housing trust fund, fast-track permitting for affordable housing, reduced deferred or waived fees for affordable housing, condo conversion ordinance regulating the conversion of apartments to condos, SRO conversion ordinance, demolition of residential structures ordinance, rent control, just cause eviction ordinance, or others” (ACTC 2013, pp. 3-13). In contrast the CMA of San Mateo awarded up to two out of 103 possible points for projects located in or near an “affordable housing PDA” (C/CAG 2014, p.46). Santa Clara County’s Santa Clara Valley Transportation Authority (VTA), on the other hand did not award any points for affordable housing (VTA 2014).

In a recent analysis of the first round of OBAG funding by the Great Communities Collaborative (Montejo 2015), researchers found that 61% of cities were allocated less funding than what was determined by their MTC formula share. Furthermore, Montejo found that on average, 51% of projects funded with OBAG grants were within a quarter-mile of affordable housing and only 21% were within a half-mile of both transit and affordable housing. According to the Great Communities Collaborative inventory of funding allocation and the number of anti-displacement policies we inventoried in each jurisdiction, the relationship appears weak at best. The jurisdiction with the highest number of anti-displacement policies (San Francisco) also received the largest amount of

OBAG grants. However, looking at the grant funding on a per-capita basis, there appears to be no correlation between the number of policies and funding received (Figure 5.4).

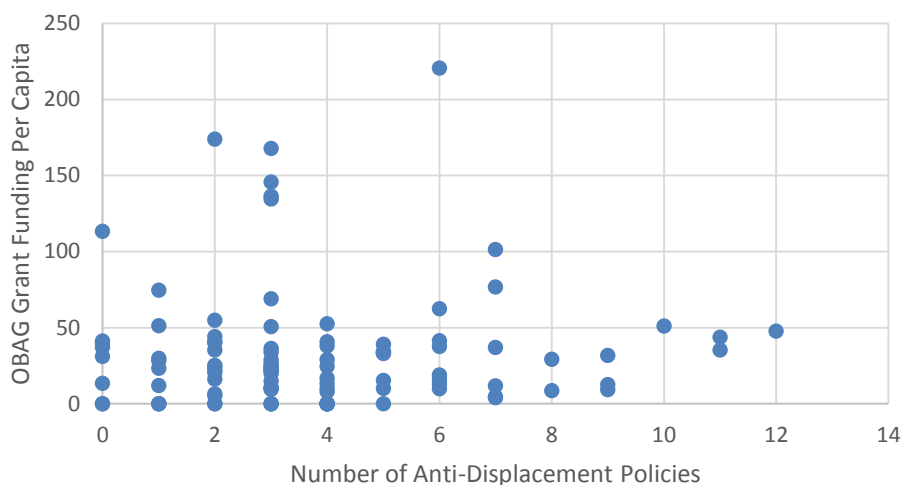


Figure 5.4: Per-Capita Opportunity Bay Area Grant Funding By Number of Anti-Displacement Policies, Bay Area Cities
Source: UC Berkeley Internal Analysis

Los Angeles Station Neighborhood Area and Planning Guidelines

The City of Los Angeles has created TODs or Station Neighborhood Area Plans (SNAPs) as a means of guiding development near existing or new transit stations. Various city documents have also incorporated transit sections into planning documents, including community plans and specific plans. The following section outlines how these types of plans address issues of affordability, and whether they mention the topics of gentrification or displacement. The emphasis of this section is not on the types of plans that have been created, rather how these documents propose development near transit and how/if they referred to affordability, displacement, or gentrification.

Before delving into these station area plans, consider a requirement of Los Angeles County Metropolitan Transportation Authority (LA Metro) when it enters into joint development agreements for construction on its land: the fifth listed goal is affordable housing⁹. The guidelines call for “35% of the total housing units in the Metro joint development portfolio [to be] affordable for residents earning 60% or less of the Area Median Income” (LA Metro 2015). One mechanism for achieving this is a policy of land discounting, whereby LA Metro may “discount joint development ground leases” by no more than 30% of fair market value. This is a promising addition (as of July 2015) to the guidelines, and is likely to help address displacement in transit neighborhoods by providing more affordable housing.

The planning documents are official statements of the local planning departments reflecting the government policy regarding the physical development of a community. However, the documents are not legally binding, but are instead a list of recommendations for interpreting those values into

⁹ Prior to the 2015, joint development agreements often included affordable housing requirements. The 2015 guidelines, however, institutionalized the 35% affordable housing requirement and also introduced the 30% discount limit on joint development ground leases.

future land use and development policies and decisions. The plans aim to be comprehensive in addressing how physical aspects of the community affect social, economic, and environmental issues. The plans can help shape future neighborhood plans, corridor plans, and other community improvements, but they do not guarantee a specific outcome. As with SNAPs, specific plans usually cover smaller geographical areas than the Community Plan. The goal of Specific Plans is to restrict development through regulatory controls and incentives that promote systematic and incremental neighborhood change to ensure orderly development and appropriate capacity off public facilities.¹⁰ Community Plans provide specific, neighborhood-level strategies necessary to achieve the General Plan objectives.

Table 5.8 lists the existing Los Angeles plans with TOD sections. None of the TOD plans¹¹ explicitly use the words gentrification or displacement, but there are references to the creation and preservation of affordable housing. The Northeast Los Angeles Community Plan mentions issues of displacement several times. The West Adams, Baldwin Hills, and Leimert Community Plan implies that gentrification is a concern and discusses preventing displacement.

There are 12 future Los Angeles County and City TOD plans. These future plans include five stations along the Crenshaw line, with additional five stations along the Exposition Line. Two future Los Angeles County TOD plans include Willowbrook and East Los Angeles 3rd St. Specific Plan.

¹⁰ A detailed description on community plans and specific plans can be found on the City of Los Angeles Planning website: <http://www.lacity.org/311-service-category/policy-planning>

¹¹ The three Los Angeles SNAP plans include 1) Vermont/Western 2) Avenue 57, and 3) Warner Center 2035 Plan. The five plans that include TOD sections include: 1) the Northeast Los Angeles Community Plan, 2) the West Adams, Baldwin Hills, Leimert Community Plan, 3) Cornfield Arroyo Seco Specific Plan, 4) Southeast L.A. Community Plan Implementation Overlay Zone, and 5) the South Community Plan Implementation Overlay Zone. There is also one report that is outlined in this summary that relates to the Vermont/Western Transit Plan—*Surveying East Hollywood: A Profile and Needs Assessment of the Business Community*.

Table 5.8: Existing Los Angeles Plans with TOD sections

Name	Type of Document	Year Adopted	Metro Line	Mention of Displacement or Gentrification	Affordability Policies Mentioned
Vermont/ Western	SNAP/TOD	2001	Hollywood/Western, Vermont/Beverly, Vermont/Santa Monica, Vermont/Sunset (Red Line)	No	Mixed-Use Developments, Community Benefits, Homeownership, Exemptions from Park Fees
Avenue 57	SNAP/TOD	2002	Highland Park Station (Gold Line)	No	Homeownership support, Mixed-Use Development
Warner Center 2035	SNAP/TOD	2013	Warner Center Station (Orange Line)	No	Mixed-Use Development, Affordable Housing Requirement, Workforce Housing, Living Wage, Local Hiring, Exemptions from Development Fees.
Northeast Los Angeles	Community Plan w/ TOD	1999	Highland Park Station (Gold Line)	Yes, displacement concerns	Higher density near transit, Mixed-Use Development, Maximize opportunities for affordable housing adjacent to rail stations
West Adams, Baldwin Hills, Leimert	Community Plan w/ TOD	2007	Exposition (Phase I) and North-South Crenshaw/LAX	Yes, gentrification & displacement	Increase Homeownership, Affordable Housing Options, Accessory Dwelling Units, Infill Development, Parking Reductions, Condo Conversions.
Cornfield Arroyo Seco	Specific Plan w/ TOD	2013	Chinatown and Lincoln/Cypress Metro (Gold Line)	No	Affordable Housing Density Bonus, Unbundled Parking Exemption
Surveying East Hollywood	Report on Vermont/Western	2002	Hollywood/Western, Vermont/Beverly, Vermont/Santa Monica, Vermont/Sunset (Red Line)	Yes, displacement of businesses	Local Job Incentives, Lower Parking Standards, Love/Work Spaces

Source: UCLA Internal Analysis

The Los Angeles SNAP, Specific, and TOD Community plans vary in terms of if and how they mention gentrification and displacement, and how they propose to preserve or develop affordable housing. The older plans such as Vermont/Western or Avenue 57 do not directly speak to issues of displacement, but do refer to the need for housing affordability. The plans focus on maintaining the existing scale of the neighborhoods, as well as the need to promote homeownership. The plan encourages mixed-use and live-work spaces. Planners consider the development of mixed-use housing as an opportunity to provide affordable housing units. The Metro Joint Development Program: Policies and Processes, updated in 2016, states that “Metro will define affordable housing

as housing for residents earning 60% or less than AMI, and will prioritize units with even deeper affordability levels for very-low-income and extremely-low-income residents” (p. 7). There are also exemptions from standard parking requirements. The Vermont/Western Plan also mandates community benefit agreements. Although the Northeast Los Angeles Community Plan refers to displacement concerns, the Avenue 57 SNAP for the area does not speak to this issue directly.

The Warner Center Plan, which was adopted in 2013, speaks to a range of affordability policies such as workforce and affordable housing. Additionally the plan promotes anti-displacement policies such as living wage and local hiring. The Warner Center Plan does not directly refer to displacement or gentrification, but has an extensive list of policies that encourage both affordability and job opportunities for locals.

The West Adams, Baldwin Hills, Leimert Community Plan does refer to gentrification and displacement as a concern and provides numerous proposals to promote affordability. Numerous policies speak to affordable homeownership opportunities, the need to provide more affordable housing options built at the same scale as the neighborhood, the need to promote co-housing, and accessory dwelling units. The plan also promotes middle- and working-class homeownership and suggests that this could be done through condominium conversions.

The newest community plans, Cornfield Arroyo Seco (adopted 2013), the South and Southeast Los Angeles Plans (draft form), as well as the future Expo Line TOD plans, are more complex in their proposals. These plans create specific subareas where tiered zoning is encouraged as a means to promote denser development. The zoning scheme that would allow developers to build larger buildings if preferred uses, such as affordable housing, are included. These plans also have areas where single-family homes are prohibited, since the emphasis is on higher density as a means to provide more affordable housing options. The Expo Plan also incorporates public benefits as a part of development projects.

There is a significant distinction between the earlier and newer TOD plans. For instance, in the Vermont/Western Plan affordability is encouraged, but few incentives or guidelines are provided for developers when compared to the newer TOD plans, where a menu of incentives is provided to encourage different ways of achieving affordable housing.

Prevalent Policies that Aid in Addressing Transit-related Displacement

We will next consider four policies in depth, three production and one preservation. We focus on inclusionary housing and condominium conversions, because of their prevalence in the Bay Area and Los Angeles County. We then discuss rent control in the Bay Area, because it is a policy frequently discussed in the literature and believed to be effective in addressing displacement, yet few cities in the Bay Area have implemented it. Finally, we discuss preservation of mobile homes in Los Angeles County since it is one of the more prevalent policies in Los Angeles.

Inclusionary Housing/Zoning

Many cities use inclusionary housing or inclusionary zoning policies to increase the stock of affordable housing at a minimal cost to the city and concurrent with development. Such policies

include requirements on developers to devote a certain portion of new development to below-market renters or owners or provide an in-lieu fee to develop affordable housing elsewhere. As can be expected, inclusionary zoning works best in robust housing markets (Hickey 2014) and mandatory policies produce more units than programs that are voluntary (those that have guidelines for including below-market rate units in new developments but where development is possible without meeting the requirements) (Hickey et al. 2014).

Inclusionary zoning programs are widespread—over 500 jurisdictions in 27 states and Washington, D.C. have policies in place, though they are particularly concentrated in California and New Jersey (Hickey et al. 2014). In the Bay Area 78 cities have some type of inclusionary zoning policy in place, but only 16 cities have inclusionary zoning in Los Angeles County. The policies vary considerably, both in their design and implementation and in how much housing they produce (Hickey et al. 2014). Overall, “larger, more highly educated jurisdictions, and those surrounded by more neighbors with inclusionary zoning are more likely to adopt” such policies (Schuetz Meltzer, and Been with Furman Center for Real Estate and Urban Policy 2007).

Inclusionary zoning policies have generated a significant number of units of affordable housing. Nationally, Mallach and Calavita estimate that between 129,000 and 150,000 units have been produced through these programs, mostly in California, Massachusetts, and New Jersey¹² (Mallach and Calavita 2010). In California, between 1999-2007, inclusionary housing programs generated 29,281 affordable units, or 2% of total units authorized for construction¹³ (Non-Profit Housing Association of Northern California 2007; California Department of Finance 2015).

A data limitation on inclusionary housing production figures is that units produced via now-shuttered California redevelopment agencies are left out. These redevelopment agencies had requirements that “15% of all production inside a project area has to be affordable, under state law,” which meant that “every community [using redevelopment dollars] had to have an inclusionary policy of some kind,” according to a policy expert (interview with authors). Therefore, other units developed in a similar manner as inclusionary zoning have been produced in the state and are not captured in these figures.

However, even with these potential data inaccuracies, the policy has only made a small contribution towards addressing the affordable housing shortage. A recent report from the CHPC finds a statewide need for 1.5 million rental homes affordable to extremely-low- and very-low-income households (CHPC 2015). In the Bay Area, just over 17,000 units of affordable housing (for moderate-, low-, and very-low-income households) are needed annually through 2040 (Wegmann 2012). Inclusionary zoning, on its own, is not enough to satisfy so large a demand.

¹² This estimate includes units produced “in whole or part with [in-lieu] fees,” paid by developers in place of building the below-market rate units in their developments.

¹³ 1,500,213 units of housing were authorized to be constructed in this period.

Statewide Characteristics of Inclusionary Housing Policies

In California, inclusionary zoning has been significantly circumscribed. In 2009, two Court of Appeal decisions, *Building Industry Ass'n of Cent. California v. City of Patterson* ("Patterson") and *Palmer/Sixth Street Properties L.P. v. City of Los Angeles* ("Palmer") together upended previous understandings about the validity of, and appropriate analysis applied to, inclusionary housing ordinances. *Palmer* found that an existing state law related to rent control precludes jurisdictions from forcing developers to include rent-restricted units in their market-rate, rental developments (Shigley 2009). More specifically, the two cases, taken together, have the following implications for inclusionary ordinances:

1. *Patterson* suggests that inclusionary housing ordinances should be viewed as "exactions" that must be justified by nexus studies.¹⁴
2. *Palmer* does not allow inclusionary housing ordinances to limit rents unless public assistance is provided (*Palmer* does not affect buildings that receive public funds, nor those that receive some regulatory incentive, such as a density bonus (21 Elements, Strategic Economics, and Vernazza Wolfe Associates, Inc. 2015).

Since these decisions, most California jurisdictions have ceased applying their inclusionary policy to market-rate rental developments to stay clear of legal trouble (Hickey 2013). This is significant because California is home to almost half of the nation's inclusionary policies (Hickey 2013). Others have instead required developers to pay fees in lieu of construction inclusionary units, which the city can then use for funding separate affordable housing. However, such policies require a nexus study to be completed showing that the fee imposed is equal to the contribution the development makes to the affordable housing project; therefore, the potential revenue that can be raised is lower (Jacobus 2015).

The inability to generate inclusionary rental units comes at a time when many California towns and cities are seeing rent levels nearing all-time highs, and fiscally strapped state and local governments have cut or fully spent public funds that subsidize affordable rental housing. The *Palmer* decision has highlighted the importance of finding new ways to address legal impediments to rental inclusionary housing; some of the challenges are outlined in Appendix V.

In 2013, a bill to reverse the *Palmer* decision was passed by the California legislature, but was vetoed by Governor Brown (Daniel 2013). Efforts are ongoing to pass a "*Palmer* fix."

Although the *Palmer* ruling did not restrict inclusionary zoning policies related to ownership units, a subsequent case in San Jose challenged those laws as well (*California Building Industry Ass'n ("BIA") v. City of San Jose*). In June 2015, the California Supreme Court ruled that inclusionary zoning ordinances for ownership units are allowed under jurisdictions' police powers and, importantly, "affordable housing ordinances are simply price controls on new homes" and therefore require no

¹⁴ Nexus studies must show that the construction of market-rate housing contributes to the need for affordable housing. They usually do so by showing the new market-rate housing will increase household spending in a community, which will create low-wage jobs, whose workers will need a place to live. An alternative nexus theory, more difficult to quantify, is that market-rate projects use up land that would otherwise be available for affordable housing. In a case involving commercial linkage fees, the Ninth Circuit discussed the "indirectness of the connection between the creation of new jobs and the need for low-income housing," but ultimately concluded that the fees bore a "*rational relationship* to a public cost closely associated with" new development. *Commercial Builders of Northern California v City of Sacramento*, 941 F.2d 872, 874-76 (9th Cir. 1991).

nexus studies or proof of “deleterious impact” to be passed, making their implementation much easier (Goldfarb Lipman LLP 2015).

Assessing the effectiveness and importance of inclusionary policies, one expert said: “No one has ever claimed that inclusionary is *the* policy...it’s one more tool in the toolbox...maybe between inclusionary and impact fees and this and that, you can cobble together enough” to create some level of affordable housing (interview with authors).

A different expert commented that inclusionary zoning might be so widespread because it is, from a fiscal standpoint, easy to pass: it requires no new tax funding nor allocation of general fund monies (interview with authors).

One of the most significant differences between older and newer programs is in the affordability of units produced (NPH 2007). According to the NPH report, newer programs (post-2000s) produce more rental housing and more housing for lower-income households, when compared with older programs (Figure 5.5).

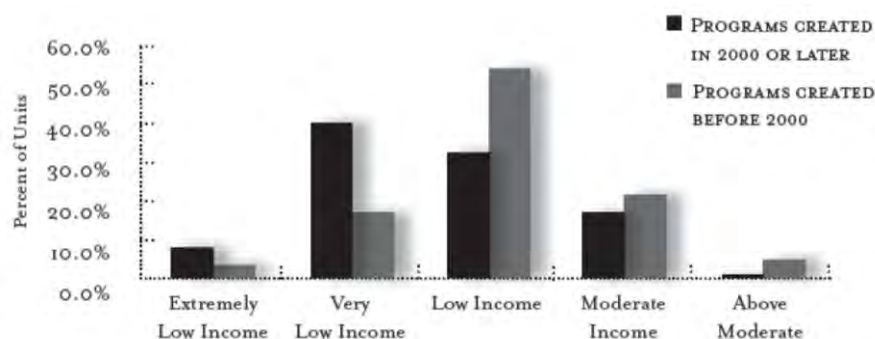


Figure 5.5: Distribution of Units by Income Level and Age of Inclusionary Program
Source: (NPH 2007, 20)

The report also documented that almost none of the housing goes to extremely-low-income households, a quarter to very-low-income, nearly half to lo- income, and 21% to moderate-income (Figure 5.6) (NPH 2007, 14).

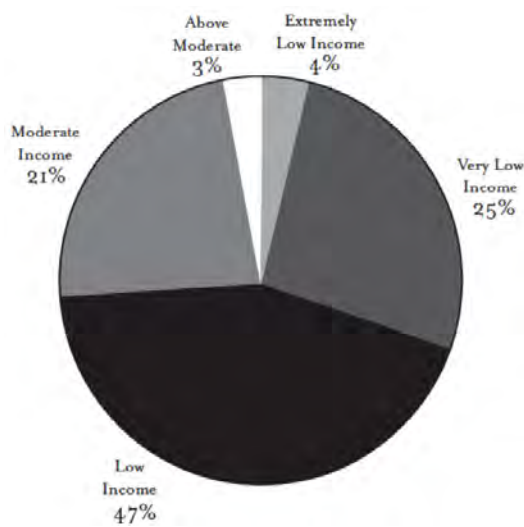


Figure 5.6: Inclusionary-Development Units by Income Target
Source: (NPH 2007, 14).

Although 81% of programs in California offered payment of fees as an option (CCRH and NPH 2003), there are not many estimates of the total amount of in-lieu fees generated by inclusionary programs. The NPH report (2007) estimates the number of units created as a result of in-lieu fee: “nearly one-quarter of all the reported units (4,798)” (NPH 2007, 17). But the authors also claim that it is very likely the figure is higher. Such counts are inexact because most jurisdictions mingle in-lieu fees with other housing funds and do not track them separately. While most of the cities and counties with inclusionary housing allow in-lieu fees, the NPH study found that a smaller percentage of developers exercised this option.

Inclusionary Housing in the Bay Area

In the Bay Area, 72% of cities have inclusionary zoning policies in place (Figure 5.7). One expert thought the policy’s prevalence could be related to how easy the policy is to implement: “it doesn’t cost them money,” like funding affordable housing directly does. He believes that passing inclusionary laws allows cities to say “development is still happening, we’re getting housing built, and we’re still getting some affordable housing, aren’t we great. So I think at some point if enough cities are doing it the rest do it because it just becomes common sense” (interview with authors). On the other hand, the expert also speculated that some communities implement inclusionary housing as a “growth control measure...[such cities] were really interested in getting no more housing at all” as opposed to affordable housing (interview with authors).

Three policies were adopted between 1979 and 1989; 19 in the 1990s; 38 in the 2000s; and 11 between 2010 and 2014. The policies differ in terms of whether they target rental or ownership housing or both, and in regards to the specific proportion of affordable housing they require. Other differences include whether developers are allowed to construct their inclusionary units off-site from their market-rate development, and whether they may pay fees in lieu of providing the housing. There is no geographic pattern to which cities have inclusionary zoning policies.

Notably, Oakland, which has 10 of the 14 policies in place, does not have an inclusionary policy. A longtime advocate in Oakland believed this was because the city council is “just so eager to get development of any [kind]” given an “image problem” and a view that “people don’t want to invest in Oakland” and so are wary of placing any limitation on that, even negotiating with a developer to include community benefits or some affordable housing (interview with authors).

Most policies require developers to designate between 10-15% of their units as affordable, with others as high as 20% or as low as 4%. Nearly 70% of policies include an “in-lieu fee” provision that allows developers to pay a fee to the city instead of building the affordable units. Most policies specify a “minimum” number of units that triggers the law, around four-10.

Several cities include different requirements for different income levels. For example, in Richmond, developers must include either 17% of their units affordable to moderate-income households, 15% to low-income, 10% to very-low-income, or 12.5% to a combination of very-low-income and low-income. A plurality of policies explicitly target moderate-, low-, and very-low-income households (nearly 40%), while others focus on only low- and very-low-income households.

A very common feature of the policies is to include a prescribed breakdown of levels of affordability within the required below market-rate (BMR) units: for example, in San Bruno, 15% of units (in projects with 10 units or more) must be BMR; for rental buildings, 40% of those units are for very-low-income households, and the rest for low-income, while in ownership buildings, 40% are

reserved for low-income households and the rest for moderate-income. However, cities vary in terms of the income level qualifying for such affordable housing units—many cities also target moderate-income households, while other cities only focus on low-income households. Stakeholders from several cities in the Bay Area (Sonoma and Concord, for example) suggested changing the policies to shift the focus from moderate-income to lower-income households. Several other stakeholders suggested raising the in-lieu fees, which they said are currently too low. Many respondents also cited the *Palmer* case and the governor’s veto of a “*Palmer* fix” as challenges to the implementation of such policies.

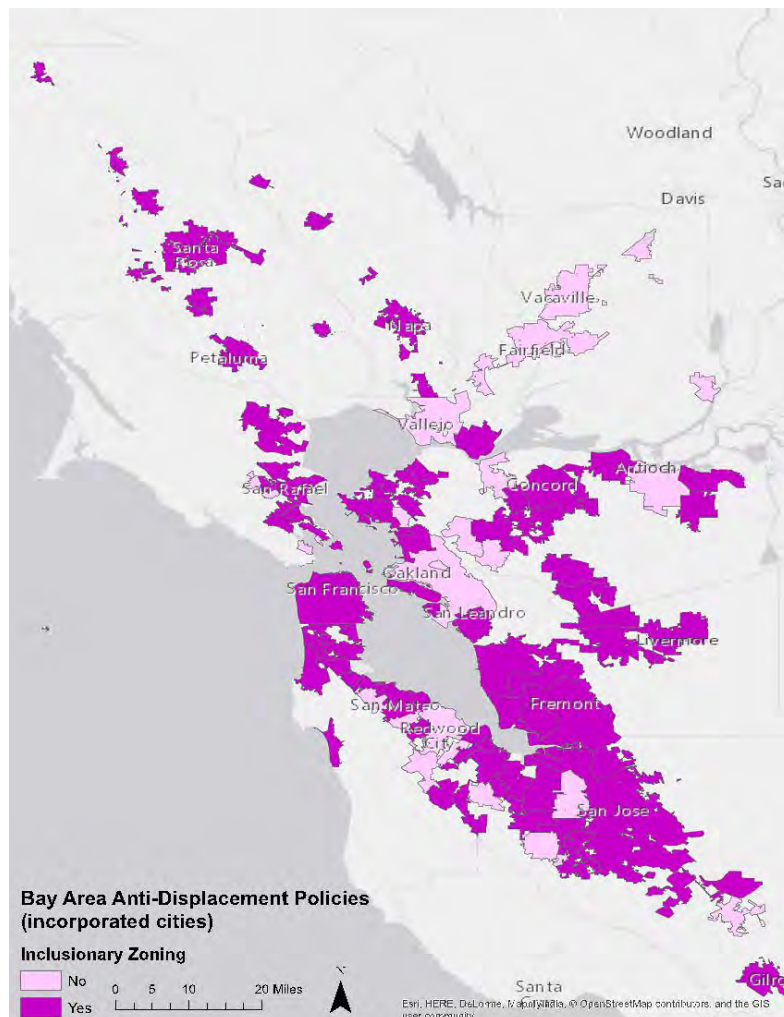


Figure 5.7: Inclusionary Zoning in Bay Area Cities

Source: UC Berkeley Internal Analysis

The experience of two cities in the Bay Area (Colma and Walnut Creek) shows that inclusionary zoning does not work in cities without significant new housing investment. In these cities, stakeholders report that very few units (less than 10) have been developed as part of the ordinances, which were implemented in 2005 in Colma and 2004 in Walnut Creek.

These are both places that have experienced minimal development of any level: in Colma, which is comprised in large part of cemeteries, only two units of any kind have been built between 2007 and 2013, while in Walnut Creek, the figure is 75. However, in Walnut Creek, 47 of those units have

been for very-low-income households, even though no or very few units of inclusionary zoning have been developed. This indicates that other strategies besides inclusionary zoning are working to provide affordable housing.

Other cities have seen more success: in East Palo Alto, 80 units were developed through the policy between 1994-2013; in Sunnyvale, hundreds of units have been constructed since 1980; and in San Francisco, 1,214 on-site units and 346 off-site units have been constructed between 1992-2013 (San Francisco Mayor's Office of Housing and Community Development 2014). These statistics are the exception to the rule: most cities do not track the numbers of units built through inclusionary ordinances, according to a stakeholder.

Inclusionary Housing in Los Angeles

In Los Angeles County, there are 14 cities with inclusionary housing policies. Three cities adopted inclusionary zoning in the 1980s, five in the 1990s, and six from 2000 to 2010. La Verne has inclusionary zoning in its Old Town Community Plan, while Malibu only has in-lieu fees (Ordinance 375), but not inclusionary zoning. Twelve of the 14 cities with inclusionary housing policies have mandatory inclusionary zoning, while the remaining two, Long Beach and Monrovia, have voluntary programs. Voluntary programs are based on the premise that cost offsets provide sufficient incentive for developers to participate in the arrangement (Mukhija et al. 2010, pp. 233–234). On the other hand, mandatory programs are likely to be based on the premise that revenue-neutral cost offsets are not necessary or that voluntary programs, even if financially neutral, are insufficient to motivate developers (Mukhija et al. 2010, pp. 233–234).

There are three recent papers or reports that provide numbers for how many units of affordable housing were produced through inclusionary zoning policies for some of the 14 Los Angeles cities. Although not all the cities are included and the time frames for when the information was collected varies, they provide a glimpse of how many affordable units have been produced using inclusionary zoning since the late 1990s.

The Non-Profit Housing Association of Northern California (NPH) report discussed above found that a total 659 affordable units were created through inclusionary zoning in the Los Angeles region from 1999 to 2006; however, this only accounts for inventories in six cities (Table 5.9). (NPH 2007, p. 7). Artesia is the only jurisdiction in the Los Angeles region that reported that 10% or more of the total housing in its jurisdiction was for affordable units as a result of local inclusionary housing programs (NPH 2007, 8).

Table 5.9: Inclusionary Housing Units Produced (1999-2006)

City	Affordable Units Completed	Units Created via In-lieu Fees	Total Units Created
Artesia	25	Not available	25
Calabasas	No response	No response	0
Glendale	No response	No response	0
Pasadena	348	178	526
Rancho Palos Verdes	No response	No response	0
West Hollywood	37	71	108
Total	410	249	659

Source: NPH, 2007

A Lincoln Institute paper that analyzed 20 inclusionary housing programs nationwide included one city in Los Angeles, Santa Monica (Hickey 2014). According to this report, up to 2006 Santa Monica had produced around 1,000 affordable housing units from inclusionary housing, 998 rental and two for-sale units (Hickey 2014, p. 23). These figures do not include affordable units developed by in-lieu fees. A more recent study by Mukhija et al. (2010) provides the numbers of affordable units created through inclusionary zoning for nine of the 14 Los Angeles cities from 1998 to 2005, as seen in Table

5.10.

Table 5.10: Inclusionary Housing Units Produced (1998-2005)

City	Affordable Units Completed	Affordable Units in Development	Units Created via In-lieu Fees	Total Units Created
Agoura Hills	36	0	Not available	36
Calabasas	0	0	0	0
Huntington Beach	428	78	111	617
Long Beach	0	0	N/A	0
Monrovia	0	0	N/A	0
Pasadena	346	357	128	831
Rancho Palos Verdes	0	9	0	9
Santa Monica	680	72	534	1,286
West Hollywood	91	50	224	365
Total	1581	566	997	3143

Source: Mukhija et al. 2010

Overall, studies have found that many cities do not have complete and accessible data on the number of affordable housing units produced (or the in-lieu fees generated) through inclusionary zoning (Mukhija et al. 2010; NPH 2007).

Condominium Conversion

The conversion of multifamily rental housing into condominiums is not a new phenomenon. The conversions of condominiums is a well-established trend that typically moves in waves (Chambers 2005; Pitarre 2005). “[Conversions were] popular in the late 1970s, and then [they] stopped completely. A mini wave happened again in the late 1980s, and now we’re seeing another wave” (Pitarre 2005 in Chambers 2005, p. 359). Historically, the most dramatic increases in conversions have occurred just before the real estate market peaks (LePage 2004 in Chambers 2005). For example, between 1970 and 1979, there were 366,000 conversions nationwide; 135,000 of those occurred in 1979 alone (Casazza 1982, p. 4).

There are several factors that fuel the condominium conversion trends in California: the lack of affordable homeownership options, an insufficient supply of undeveloped land, and developers’ financial motivation (Chambers 2005). Proponents of conversions emphasize that condos open the door to home ownership to people otherwise priced out of the housing market (LePage 2004, p. 29). Condominiums are typically much more affordable than detached, single-family homes. Thus, with affordable housing in California becoming increasingly scarce, “[c]onverted condominiums... are the only way for many residents to buy their first home” (Jones 2005a). The economic advantages of condominium ownership created a growth in both the demand and development of condominiums by the early 1980s (Vandever 1980; Judson 1983; Roback 1985).

The second component underlying the California boom of condominium conversions is the absence of available land for development (Hammer 2004). Thus, conversions are undertaken out of lack of alternative options. The last major factor fueling condominium conversions is the incentive for profit (Vandeveer 1980; Hammer 2004; Chambers 2005). The developer of a converted condominium project can realize returns from 15% to 30% in a matter of months (Pitarre 2005). Additionally, developers often save time and costs when they convert existing apartments instead of building new condominiums (Levy et al. 2006).

Together these incentives enable developers to pay substantial premiums for the apartment properties they acquire, often providing a high motivation for apartment building owners to sell their buildings (Gose 2004). Overall, this has resulted in a boom of converting existing apartments into condominiums in the 1980s and again in the early 2000s (Vandeveer 1980; Judson 1983; Roback 1985; Hofmann 2005; Ottens 2013).

While conversions have proven to be economically profitable to some building owners, the increasing frequency rate of conversions has sparked housing availability concerns. In recent years, the increase in conversions has resulted in the decrease of available rental units in many urban areas. For instance, by 1980, in California, the conversion of apartments to condominiums had doubled every year since 1976 (Vandeveer 1980, p. 467). The condominium surge returned in the mid-2000s.

Although no exact figures are available on how many renters are affected, the number of apartments sold to condominium redevelopers nationwide rose nearly tenfold from 7,800 in 2002 to 70,800 in 2004, according to Real Capital Analytics, a Manhattan-based research consulting firm (Jones 2005b). The condominium conversions are occurring most rapidly in Southern California, Northern Virginia, and the Miami and Las Vegas areas (Jones 2005b).

In addition to shrinking the supply of available rental units, condominium conversions also create numerous tenant-related problems (Committee on Government Operations, Commerce, Consumer, and Monetary Affairs Subcommittee, and U.S. Congress 1981). Tenants on fixed income such as the elderly, young families, couples, and individuals without operating capital are unable to purchase units they live in, or in some cases find replacement rental housing. Relocation becomes necessary and substantial moving costs can be incurred.

Condominium conversions are controlled primarily by local government regulations. In California as a whole, landowners must follow the Subdivision Map Act to convert rental property to condominiums, which includes applying for a tract map, attending a public hearing, and securing a public report from the State Department of Real Estate (Portman and Brown 2013). Tenants must be given sufficient notice if they are to be evicted, as well as the right to buy their unit (Portman and Brown 2013). However, even these provisions do not impose substantive restrictions on the ability of developers to convert (Bakker 2005). In addition, there are a number of ambiguities in state law provisions. Therefore, many cities have enacted condominium conversion ordinances that impose restrictions on the ability to convert and also deal with some of the ambiguities contained in the state law provisions. For example, under the California Subdivision Map Act, localities may establish social and economic criteria for regulating conversion in order to “make adequate provision for the housing needs of all economic segments of the community” (Cal. Gov Code § 65580(d)(West Supp. 1982)).

Local condominium conversion policies limit landlords' ability to turn multi-family rental housing into condominiums. These help existing tenants to stay in their housing as well preserving the overall stock of rental housing (Allbee, Johnson, and Lubell with ChangeLabSolutions 2015).

Bakker (2005) lists the most typical provisions found in procedural ordinances (ordinances that do not impose direct limits on conversions), which include a requirement that the initial notice of intention to convert contains a statement of tenant rights, a restriction on increasing rent during pendency of conversion process, and a requirement that the converter enters into extended leases (that will extend beyond the conversion).

Many local ordinances include provisions that require landlords to offer financial assistance to "elderly, disabled, or low-income tenants, and to families with minor children" as well as lifetime leases for elderly tenants (Portman and Brown 2013). Policies may also include specific notification requirements for tenants (such as 90 days or a year), relocation assistance, or offering residents the right to purchase their apartment (Allbee, Johnson, and Lubell with ChangeLabSolutions 2015).

In contrast to procedural ordinances, substantive ordinances typically limit the number of condo units that may be converted each year. The criteria for determining whether conversion is permitted or not is usually based on one or more of the following:

- Prohibiting conversions unless the city or regional vacancy rate is above a certain fixed amount.
- Prohibiting conversions unless the percent of total units rented is equal to or above a certain fixed number following the conversion. For example, the city might set its rental housing ratio at 30%, and conversions would be approved unless the conversion would push the proportion of rental units below 30%.
- Limiting annual conversions to a fixed percentage (such as 5%) of the total rental units in the community, or limiting them to a fixed number of units.

Condominium Conversion in the Bay Area

Seventy-three cities in the Bay Area have condominium conversion policies in place (67% of all cities/counties, see Figure 5.8), making this policy one of the most widespread of the 14 we considered. These policies were passed between 1974 and 2013: 11 in the 1970s, 24 in the 1980s (mostly 1980-1983), 12 in the 1990s, and 24 since 2000. Most prohibit conversion unless the vacancy rate in the city is above a certain level, usually around 3-5%. A few prohibit conversion of small buildings (such as fewer than 21 units in Burlingame). Others limit conversions based on the proportion of the housing stock that is rental: in Alameda and Santa Clara, conversion cannot occur if the percentage of units that are rented will drop below 40% due to conversion; in San Anselmo, the figure is 25%; in Mountain View and San Bruno, there is a floor of rental units as opposed to a percentage. Others set an annual limit on the number of units that may convert to condominiums: 200 in San Francisco, 100 in Fremont, 100 in Berkeley, 5% of units in Sausalito, 7% of units in Dublin. In Piedmont, apartments converted to condominiums must be replaced in kind by an equal number of equivalently priced rental units, with rents restricted for 55 years.

One stakeholder in Daly City believes "there is no need for the statute. Condominium conversions are not the trend in the housing market as they once were in the 1980s-1990s." Several other stakeholders around the Bay echoed a similar sentiment: while important at one time, condo conversions simply are not happening anymore. Yet many stakeholders around the Bay view these policies favorably: one in Sonoma noted "it has been effective;" and in South San Francisco, "no condominium conversions have occurred...to that extent, the current policy is very successful at

preventing the loss of rental units.” On the other hand, a stakeholder in San Francisco writes, “There are multiple problems with the ordinance. Existing tenants are pressured to accept buy-outs to move...[and it] also does not regulate [tenancy-in-common] conversions which would require state law reform to cover such conversions” (interviews with authors).

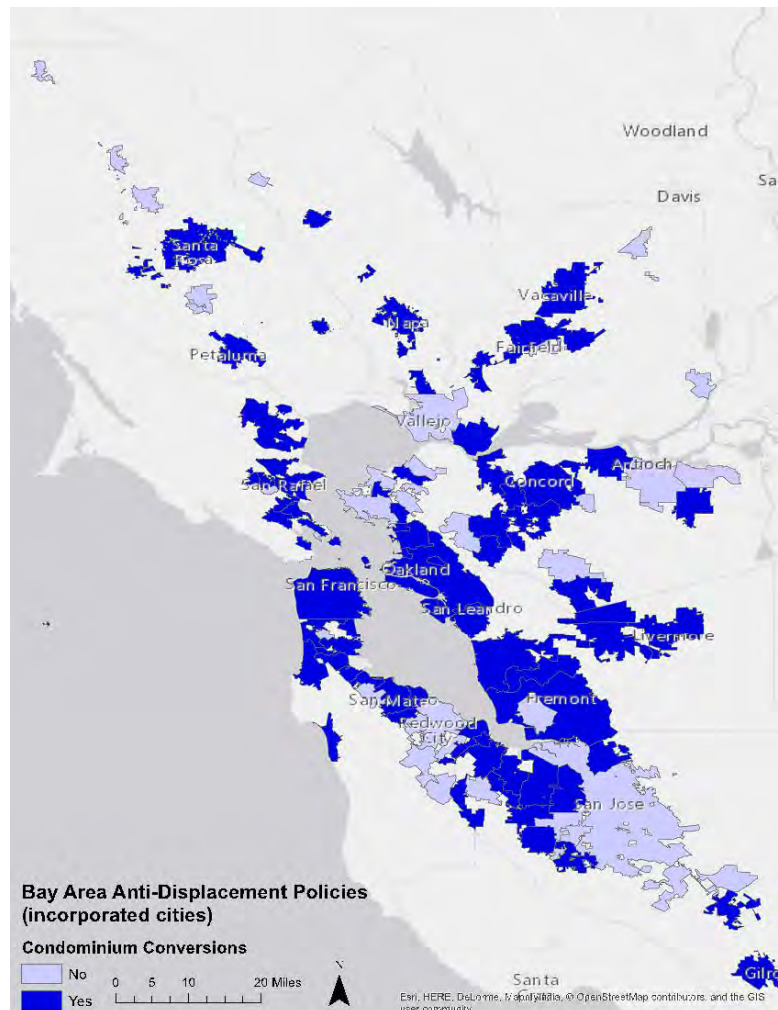


Figure 5.8: Condominium Conversion Policies in Bay Area Cities

Source: UC Berkeley Internal Analysis

One policy expert described many loopholes in Oakland’s condominium conversion policy that make it ineffective. The law’s intent is to ensure that any developer who takes rental units off the market must replace each one with rental housing someplace else. Developers can do this by building those units or buying “credits” from another developer for rental housing that another developer owns. However, developers can build a building as a condominium, rent out the units for seven years, and, through a provision in the law, that seven-year period generates conversion rights which can be sold to another developer. At the end of the seven-year period, the original developer can then sell the units, which means “there’s no permanent replacement housing.” Another loophole in the law, according to the expert, is that two- to four-unit buildings outside a certain zone in the city are exempt from the policy; most of the “close to 1,000” condo conversions in the last 10-15 years were in buildings this size (interview with authors).

One way developers avoid condominium conversion policies statewide is to evict tenants under the Ellis Act (which is by law a statement that they are exiting the rental housing business) and then sell the emptied building as condominiums later on, according to an expert (interview with authors).

These are but a few examples of how condominium conversion laws—and others, too—may seem effective on paper, but play out very differently.

Condominium Conversion in Los Angeles

In 2007, the City of Los Angeles issued 208 permits allowing apartment complexes to be converted to condominiums. Before the recession in 2008/2009, it was common for apartments to convert to condos when the market was hot. But when the housing bubble burst, the trend slowed down and declined every year afterwards. The city issued only 38 permits in 2010 (Ottens 2013). However, a 2013 *Los Angeles Times* article stated that, “Apartment building owners in Los Angeles and throughout California are once again converting to condos, but not at the torrid pace of 2007, when condo conversion peaked before the Great Recession” (Ottens 2013).

The Condominium Conversion Ordinance is the most prevalent anti-displacement policy in the Los Angeles region, with 27% of the jurisdictions having implemented it (24 jurisdictions). The majority of the cities in Los Angeles have procedural ordinances. The earliest condominium conversion ordinances date back to the late 1970s (two cities) and early 1980s (five cities). There were five cities that implemented condominium conversion ordinances in the 1990s and 12 from 2000 to the present. One of the cities, Pasadena, has imposed a Condominium Conversion Moratorium, which began in 2007. The use of these ordinances by cities may be reflective of condominium conversion booms from the 1980s and early to mid-2000s.

Rent Control in the Bay Area

Rent control refers to policies that limit the rent private landlords may charge tenants, either fixing it at a certain dollar amount, allowing it to increase by a specific percentage (often tied to the official rate of inflation) annually, or having the allowable increase set by a board each year. Some policies include restrictions on evictions and specific processes for landlords or tenants to petition for higher or lower increases, respectively.

Nationally, rent control was popular in the late 1960s through the early 1980s (Levy et al. 2006). By the late 1970s, 170 municipalities had put rent control laws in place, “mainly in the Northeast and California where the rent pressures were most severe and tenant organizations were strongest” (Keating and Kahn 2001, p.1). However, in the 1980s, an “emerging conservative onslaught” put tenants “on the defensive” and curtailed additional rent control ordinances, though cities that had passed rent control maintained a strong tenant voice (Keating and Kahn 2001). However, in Massachusetts and California, rent control was eliminated or limited, respectively, statewide; this is consistent with a national trend whereby opponents of rent control turn to the state level if they cannot roll back laws at the local level (Keating and Kahn 2001).

Nine cities in the Bay Area have rent stabilization/control policies in place, summarized in Table 5.11 and displayed in Figure 5.9.

Table 5.11: Cities in the Bay Area with Rent Stabilization/Control Ordinances

City	Year Introduced, Last Modified	Allowable Rent Increases	Type (according to California Tenants' Rights Guide)
Berkeley	1980, 2005	65% of the Consumer Price Index (CPI). Once per year.	Strict
Campbell	1983, 1998	No binding rule, but allows tenants to contest rent increases and includes dispute mediation.	N/A
East Palo Alto	1983, 2010	80% of the CPI but not exceeding 10%. Once a year.	Strict
Fremont	1997, 2001	No binding rule, but allows tenants to contest rent increases and includes dispute mediation.	N/A
Hayward	1980, 2003	5% max annual increase.	Weak
Los Gatos	1980, 2004	5% max annual increase or 70% of the increase in the CPI, whichever is greater. Once a year.	Weak
Oakland	1980, 2014	CPI; more if landlords have “banked” their rent increases. Once a year.	Weak
San Francisco	1970	60% of CPI, not exceeding 7%.	Strict
San Jose	1985	8% increase; 21% if the last increase was more than 24 months ago. Once a year.	Weak

Source: UC Berkeley Internal Analysis; (Portman and Brown 2013).

All the ordinances were passed between 1980-1985 except San Francisco's, which passed in 1970. Explaining the reason for the surge in rent control policies in the early 1980s, one stakeholder said these policies were in reaction to Prop 13. A policy expert mentioned that many rent control laws include a provision that if the vacancy rate is above a certain level (5 or 6%), the law does not apply, “because if you’ve got a really soft market it’s harder to argue that there’s a public purpose” (interviews with authors).

Most policies use the consumer price index, a measure of inflation, as the benchmark for the increase—such as East Palo Alto, where allowable rent increases are 80% of the consumer price index in that year—while others have a set increase of 5% or 8%. All policies allow only one increase per year.

Another way these policies vary is in which units they cover; statewide, no policy covers all rental housing (which is circumscribed under state law). For example, in San Francisco, units built after 1979 are exempt (Portman and Brown 2013). Most of the policies in the Bay Area exempt units built after they were passed.

All the cities listed here, with the exception of Los Gatos and San Jose, also have just-cause-for-evictions laws in place, which prohibit a landlord from evicting a tenant except for specific reasons. Such provisions are essential to make rent control effective because, without them, landlords can avoid rent control limits by evicting tenants for no reason, and then using vacancy decontrol to raise rent on the next tenant.

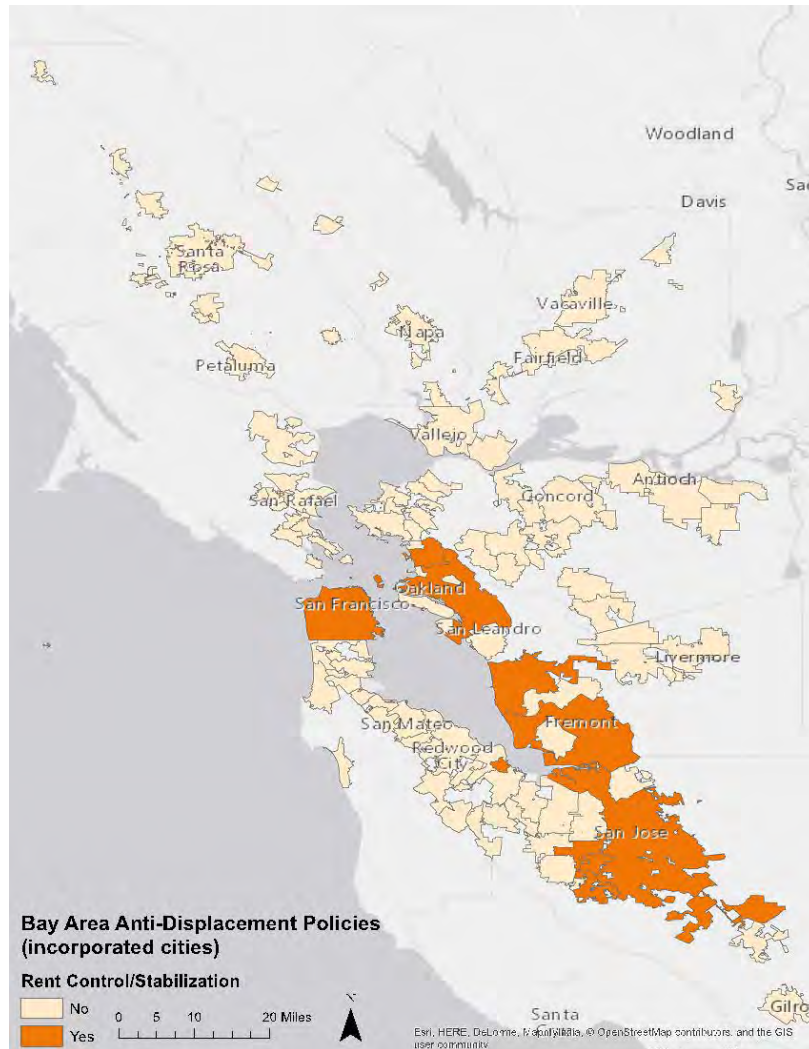


Figure 5.9: Rent Control Policies in the Bay Area

Source: UC Berkeley Internal Analysis

The California Tenants' Rights guide classifies California cities' rent control policies into groups: "Weak Rent Control" laws allow landlords to raise the rent generously, and even above the fixed amount unless a tenant protests to a rent board. These policies do not require landlords to register their units with the city. "Moderate-to-Strict Rent Control" laws require the landlord to prove they must raise rent beyond the threshold listed in the law, include a just-cause evictions ordinance, and require landlords to register units with the city (Portman and Brown 2013).

One stakeholder from San Jose said, "Rent Control has been implemented in San Jose and is in force for qualifying units. However, because there is high tenant turnover and no eviction protections, it has not been effective in keeping rents down overall." Regarding Oakland's rent control law, a stakeholder there commented that, though "there are weaknesses...at the end of the day, [it] is working." One weakness, cited by a different stakeholder, is that the city lacks a registry of rent-controlled units, making it difficult to track them and ensure compliance (interview with authors). There have been no new rent control ordinances passed in the Bay Area since 1985. However, San Mateo County recently appointed a commission to study the policy and then promptly scaled back the study to be a request for only "a little" more information (Kinney 2015a; Kinney 2015b). In

Richmond, a just-cause evictions and rent control ordinance passed a first reading in July 2015, only to be voted down at the second reading amidst major pushback, though a revised version was ultimately passed (Swan 2015; Ioffe 2015). These examples show how difficult it is to pass new rent control ordinances. The stakeholder believes the Bay Area may be experiencing another “moment” where such policies may kick in, “because the crisis is so sharp and happened so quickly” (interview with authors).

In terms of directions for improving rent control policies, one expert thinks a key change would be shifting the onus of proving a rent increase is legal from tenants to landlords (where applicable): “If that were the case, you’d have to change the whole administration and in the long run it’d probably increase the registration fee because you’d now be registering units and...there’d be cases all the time. So, it would definitely change it” (interview with authors).

Other key components of a rent control policy, according to the expert, include anti-harassment provisions, disallowing owners from “effectively constructively [evicting] their tenants...And there has to be just-cause, because if you don’t have just-cause then, you know, they’ll just give people a 30-day notice. And if you have just-cause and no rent control, then they’ll just double the person’s rent. You know, so the two have to go hand in hand” (interview with authors).

Mobile Home Rent Control in Los Angeles

Although only a handful of mobile parks are located near transit, mobile home rent control is so widespread in the state that it is worth discussion. Most of the mobile home park construction in California took place in the 1960s and 1970s (Baar 2011). From 1960 to 1975, the number of mobile home park spaces in the state increased from about 150,000 to about 370,000. No mobile home parks have been constructed within the City of Los Angeles since the 1980s (Baar 2011; Zheng et al. 2007). A 1984 study commissioned by the city noted that no land was zoned for mobile home parks and that they were only permitted under special use permits. In Los Angeles County, the supply of mobile home park spaces has declined by about 10% since 1986, from 53,496 to 47,907 (Baar 2011).

The majority of mobile homes in the City of Los Angeles were manufactured before 1980, and only about 20% were manufactured within the last 25 years. By 2011, the City of Los Angeles had 57 mobile home parks with a total of 6,526 mobile home spaces (Baar 2011). In 2011, the average monthly rent of a mobile home park space in the City of Los Angeles was about \$615 (Baar 2011, p. i). In addition to space rents, most mobile home tenants reimburse park owners or directly pay for sewer, water, or trash collection expenses.

The rising housing and land prices in Los Angeles and other California jurisdictions impact the land (or pad) rents in many of the state’s mobile home parks (Zheng et al. 2007, p. 5). As a consequence, renters in many jurisdictions have launched efforts to have mobile home rent controls enacted into law. From 1983 to 2003 the number of mobile homes in California subject to rent controls increased (Zheng et al. 2007, p. 4). By 2005, over 90 California cities and eight counties had some sort of mobile home rent control (City of Banning 2005). In both the Los Angeles and Bay Area regions, rent control laws are more commonly adopted for mobile home parks than multi-family residential properties.

Mobile home park owners in the City of Los Angeles can increase space rents by only 10% when a mobile home is sold in-place to a new owner. This provision is the same in virtually all mobile home

parks, because mobile homes are sold in-place to incoming tenants, rather than being moved. The 10% ceiling under the mobile home space rent regulation differs from the regulations of apartment rents that permit unlimited rent increases upon a change in tenancy (Baar 2011). In the City of Los Angeles, owners may increase the rent by the consumer price index.

Under California state law, spaces covered by leases of one year or more that meet specified conditions are exempted from local rent regulations (Civil Code Sections 798-799.2.5). However, park owners may not require that current tenants enter into such leases and most local rent ordinances, including the City of Los Angeles ordinance, provide that prospective tenants cannot be required to enter an exempt lease as a condition for approval to move into the park (Baar 2011, 40).

Some have speculated that the implementation of rent controls in California jurisdictions may explain the declining shipments of mobile homes to the state (Hirsch and Rufolo 1999). However, while the decrease in mobile home park construction since the 1980s has been attributed to rent controls, it is important to note that since 1992, state law has exempted newly created mobile home park spaces from local rent regulations (California Civil Code Sec. 798.45 (1992)).

Case Studies

To better understand how these and other policies have helped avoid displacement in practice, we next consider several case studies of places that were vulnerable to but did not experience the gentrification or displacement we would have expected.

In the Bay Area, we profile neighborhoods in Chinatown (San Francisco), East Palo Alto, and San Jose. These neighborhoods (each occupying one or two census tracts) were chosen from among all the tracts that were low-income places at risk of gentrification or displacement¹⁵ in 1990-2000, but did not experience gentrification¹⁶ between 2000 and 2013, shown in Figure 5.10.

¹⁵ "At risk of gentrification" defined as: Population in 2013 over 500; Percent low income (80% or less than surrounding county's median income) greater than regional median (39%); Signs of vulnerability to gentrification/loss of low-income household (at least 4 out of 7): 1. Has rail station in tract 2. Percent of units in prewar buildings greater than regional median, 3. Loss of market-rate units affordable to low-income households greater than regional median (1990-2000), 4. Employment density greater than regional median (2000), 5. Rent increase greater than regional median (1990-2000), 6. Real estate sales value increase more than regional median (1990-2000), 7. Development of market rate-units greater than regional median (1990-2000).

¹⁶ Gentrification defined as: Growth in percent college-educated greater than region; Growth in median household income greater than region; Percent market-rate units built between 2000-2013 greater than regional median; At least one of the following: Single-family sales price per square foot greater than regional median, Multi-family sales price per square foot greater than regional median, Home values greater than regional median.



Figure 5.10: Census Tracts at Risk for Gentrification/Displacement in 1990 and 2000, but Did Not Experience Gentrification between 2000 and 2013

Source: UC Berkeley Analysis

In Los Angeles County, there are 80 Metro rail stations. Here, our focus is three Metro station areas: Chinatown, Hollywood/Western, and 103rd St./Watts Towers. Input from our Southern California Advisory Board and diversity of station-area conditions influenced the selection of the three case studies. The neighborhoods are defined as 2010 census tracts completely or partially within a half-mile radius of the transit station. The Chinatown and Hollywood/Western are mixed-use areas that are at risk of gentrification, while 103rd St./Watts Towers is a residential commuter neighborhood that is not gentrifying. Specific policies related to transit-oriented development are in place at Hollywood/Western to mitigate change, while more general policies linking greenhouse gas reduction to land use and transportation have been adopted in Chinatown. Economic and community development efforts have been proposed for Watts over the decades.

Chinatown, San Francisco

Chinatown is situated at the center of San Francisco's booming real estate market, with close proximity to the Financial District, Downtown, and affluent neighborhoods such as Russian Hill. Due to its prime location, it was expected that Chinatown would have succumbed to the pressures of development and speculation that have transformed surrounding areas and much of San Francisco. However, deliberate anti-displacement zoning policies, widespread rent control, and a well-organized community have preserved Chinatown as an Asian-American and low-income enclave.

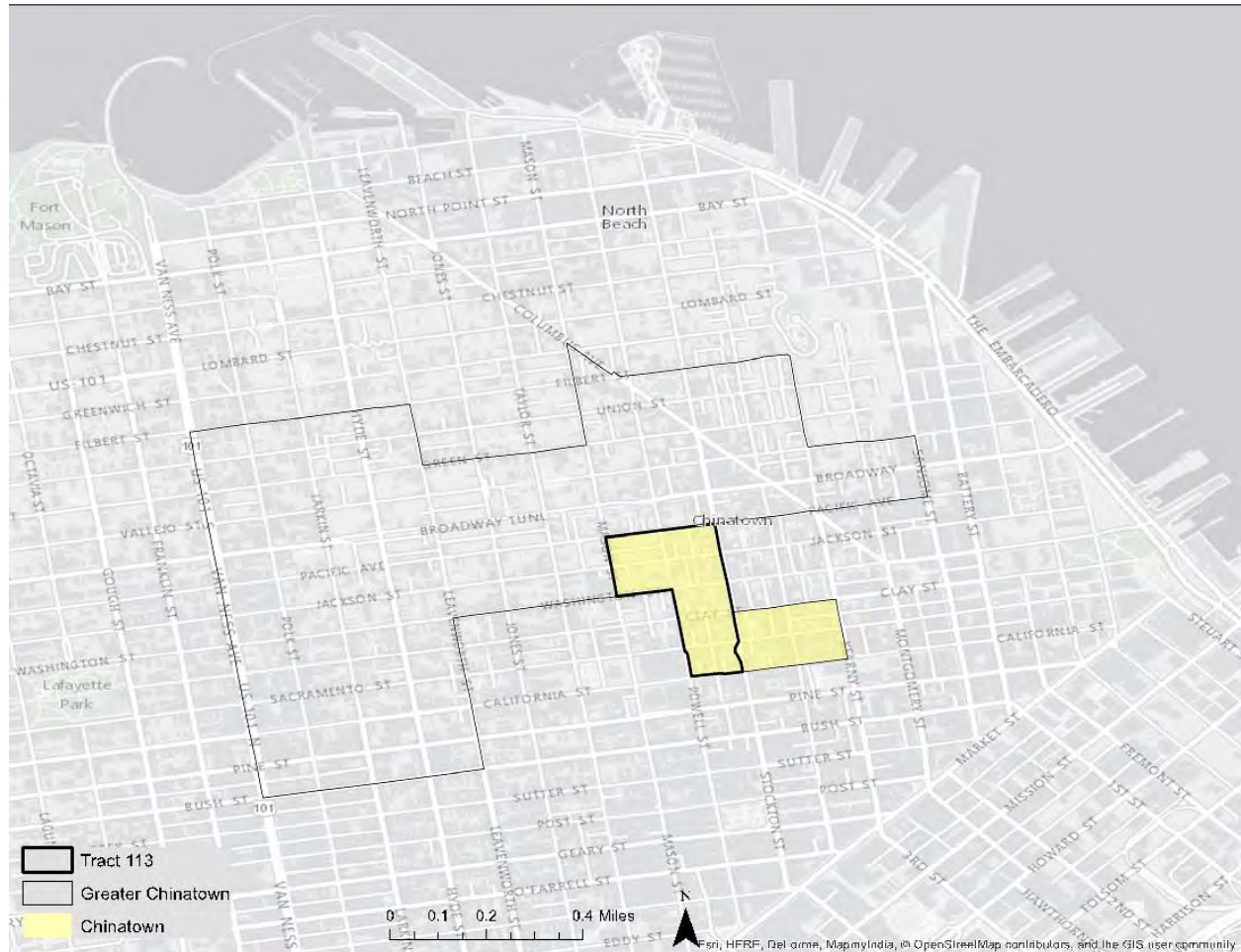


Figure 5.11: Tract 113, Chinatown, and Greater Chinatown

In this case study, we discuss Chinatown as a whole, but focus specifically on one census tract within this area: Tract 113, which closely mirrors the core of Chinatown (Figure 5.11). After outlining the history of Chinatown, we provide an overview of its demographic and housing characteristics, today and historically, before discussing the anti-displacement policies that have preserved the neighborhood.

History of Chinatown

As one of the oldest ethnic enclaves in the U.S., San Francisco's Chinatown has been a major immigrant gateway as well as a cultural, economic, and residential hub for the Bay Area's Chinese-American and Asian-American communities for over 150 years.

Chinatown's current location was established after the original neighborhood was destroyed in the 1906 earthquake and fire that razed over 80% of San Francisco. To this day, the official Chinatown neighborhood remains a relatively small land area (Figure 5.11). With the rapid growth of the Chinese-American population beginning in the 1960s, neighborhoods adjacent to the core area became home to many Chinese-American families, and businesses and institutions serving the Chinese-American community likewise began establishing themselves beyond the boundaries of Chinatown.

Much of Chinatown's housing was built as single-room occupancy (SRO) residential hotels or small rooms in commercial structures or community spaces. Chinese immigrants, who were barred from property ownership, were subjected to discriminatory housing practices by absentee landlords seeking to maximize profits. Housing was thus poorly maintained and often overcrowded (Yip 1985).

In the 1960s, the liberalization of U.S. immigration policy led to a population boom and subsequent shortage of affordable housing. Chinatown quickly became one of the densest neighborhoods in the country, with an overwhelming majority low-income renter population. SROs and other small residential units were often overcrowded, in poor condition, and yet still expensive for very low-income residents (Tan 2008).

The Chinese community's spatial segregation and social isolation contributed to the development of "an impenetrable social, political, and economic wall" between Chinatown and the rest of San Francisco (Wang 2007). While the neighborhood's insularity allowed for the formation of strong social networks and a self-sufficient system of community institutions, small businesses, and cultural activity (Yip 1985), it also reinforced a language barrier that still presents a challenge for socioeconomic integration and contributes to persistently high poverty and unemployment rates (Wang 2007).

Relative Demographic Stability, 1980-2013

Since the 1960s, Chinatown's population has included a large percentage of foreign-born, low-income Chinese-American and Asian-American families. The population in the tract increased by 13% between 1980 and 2009-2013 (from 2,840 to 3,204 residents), with a concurrent growth in the housing stock from 1,152 units to 1,617 units¹⁷.

Asians decreased in their share of the population from 86% in 1980 to 78% in 2009-2013. However, the proportion of residents who are foreign-born only decreased slightly in that same time frame: from 69% to 67%. Seniors (60 and older) have also consistently made up a significant share of the population.

¹⁷ Data in this section comes from the U.S. Census for the years 1980, 1990, 2000, and 2010, and the Geolytics database for 2013.

Poverty has increased as incomes have fallen: the poverty rate rose from 18% in 1980 to 26% in 2013, while median household income dropped from \$45,797 to \$23,261 (both in 2010 dollars). Today, Greater Chinatown is still primarily renter-occupied, though the share of owner-occupied housing units has grown slightly in recent years. With an estimated residential density of 85,000 people per square mile (Tan 2008), overcrowding and housing affordability remain pressing issues for the community: 19% of renter households are overcrowded (more than one person per room). Most (88%) housing units are rented, rather than owner-occupied. Median gross rent increased only slightly, from \$535 in 1980 to \$654 in 2013 (both in 2010 dollars). Even with these relatively low rents, 54% of renters pay more than 30% of their income on rent.

Rental prices have deviated significantly by area. Figure 5.12 shows that in contrast to other areas and San Francisco overall, median rent in Chinatown has remained exceptionally stable since 1990. This is primarily due to the large number of subsidized and rent-controlled units in Chinatown. This is powerful evidence of Chinatown's unlikely preservation as a place affordable to low-income people.

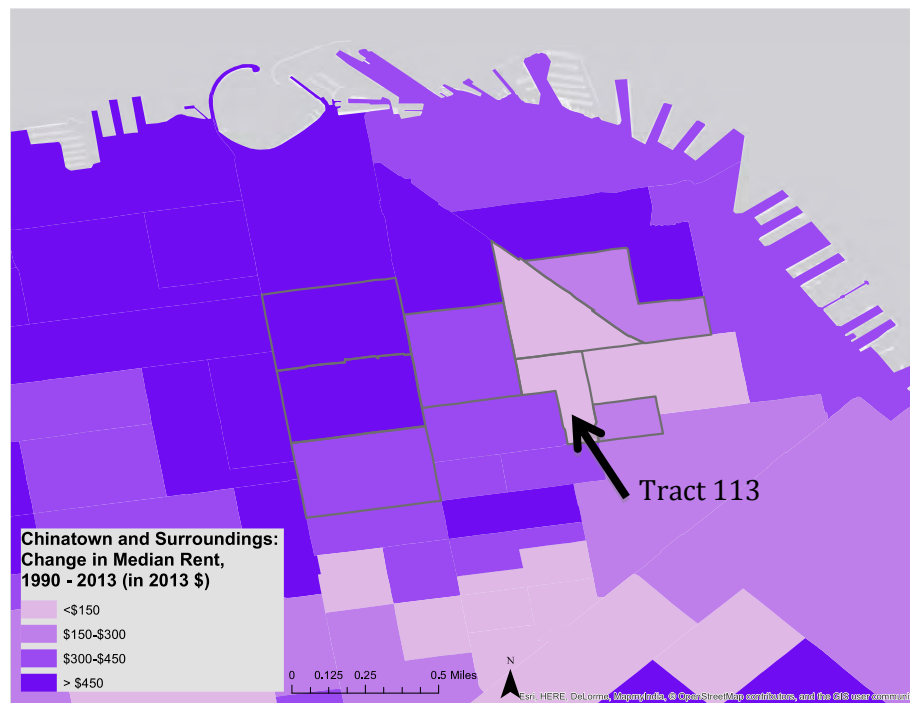


Figure 5.12: Change in Median Rent in Chinatown (Tract 113) and Surrounding Tracts

Anti-Displacement Policy in Chinatown

In the face of external pressures of gentrification, a number of key policies and planning efforts have uniquely allowed Chinatown to maintain its historic character and accessibility to low-income San Franciscans. One of the most influential and comprehensive policy changes took place in 1986, with the adoption of the City Planning Department's official Chinatown Rezoning Plan as an amendment to the General Plan, which resulted in the designation of Chinatown as a mixed use area distinct from Downtown.

The Chinatown Resource Center (predecessor to the currently existing Chinatown Community Development Center), led this planning effort with the Chinese Chamber of Commerce and Asian Neighborhood Design. In the years prior, Chinatown Resource Center had worked tirelessly to stave

off infringing developers, many of whom sought to purchase land for office uses (Chinn 2014). From the mid-1970s to mid-1980s, approximately 1,700 residential units in Chinatown were converted to office use, and at the same time, an influx of capital from Asian firms drove up both commercial and residential rents (C. Li 2011). As these factors exacerbated the threat of displacement, the Chinatown Resource Center realized the unsustainability of this project-by-project approach and switched course toward advocating for structural changes to the neighborhood's land use policy in an attempt to slow development (Chinn 2014).

They organized residents behind a proposed set of zoning regulations that were originally conceived of as part of a Chinatown community planning process that took place over several years prior (Chinn 2014), during which the San Francisco Planning Department had proposed a new Downtown Plan, and housing experts across the city sought to limit the proliferation of office buildings to preserve affordable housing (C. Li 2011). With the growing threat of speculation and encroaching development from Downtown, residents, community-based organizations, and city officials all exhibited political will for policy change, agreeing that action must be taken to preserve Chinatown's character and culture for its existing residents (Chinn 2014).

The proposal, which specifically addressed the core portion of Chinatown, sought to downzone the neighborhood by setting lower height limits that would curb the neighborhood's development potential. Previous zoning had set limits at much higher than the prevailing scale of most existing buildings. This was due to the fact that Chinatown had originally been zoned as "a creature of downtown," resulting in regulations that did not align with the neighborhood's distinct character (Chinn 2014). The community's proposal was thus broadly viewed as a necessary, sensible shift toward land use policy that was indigenous to Chinatown and "was the single most important achievement of Chinatown CDC in its first 35 years," according to its longtime director (Chinn 2014; Chin 2015, p. 140).

The 1986 Rezoning Plan's central aim was to protect what the Planning Department acknowledged was a "virtually irreplaceable" resource of affordable housing in Chinatown. The plan effectively prohibited demolition, allowing it only "if that is the only way to protect public safety or for a specific use in which there is a high degree of community need," and furthermore banned conversion of residential buildings into different uses (San Francisco Planning Department, n.d.).

Chinatown's large stock of SROs was granted protection by the 1980 citywide Residential Hotel Ordinance, which made it very difficult for developers to convert residential hotel rooms to commercial use by requiring replacement of lost affordable units and mandating that 80 percent of the replacement cost be paid by developers to the City for conversions or demolitions (Fribourg 2009).

With these requirements in place, approximately 50% of the Chinatown Core's housing stock has remained SRO hotels (Tan 2008), and an estimated 92% of units are protected by the 1979 San Francisco Rent Control Ordinance (Figure 5.13) (San Francisco Department of Public Health). A portion of these were purchased and by CCDC to preserve as low-rent housing (Chin 2015, p. 115).

Figure 5.13 also shows that there has not been a single no-fault eviction in Chinatown. According to one expert, "a large majority of these units continue to be owned by individuals that care about preserving Chinatown such as ethnic Chinese landlords and family associations" (Eng 2015).

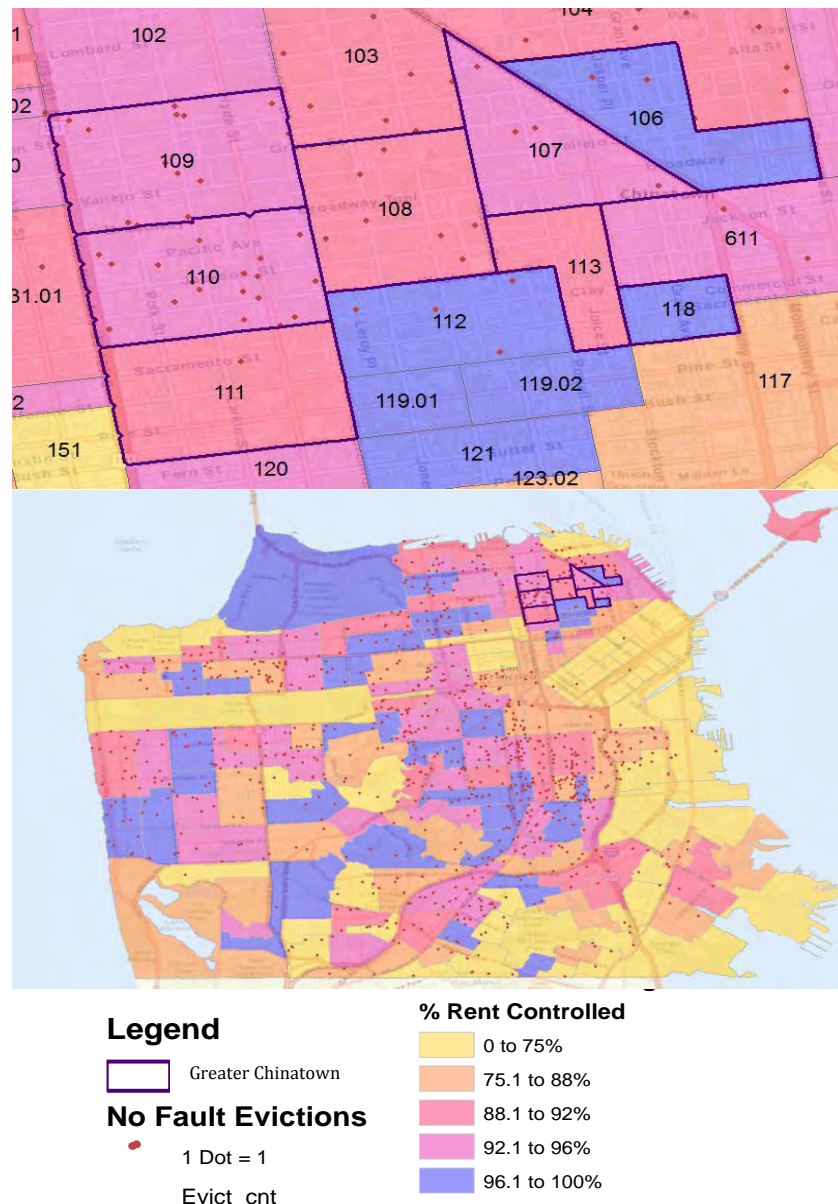


Figure 5.13: Instances of No-Fault Evictions and Percentage of Rent-Controlled Units in San Francisco by Census Tract and Chinatown and Surroundings

Source: San Francisco Department of Public Health

Thirty years later, the 1986 effort can thus be considered to have essentially achieved its policy objectives to “preserve the distinctive urban character of Chinatown” and “retain and reinforce Chinatown’s mutually supportive functions as a neighborhood, capital city, and visitor attraction” (San Francisco Planning Department, n.d.).

While these policies did effectively preserve existing affordable housing, the construction of new affordable housing in Chinatown—desperately needed for San Francisco overall—has been limited; the small stock of 342 subsidized and public units has not increased since 1990, despite increasing need (CHPC 2014). Thus, the neighborhood’s land use policy has given rise to other unresolved challenges of supplying sufficient housing in San Francisco. Plus, the housing in Chinatown is aging,

meaning there is a declining quality of housing as buildings have deteriorated (Chinn 2014). According to one stakeholder, the zoning limits in the area limit the ability to rebuild existing buildings as affordable housing—“if they fall in an earthquake, we lose that [affordable] housing” (interview with authors).

However, constraints surrounding both redevelopment and rehabilitation have made Chinatown somewhat less desirable to residential real estate speculators, limiting displacement (Chinn 2014). Since many buildings would likely require major rehabilitation and potentially demolition to allow for conversion into condos or tenancies in common, a conversion project would be a much more difficult and costly undertaking in Chinatown compared to other San Francisco neighborhoods that have been systematically impacted by such types of redevelopment. In some senses, then, Chinatown has avoided gentrification because other areas were—and continue to be—more susceptible to gentrification, or lucrative for speculators seeking to flip residential properties (Chinn 2014).

Community Resistance to Displacement

A profound sense of community identity persists among Asian-American residents as well as a broader set of Asian-American individuals who live outside the area yet remain deeply connected to Chinatown’s culture, institutions, and spaces. The driving force behind this sense of cohesion is a high rate of civic engagement, which has continued to shape Greater Chinatown’s built environment since the 1986 rezoning victory (Fujioka 2014). The presence of many non-profit organizations also helps with this community-building (Eng 2015).

Even before these successes, a cohesive Chinese-American community had begun forming in the 1960s, occurring in the context of the “fight against ‘urban renewal’” and through several major fights, including over the International Hotel, a playground, and the Mei Yuen Affordable Housing Project (Chin 2015).

With affordable housing as an unceasing concern in Greater Chinatown as well as all of the Bay Area, the Chinatown Community Development Center (CCDC) and other community-based organizations have formed resilient organizing networks with citywide reach. They have also brought their resident base into the broader movement around the right to the city. Recent campaigns have taken on the uptick in owner-move-in evictions that singled out elderly residents as well as Ellis Act evictions. Informed by a commitment to community-based neighborhood planning from the ground up, CCDC, together with tenant groups such as the 1,000-member Community Tenants Association, have won new eviction protections for seniors and residents with disabilities.

In preserving community spaces and connections throughout Chinatown, strong political engagement has also preserved tight social networks among Chinese-American residents. These social connections have also played a key role in the neighborhood’s ability to resist gentrification.

Conclusion

Despite its success, Chinatown faces ongoing challenges, including the opening of a new subway station there in 2019 (which could spur new gentrification) and eviction pressures in SRO-buildings and elsewhere as young professionals move in (Har 2015; Dineen 2015). While part of the broader picture of San Francisco’s affordability crisis, the unduplicated factors that shape Chinatown’s built form require a locally-tailored approach to preserving the neighborhood’s

livability and vibrancy. As with the 1986 Rezoning Plan, the neighborhood's effectively mobilized resident base allows for potential solutions to new problems to be indigenous to the community. Continued organizing efforts by community groups like CCDC will be critical as both the population and the neighborhood's infrastructure continue to evolve.

East Palo Alto, San Mateo County

East Palo Alto is located on the San Francisco Peninsula in the heart of Silicon Valley. It is a small city with a population of about 29,000, bordered by the affluent cities of Palo Alto and Menlo Park. A young city, it was incorporated in 1983 in the face of claims from critics that the city could not generate enough revenue to sustain itself. Peninsula Interfaith Action, an advocacy group, notes that incorporation was intended to ensure that, as a community of color, the city would be led by people of color (SFO/PIA 2014). Incorporation prevailed despite numerous lawsuits from special interest groups seeking to frustrate the process, and East Palo Altans have great pride in their rich history of community activism and their struggle to achieve self-determination. Strong protections for renters and support for affordable housing are crucial aspects of the city's identity. As one interviewee active in the incorporation movement put it, "part of our political history is that we became a city and the first ordinance was to freeze the rents, [because] in the county there was nothing in place [to protect renters]" (interview with authors).

The city has long served as a pocket of affordability for low-income households who might otherwise be excluded from the affluent region. In recent years, two census tracts that comprise the bulk of the city (6119 and 6120¹⁸) have experienced less gentrification than would be expected (Figure 5.14).

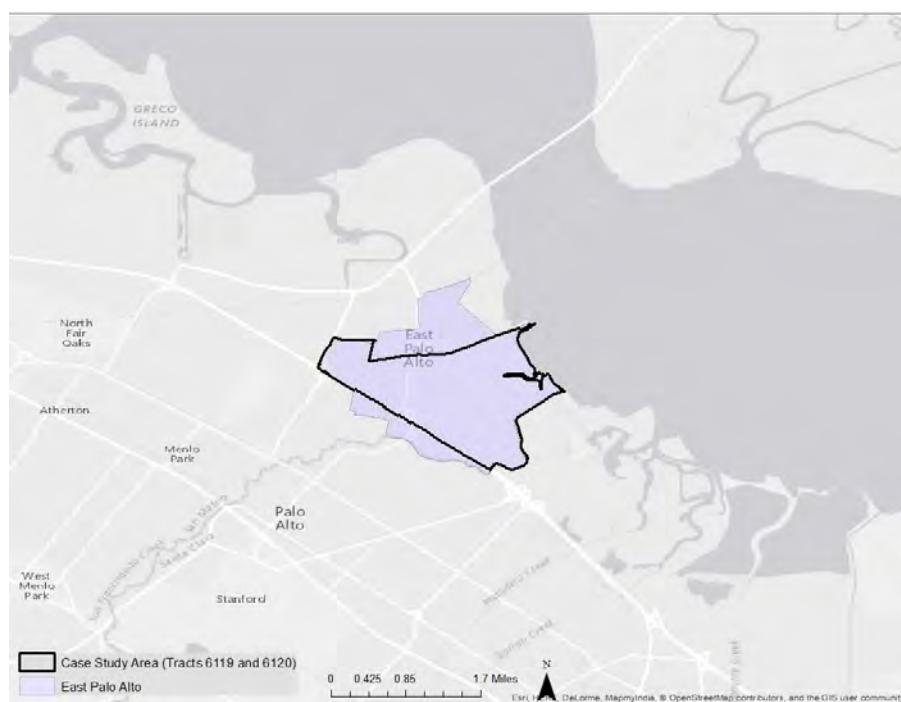


Figure 5.14: East Palo Alto and Case Study Area

¹⁸ In this case study, we refer to these tracts as “the case study area.”

With a focus on these two tracts, this case study outlines the anti-displacement policies in East Palo Alto that have helped limit gentrification there. The city has consistently enacted policies in favor of affordable housing. Tenant protections, inclusionary zoning, and housing subsidies help explain the lack of displacement in East Palo Alto. However, other factors, like a lack of good schools and access to amenities, a lingering perception of the city as unsafe, and overcrowding have also probably played a significant role in limiting gentrification.

Before discussing these policies and other factors in more detail, we outline the demographic and housing characteristics of East Palo Alto, which show how little gentrification has occurred.

Demographic and Housing Characteristics

The case study area's population grew by 22% (from 14,379 residents to 17,492 residents) between 1990 and 2013¹⁹. The area's population growth may be attributed to its access to job opportunities as well as the limited affordable housing opportunities in San Mateo County. Many residents who have moved to East Palo Alto within the past five to 15 years have done so because they get a job nearby, often with Stanford University in neighboring Palo Alto, which employs a large number of janitors and food service workers (SFO/PIA 2014). Residents have also arrived in the city after being displaced from neighboring jurisdictions, or because the relatively low cost of homes provided a home purchase opportunity for families (SFO/PIA 2014).

In this way, East Palo Alto has not only avoided the displacement of its existing residents, but has welcomed additional low-income households²⁰: their number increased from 2,102 to 2,298 from 1990 to 2013, when 58% of households were low-income. The vast majority of households in the case study area are families: 79% in 2013.

The population growth is largely due to an influx of 5,000 Latino residents between 1990 and 2013, who ultimately made up 61% of the population. Concurrently, the city lost much of its historic African-American community; their population decreased by 3,773 people—from 43% of the population to 14%—between 1990 and 2013. The racial demographics of the case study area are notably different from San Mateo County, which has a majority white and Asian/Pacific Islander population, with 40% of residents foreign-born as of 2013.

According to the California Employment Development Department, the annual income needed in San Mateo County to rent a two-bedroom fair-market apartment is \$71,800, a significantly higher figure than the case study area's estimated \$59,341 median income in 2013²¹ (Hepler 2014a). One stakeholder believed that there may be some under-reporting of income in this community given how many people work in the cash economy in fields such as construction (interview with authors). The total number of housing units in the case study area has grown between 1990 and 2013: from 3,819 to 4,247; the vacancy rate (vacant units divided by total units) also increased from 4% to 7%. The case study area is primarily single-family detached homes; these make up 74% of housing units; 51% of occupied housing units are rented. The housing stock is in fair condition: a

¹⁹ Unless otherwise noted, data in this case study comes from the 1980, 1990, 2000, and 2010 Census, accessed via the Geolytics Database, and from the 2009-2013 American Community Survey.

²⁰ Low-income defined as 80% or lower than the surrounding county's median income.

²¹ \$59,341 is the average of each tract's median incomes, which were \$63,105 in Tract 119 and \$55,577 in Tract 120. All figures in this sentence in 2013 dollars. Note that the median income has stayed about the same since 1990, when it was \$54,586 (in 2013 dollars).

stakeholder described the community as having about 40% of homes well-maintained by homeowners, another 40% experiencing neither deferred maintenance nor much “sprucing up,” and the rest in poor shape (interview with authors).

Median rent has doubled from 1990 to 2013: from \$882 to \$1,654 (in 2013 dollars.) These rents are still lower than in San Mateo County; East Palo Alto in fact offers some of the most affordable rents anywhere in the county.

While housing costs are lower than in San Mateo County and nearby cities, households face significant housing cost burdens: 73% of renter households pay more than 30% of their income towards rent.

One method East Palo Altans use to cope with high housing costs burdens is by living with family members or renting out rooms in their homes, as indicated by the high percentage of overcrowded units: 34% of rented units were overcrowded in 2013.²²

While presenting a risk for gentrification in the future, the city has remarkably held on to its low-income population. How did this happen? We turn to this question in the next sections.

Anti-Displacement Policies in East Palo Alto

The following policies are in place in East Palo Alto (11 of the 14 inventoried):

- Just-Cause Eviction Ordinance
- Rent Control
 - East Palo Alto is one of just a handful of cities in the Bay Area to have such an ordinance, and is the smallest by population of those cities. However, the Costa Hawkins state legislation explicitly excluded single-family homes from being covered under rent control policies; since 75% of the housing stock in the case study area is single-family homes, rent control likely was not the main reason for the neighborhood’s stability.
- Rent Review/Mediation Boards
- Preservation of Mobile Homes (Rent Stabilization Ordinance)
- Condominium Conversion regulations
 - These policies are very strict; one stakeholder believed there had been no applications in at least 9 years.
- Foreclosure Assistance
 - This is provided by a community development corporation in East Palo Alto and funded by the city, according to a stakeholder.
- Housing Development Impact Fee (or Jobs-Housing Linkage Fee)
 - The fee is quite substantial: \$21 per square foot, according to a stakeholder.
- Inclusionary Zoning/Housing
 - In East Palo Alto, the law applies only to ownership housing. While nothing has been entitled since 2013, prior to that time 80 below-market-rate homes were built through this policy, according to a stakeholder.
- Local Density Bonus Ordinance (above state requirements)
 - The ordinance was passed in 2008; since then, there has been “minimal” entitlement activity, according to a stakeholder.

²² Overcrowding is defined as having more than one person per room.

- Community Land Trusts
- First Source Hiring Ordinances

Which of these policies might be contributing to the lack of gentrification in the case study area?

Subsidies and Inclusionary Zoning

The city enacted a Below Market Rate Inclusionary Housing Program in 2002, requiring that at least 20% of residential units in all new buildings be made available to households making between 30% and 80% of the area median income. This program was undermined by legal challenges to inclusionary housing at the state level, but the City Council has now unanimously endorsed a housing impact fee for new market-rate developments in order to fund low-income housing (Dremann, 2014).

Subsidies and inclusionary zoning together produced seven affordable housing developments in this part of East Palo Alto between 1990 and 2013, according to a stakeholder. The addition of these units likely helped preserve the low-income population in the area.

Just-Cause Evictions

Several stakeholders cited renter protections, such as the just-cause evictions policy—which applies to single-family homes (unlike other rent control provisions), which comprise the bulk of housing units in the case study area—as a reason for the case study area’s stability. A legal services provider commented that, while in other areas outside the city there have been many cases of a landlord issuing a 60-day notice of eviction on a tenant who has paid rent on time and followed other guidelines, in East Palo Alto, this would not be allowed due to the just-cause evictions policy. In this way, the city has established a first defense against displacement.

Other Reasons for Stability of Low-Income Population

Besides these anti-displacement policies helping the community to avoid gentrification, several other aspects of the neighborhood seem likely to have played a role in limiting the gentrification, including low-quality schools and amenities, an (out-of-date) image of the city as unsafe and full of crime, and overcrowding.

Schools and Amenities

East Palo Alto residents attend school in the Ravenswood City School District, which also includes portions of Menlo Park and Palo Alto. The district has been “notorious for essentially not being able to figure out how to improve” their low scores, even after trying many things, according to a stakeholder, who believes that the poor quality of the school district may be dissuading higher-income people from moving into the neighborhood (interview with authors).

Furthermore, this part of the city lacks many amenities, including transit, and access to social institutions on the west side of the city is made difficult by the difficult-to-cross Highway 101 and University Avenue that run through the city. This kind of “in-between” place along hard urban edges often retains social diversity longer than more homogeneous neighborhoods (Talen 2006). Much of this part of the city has also lacked sidewalks, though that started changing in the late 1990s, according to a stakeholder (interview with authors).

Image as Unsafe

In the late 1980s and early 1990s, there was an “epidemic” of drugs and violence, making East Palo Alto infamous as a crime capital, a place where “you could drive into and have a cornucopia of drugs laid at your feet,” according to one stakeholder. While task forces and local social institutions helped to address these issues by the late 1990s, the reputation has stuck, so much so that an outside consultant told the city, as recently as 2011, that the perception of East Palo Alto as unsafe was scaring developers off.

Overcrowding

As discussed above, 34% of housing units are overcrowded in the case study area. In the face of significantly rising rents in East Palo Alto, such doubling or tripling up of families can help low-income families stay in their neighborhood. This is particularly true for single-family homes—the bulk of the housing stock here—where families can squeeze into a shed in the back, a garage, or more; this is easier to get away with than overcrowding in an apartment. A stakeholder recalled seeing “tell-tale signs” of overcrowding: a window in a garage, tape around a garage door, etc. This phenomenon helps explain some of the stability in the low-income population here: low-income families can hold on to their housing even with rising rents.

Conclusion

East Palo Alto is distinctive for its government’s commitment to ensuring the city remains affordable to low-income households, and for a strong legacy of community organizing that holds the City government accountable to that commitment. The city is home to many low-income households already burdened by their housing costs, and vulnerability is compounded for undocumented immigrants. Because so little affordable housing is available in surrounding cities, the stakes are high for households that leave. Numerous interviewees highlighted that households that cannot afford East Palo Alto may be forced to leave the region altogether, and are relocating as far away as Tracy, Manteca, and the Central Valley. This is why the city’s suite of anti-displacement policies is particularly important.

Diridon Station Area, San Jose

Within the Bay Area, San Jose stands out for long providing affordable homes for a wide range of incomes, and an ethnically diverse population including many immigrants. By annexing more and more land throughout the 20th- Century, San Jose’s sprawling housing development has “carried the burden of housing for decades” in Silicon Valley, in the words of former Mayor Chuck Reed (Hepler 2014b). It is now the biggest city in the Bay Area, and city leaders have their sights set on jobs, with a “jobs first” general plan meant to correct its jobs-housing imbalance.

One major site of attention is Diridon Station, a transit hub on the western edge of downtown San Jose, with stops for Caltrain, Amtrak, VTA light rail, Altamont Commuter Express (ACE), and multiple bus lines. The station is also a planned stop for BART’s extension to San Jose, and for high-speed rail. While there is significant vacant and non-residential land surrounding Diridon, there are also surrounding neighborhoods that are home to low- and middle-income residents where

displacement spurred by rising housing costs is a major concern. Despite San Jose's strong track record of building housing, including deed-restricted affordable housing, housing costs in San Jose are now at an all-time high, while wages for low-income workers are stagnant.

However, one of the census tracts in the area (5019), while vulnerable for gentrification in 2000, had not experienced the gentrification expected as of 2013. This area is the focus of this case study (Figure 5.15). Housing production—market-rate and affordable—as well as rent stabilization are probably responsible for the lack of gentrification here.

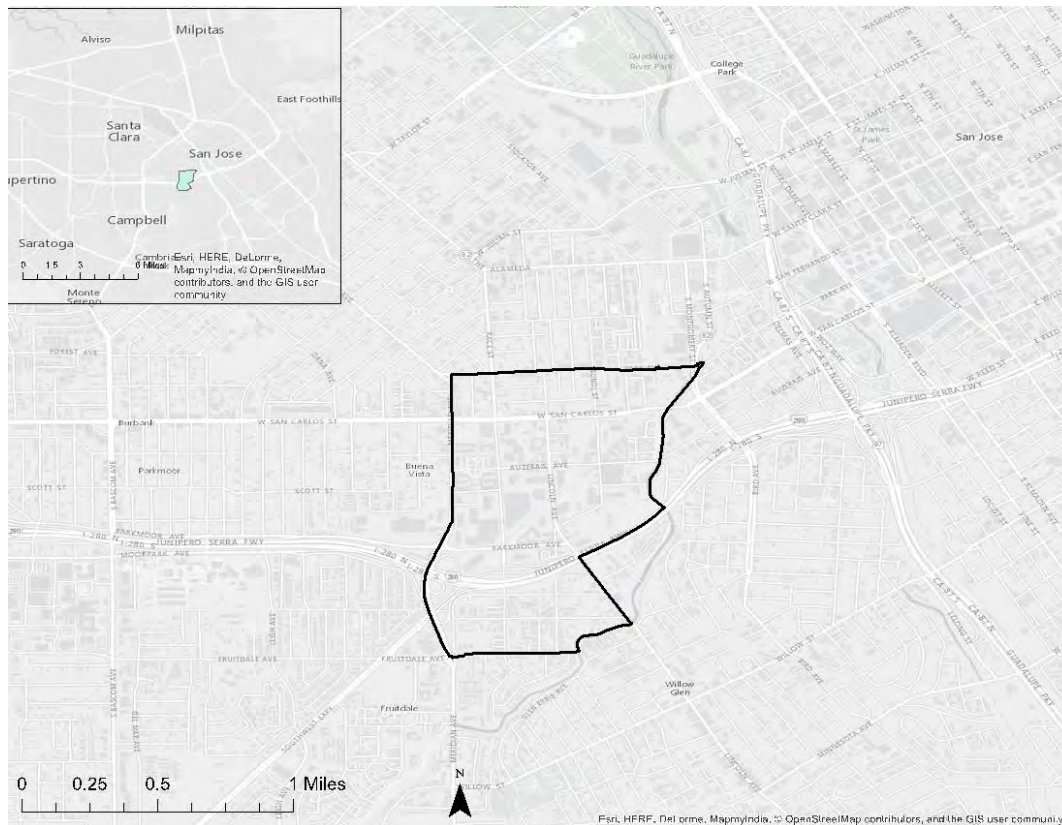


Figure 5.15: San Jose Diridon Station Case Study Area Map (Census Tract 5019)

Neighborhood Overview

The area surrounding Diridon Station is home to a wide range of neighborhoods and land uses, including industrial and commercial areas, residential neighborhoods dominated by single-family homes, new luxury condominium development, and lower-income renter communities. While Diridon Station itself is considered to be in downtown San Jose, Highway 87 creates a barrier between the station area and the denser parts of downtown; though one can walk or drive directly from the station to downtown, the highway limits high-density development in this area. This may be a stabilizing factor for the neighborhood (Talen 2006) .

The case study area, called West San Carlos, hosts a commercial corridor surrounded by older residential neighborhoods which have experienced varying levels of change. It has been slated as an “Urban Village” in the San Jose General Plan. A planner described this commercial corridor as “full service, with a gritty character... it is the most practical street in the whole city! ... [P]eople think of it as pretty funky, and we got push back from the community – we want to keep the funk.”

Demographic and Housing Changes

Several features of the case study area (Census Tract 5019) indicate it has experienced some change consistent with gentrification—population growth, much construction, fewer families, increased educational attainment and incomes, declining renter population, and increased rent—and some inconsistent with gentrification and displacement—increasing people of color, and, most significant, an increase in the number of low-income households.

The case study area showed a steady increase in population throughout the decades: from 2,220 in 1990 to 3,300 in 2000 to 5,745 in 2013. Enabling this population growth has been a significant spurt of construction, particularly in for-sale housing. Between 2000 and 2013, 1,087 new units of market-rate housing were built.²³ Of these, 589 were for-sale units, which comprise 76% of the owner-occupied housing stock in the area.

These new residents have been more likely not to be families, to be highly educated, and to earn higher salaries:

- Since 1980, the area has had a significantly lower percentage of family households than San Jose as a whole. Just under half of the households in the area were families in 2013. By way of comparison, three-quarters of San José's 300,000 households were family households in 2013.
- The case study area has seen major changes in educational attainment in the past 30 years. The percentage of residents with college degrees increased from 22% to 44% between 2000 and 2013.
- Accompanying this shift was an increase in median incomes: from \$47,891 to \$82,192, both in 2013 dollars, from 1990 to 2013.

The study area has been dominated by renter households since 1990, when 81% of occupied housing units were rented; in 2000, the figure was roughly the same, 85%. But by 2013, the figure had dropped to 67%, indicating an increase in owner-occupied housing units as new condominium units were built. However, the share of renter occupied units is still higher than in San Jose as a whole, where 42% of occupied housing units are rented.

Rents have been climbing in the study area (from \$1,073 in 1990 to \$1,404 in 2013, in 2013 dollars), although historically they have been lower than in the city as a whole. Yet advocates have expressed concern that it is really within the last several years that housing costs have skyrocketed, and the recently released draft Housing Element confirms that rents in the city at large are at an all-time high with the average rent now at \$2,169. This average underestimates the cost of newly constructed rental housing which can range between \$2,200-\$2,700 per month for a one-bedroom unit and between \$3,000-\$3,500 for a two-bedroom unit in North San Jose (City of San Jose 2014).

However, even in the face of all these signs of gentrification, the area has expanded its low-income population: the number of low-income households²⁴ has increased from 681 in 1990 to 1,092 in 2013. This change is concurrent with the loss of all the area's naturally affordable rental housing stock, from 184 units to none between 1990 to 2013. To stay in this area, some families are squeezing more people into their units to afford rent (17% of rented units were overcrowded in 2013); low-income households are paying a higher portion of their income to afford rent (49% pay

²³ Source: US Census 2000, American Community Survey 2009-2013, CHPC Dataset, 2014.

²⁴ Low-income defined as at or below 80% of the county's median income.

more than 30% of their income, in 2013); and others live in some of the many new subsidized affordable housnig units constructed here (discussed below).

In terms of race/ethnicity, all racial groups have increased their numbers from 2000 to 2013, with Asian-Americans increasing the most dramatically (by 837 people—nearly 300%), African-Americans by 185%, while whites and Hispanic/Latinos increased at a lesser rate (whites by 36% and Hispanics by 21%) (Figure 5.16). Between 1990 and 2013, the percentage of residents who were not white increased from 46% to 72%.

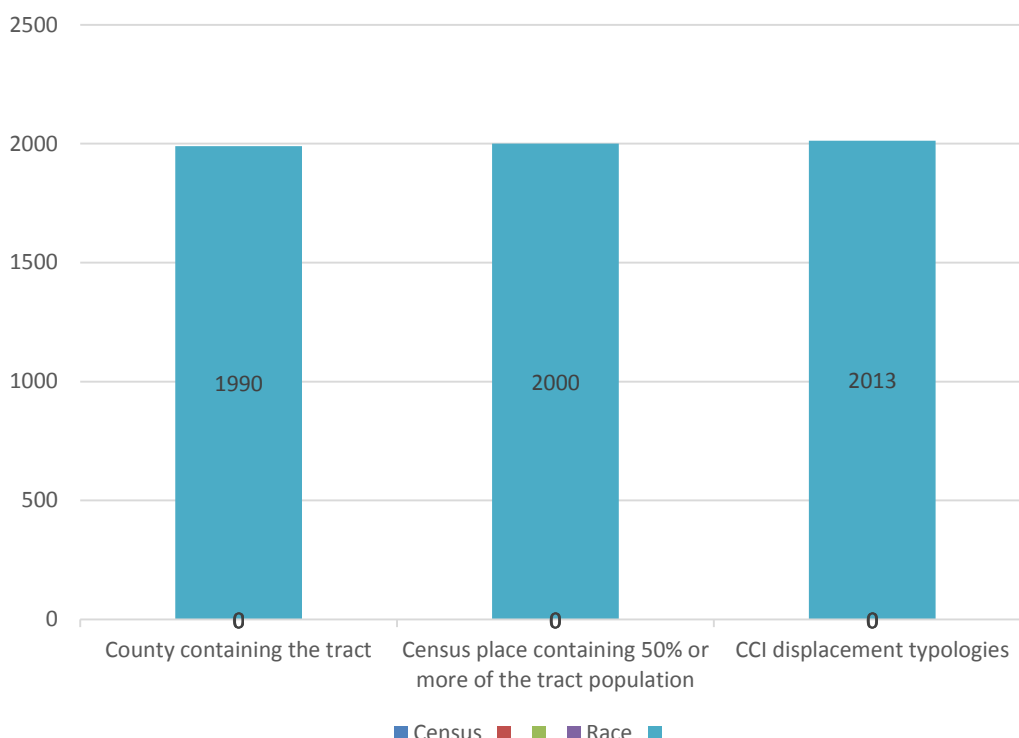


Figure 5.16: Race/Ethnicity and Population Change, 1990-2013

Source: U.S. Census 1980, 1990, 2000 (Geolytics 2014); American Community Survey 2009-2013

Anti-Displacement Policy

The city of San Jose has the following anti-displacement policies in place (of the 14 from our inventory):

- Rent Review Board
- Rent Stabilization
- Mobile Home Rent Control
- Housing Impact fee
- Inclusionary Zoning
- Foreclosure Assistance
- Housing Trust Fund

What is responsible for the area's lack of displacement? We consider three possible contributing factors: market-rate housing production, affordable housing production, and rent control.

Housing Production

Besides these policies, a key to this area's success at not displacing low-income households seems to be its high levels of housing production. New, higher-income households could be living in these units, which may have taken pressure off the existing housing stock, allowing low-income households to stay there, albeit at higher rents, as discussed above.

Affordable Housing Production

Besides this increase in market rate supply, the case study area also gained 322 subsidized housing units between 1990 and 2000, including the following developments:

- Parkview Senior Apartments – 1998 – 138 units
- Parkview Family Apartments – 1997 – 88 units
- La Fenetre Apartments – 1995 – 50 units
- Willow Apartments – 1999 – 46 units

Overall, about 10% of housing units are subsidized.

Several city policies enable this production of affordable housing. The housing impact fee is too new to have funded these units, but the city's use of Federal funds (HOME, CDBG, and others) and its Housing Trust Fund have been available as sources for affordable development.

Rent Stabilization

A fair number of units (496) in this area fall under San Jose's rent stabilization ordinance (Figure 5.17). The protection of these units from dramatic rent increases likely helped low-income people continue to afford living in the area.

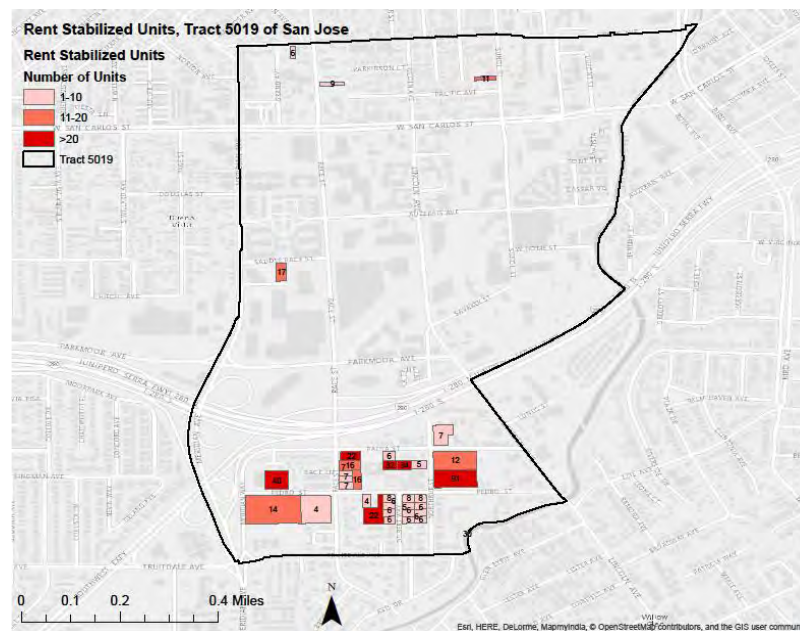


Figure 5.17: Rent Stabilized Units in Tract 5019, San Jose

Source: San Jose's Roster of Rent Controlled Units Through 1979, obtained through personal correspondence.

Conclusion

While housing production and rent stabilization seems to have helped this neighborhood retain its low-income population, one local expert thought it was reaching its “tipping point” when displacement would really kick in. The neighborhood is facing “encroachment” from all sides, with already-gentrified neighborhoods all around it. The expert thinks that the gritty and uneven character of West San Carlos has perhaps kept the neighborhood from gentrifying as dramatically as these surrounding places, but that in time it would, too. The development of more affordable housing (using the city’s funds from its linkage fees and affordable housing trust fund) could help retain the area’s low-income population in the face of such changes.

Chinatown, Los Angeles

Chinatown is a mixed-use, ethnic neighborhood at risk of gentrification with few formal transit-specific planning efforts to mitigate the changes taking place (See Task 2H). The area is considered an Asian-American enclave due to its high concentration of Asian-American residents (Mai, Randy & Chen, Bonnie, 2013); however, it also has considerable numbers of Latino residents (See Table 5.11). The neighborhood is disproportionately composed of renters, and is facing a housing affordability problem as the quality and type of its housing stock has changed while incomes have remained stagnant.

History of Chinatown

Anti-immigration sentiment and racial backlash often forced immigrants to settle in ethnic enclaves. In the 1800s, Chinese immigrants in Los Angeles were barred from citizenship and owning of property. As a result, many became tenants of major landowners around the El Pueblo Plaza area in Downtown Los Angeles. By the 1870s, a notable Los Angeles Chinatown was formed (Cheng and Knok, n.d.). In 1931, however, the construction of Union Station led to the displacement of this Chinese community and their relocation to Los Angeles’s historical Little Italy neighborhood, an area north of the Plaza.

In 1938, Peter Soohoo, a Los Angeles-born Chinese-American proposed the building of New Chinatown as a tourist attraction (Cheng and Knok n.d.). What began as an 18-unit commercial project soon expanded to more than 60 commercial and apartment units. The most famous remnant of these efforts is the East Gate.

By 1960, however, Chinatown had limited resources with few jobs, low wages, and high rents. Many residents worked as laborers in the local garment factories. According to the 1960 census, one-third of all housing in Chinatown was below required standards (W. Li 2009). By this time, those with higher incomes began to migrate to the San Gabriel Valley.

The 1965 immigration law and the end of the Vietnam War brought an influx of Southeast Asian refugees to Los Angeles Chinatown; they were poor, low-educated, and predominantly ethnic Chinese from Vietnam, Laos, and Cambodia (W. Li 2009). This new influx changed the demographics of Chinatown, which can be seen in the multilingual signs that exist today.

Today, Chinatown is typically defined as the area bound by the 110 Pasadena Freeway on the West, Cesar Chavez to the South, Alameda Street to the East, and Cottage Home Street to the North

(“Mapping LA: Chinatown” 2013). This case study focuses on the census tracts that lie partially or completely within a half- mile radius of the Chinatown Metro rail station (See Figure 5.18). Small businesses and local merchant shops in Los Angeles Chinatown continue to survive not only as shopping centers for residents but also as tourist shops for many visitors. Chinatown’s proximity to downtown Los Angeles also attracts many young professionals to the area. These businesses, however, have declined from their heyday due to competition from other Chinese establishments in the San Gabriel Valley.

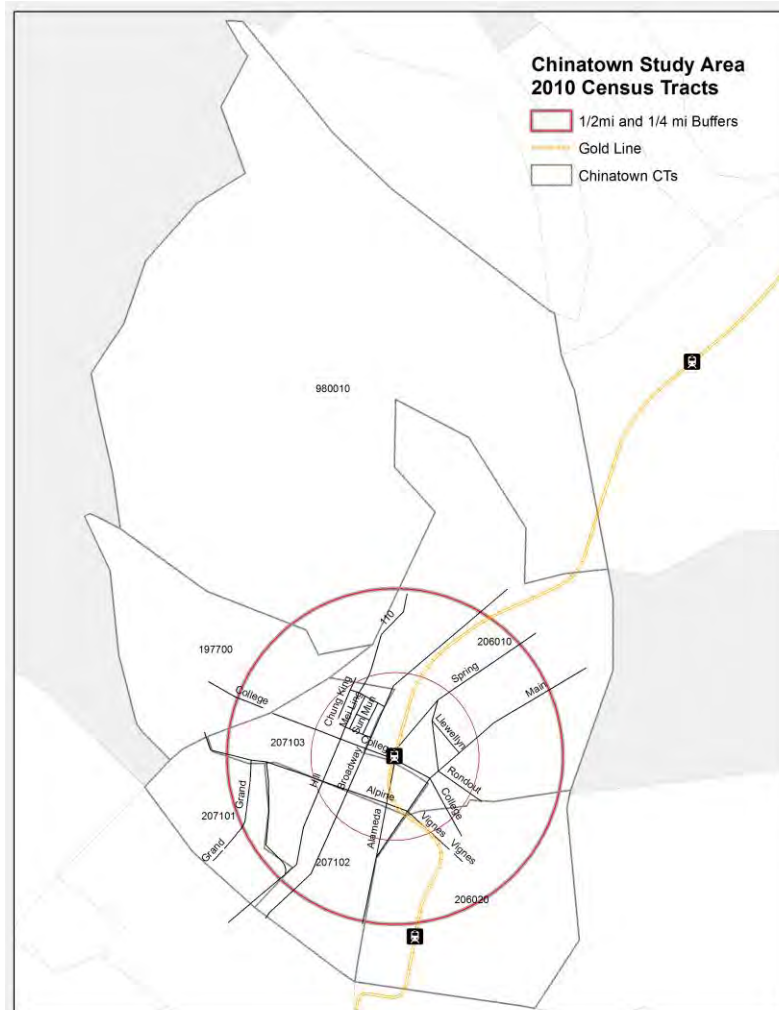


Figure 5.18: Chinatown, LA Study Area by Census Tract (2010 Boundaries)

Chinatown’s Demographics

The population in Chinatown has increased steadily since the 1960s (see Table 5.12). Today, the area is home to more than 23,000. Over the past three decades, the area has not only become more diverse but has also changed (Mai, Randy and Chen, Bonnie 2013). Chinatown is considered an Asian-American enclave due to its high concentration of Asians relative to Los Angeles County (Mai, Randy and Chen, Bonnie 2013). However, it was not until the 1990s that Asians became the majority in the neighborhood (54%). Since then, however, their share has declined to about 42% of residents. There is also a considerable Latino population in Chinatown, which has consistently

accounted for about one-third of residents for the past three decades. Over the years the share of Black residents has fluctuated and has been on a steady decline while that of Non-Hispanic whites has increased slightly. The share of immigrant residents has also been on a decline.

Table 5.12: Chinatown, LA Demographics

	1970	1980	1990	2000	2010	2009-2013
Total Population	17,715	20,509	18,166	26,144	23,954	23,120
Race/Ethnicity						
Asian	26%	38%	54%	40%	43%	42%
Black	18%	13%	7%	17%	14%	12%
NHW		10%	6%	10%	11%	13%
Hispanic		36%	32%	33%	31%	31%
Elderly (60 and older)	10%	10%	14%	13%	16%	16%
Foreign Born	34%	56%	63%	48%	48%	47%
Poverty Rate	24%	39%	31%	32%	41%	41%
Total Housing Units	4,113	4,365	5,136	5,389	6,718	6,724
Vacancy Rate	4.1%	2.3%	5.2%	4.4%	6.7%	11.6%
% Renters	83%	86%	88%	88%	91%	91%
Multi-Unit Housing	64%	74%	80%	79%	85%	85%
Mean HH Income (2013\$)		36,608	43,973	40,213		38,267
Mean Rent Range (2013\$)		606	851	713		1,017

Source: US2010 Project available at <http://www.s4.brown.edu/us2010/Researcher/Bridging.htm>; and 2009-2013 ACS tabulated by authors; data are for 2010 census tracts completely or partially within 1/2mi of the rail station.

Chinatown has a high prevalence of new construction on residential parcels (See Task 2H), and the development of multi-unit housing in the area has also been on the rise, increasing from 65% of the housing stock in 1970 to 85% by 2010. Median rents have almost doubled, from about \$600 in 1980 to more than \$1,000 by 2013. These trends signal a shift in the housing stock and affordability of the area as the quality and type of stock changes. Further, while Los Angeles has always been a majority renter metro area, with a percent of renters fluctuating between 51-52% since 1970 (Ray, Ong, & Jimenez 2014), residents in Chinatown are disproportionately renters, with the share of renters increasing from 81% in 1970 to over 90% by 2010.

Chinatown residents are facing a housing affordability problem. In 2013, more than half of Chinatown renters (55%) were burdened by housing costs. The area is also becoming increasingly poor, with the mean household income declining since 2000, a likely result of the recession. In 2013, about four out of 10 residents lived in poverty, double the ratio of 1970. This may be related to demographic shifts. For instance, the number of elderly residents in the area has more than doubled since the 1970s, and today they account for about 16% of the population.

Further, there is an income disparity. The average household income in Chinatown is less than half of the average household income in Los Angeles County (about \$38,300 compared to \$81,400, respectively in 2013). Understanding the housing needs of the poor and elderly is critical as the housing affordability and stock of the area changes. Chinatown has had affordable senior housing since the 1980s, but many of the affordable units have expired or are set to expire, and some affordable senior units are converting into market rate units (Chinatown Community for Equitable Development, personal communication, April 15, 2015).

Anti-Displacement Policies

Chinatown is within the boundaries of Los Angeles, and therefore the nine anti-displacement policies adopted in the city apply to Chinatown. These include condo conversion regulations, policies to encourage the preservation of mobile homes, affordable housing trust funds, local density bonuses, SRO preservation, rent stabilization and control, community land trusts, and a first source hiring ordinance. There are three plans that will impact development in Chinatown: the Central City North Community Plan, the CASP, and the Union Station Master Plan. The Central City North Community Plan is currently undergoing revisions and the Union Station Master Plan is currently being worked on (SEACA, personal communication, November 16, 2015). There is limited information publicly available on the future contents of these plans; therefore, this section will focus on the CASP.

The CASP was adopted in 2013, and is one of the city's newest community plans. It is also the first community plan to include regulatory controls to guide development near transit stations. The CASP is designed to serve as a blue print for all future TODs in the City of Los Angeles (SEACA, personal communication, November 16, 2015). There are three Gold Line rail stations located in the plan area: Chinatown, Heritage Square, and Lincoln/Cypress stations. The plan proposes lower-density development but encourages developers to take advantage of the California Affordable Housing Density Bonus program. The plan's development standards encourage a variety of housing types. Additional value is also added to property through land use/zoning changes, i.e. up-zoning, which can be leveraged to provide benefits for the community, including the provision of affordable housing, open space, and other community benefits. The CASP also created a unique Super Density bonus program from the city's and the state's. The city's allows up to a 35% density bonus in exchange for affordable housing; the CASP provides up to a 100% density bonus and provides incentives for extremely low-income housing. This is the first plan in the city to do so. (SEACA, personal communication, November 16, 2015).

The zoning section of the plan encourages affordable and mixed-income housing. There are also several benefits a developer could gain by providing affordable housing units. One incentive is the Floor Area Bonus: project applicants may obtain additional floor area rights by complying with the Affordable Housing Bonus Option and/or the Community Benefit Bonus Options.

The plan also outlines several "off-menu" incentives such as additional floor area. One of the requirements for qualifying for these additional bonuses mentions the need to show that the extra square footage is required to provide affordable units. In order to receive the variety of bonus options, the plan also states that developers shall sign and record a covenant that would guarantee affordability. Restricted Affordable Units are exempt from Unbundled Parking requirements.

Community Involvement, Response and Resistance to Displacement

Strong relationships between CBOs and public agencies in TOD areas are necessary to develop plans and policies to encourage development that provides equitable community benefits. In the Chinatown area, this discussion was mostly happening through the CASP.

The CASP was prompted by the development of three infrastructure improvements in the area: the development of a regional public park, the Los Angeles River Master Plan, and the extension of the Gold Line. These broader development efforts prompted public agencies to seek community engagement, including public meetings. While the plan does not mention displacement or gentrification explicitly, there is a strong emphasis on incorporating affordable housing in new

development through density bonuses. This emphasis is the result of organizing efforts by advocacy organization such as SEACA, who pushed for acknowledgement of gentrification and displacement in the writing of the plan (SEACA, personal communication November 16, 2015).

Further, while a community coalition was successful in pushing for strong environmental and economic justice goals in the revision of the CASP (Henao 2013), currently there is no active formal process for CBOs and public agencies to interact. Further, there are no active engagement efforts as part of the CASP.

CBOs have expressed concerns about residential and commercial gentrification. One concern is that a number of new neighborhood businesses are not catering to the needs of long-term Chinatown residents, such as providing culturally appropriate retail that meets the needs of the elderly, affordable food and retail, and in some cases, jobs (Mai, Randy & Chen, Bonnie, 2013). Representatives from CBOs indicated that new development and incoming retailers like Starbucks and Walmart are instead catering to new residents or more affluent commuters (SEACA, personal communication February 4, 2015). Flipping of commercial properties was also reported (Chinatown Community for Equitable Development, personal communication April 15, 2015). Between 2007-2014, at least 14 Ellis Act evictions have occurred in the census tracts within a half-mile of the transit station. One CBO representative reported that tenants are often offered "buyouts" and move out of their units (Chinatown Community for Equitable Development, personal communication April 15, 2015).

Currently, the major CBOs in Chinatown provide social and health services, and affordable housing, along with advocating for tenant rights and a higher minimum wage. Strategies include a mix of professional programs and efforts at capacity building for residents and other stakeholders. An organization playing an active role in the development of Chinatown is The Chinatown Service Center, which has created the Community Planning and Housing Division aimed at sustaining affordable housing and services for residents. They have completed two affordable housing projects: Casanova Gardens in 1999 and Cesar Chavez Gardens in 2003 ("Affordable Housing Services" n.d.). Additionally, the Chinese Chamber of Commerce and the Chinatown Business Improvement District have played significant roles in fostering business development in Chinatown to revitalize the area as a shopping, dining, and visitor destination ("The Organization" n.d.). However, there seems to be limited involvement in developing broader policy efforts to address displacement.

Hollywood/Western, Los Angeles

The Hollywood/Western Red Line station is a below-grade, subterranean stop located in East Hollywood in one of the most densely populated areas of Los Angeles. The neighborhood is notable as the home of ethnic enclaves, including Little Armenia and Thai Town. Most residents in the area are non-Hispanic white (many of Russian and Armenian descent), Latino, and immigrant. The neighborhood is a mixed-use, regional destination at risk of gentrification (See Task 2H). Certain formal planning efforts specifically focusing on the transit-oriented nature of new developments seek to mediate the risk of gentrification in the area.

History of Hollywood/Western

The Hollywood/Western Metro rail station is located near the intersection of Hollywood and Western Blvd. in East Hollywood (See Figure 5.19). East Hollywood was annexed to the City of Los

Angeles in 1910. Around this time, it was still a predominantly farming village and mostly populated by non-Hispanic whites (East Hollywood Neighborhood Council 2015). After its annexation, East Hollywood increasingly served the growing movie industry – which is still present in the area today.

During the 1920s, many immigrants around the world came to East Hollywood, including Russians escaping the Bolshevik Revolution and Armenians escaping the Armenian genocide. It was during the 1950s when most of the area's apartment buildings were built (East Hollywood Neighborhood Council 2015). The building of the Hollywood Freeway a few years earlier, however, had led to the destruction of many houses and relocation of residents.

Beginning in the 1960s, many immigrant communities from around the world settled in East Hollywood: from East Asia, Southeast Asia, Latin America, the former Soviet Union, and the Middle East. Each community continues to leave its mark on this neighborhood, including its ethnic businesses.

In 1992, East Hollywood was affected in the Los Angeles Riots as many of its businesses were looted. Additionally, the area sustained significant damage in the 1994 Northridge earthquake. However, the late 1990s saw a period of economic boom and recovery for East Hollywood, and in 1999 the Hollywood/Western station opened that linked the area to downtown Los Angeles. Part of the area's revitalization includes designations of “Thai Town” and “Little Armenia,” which represents the diversity of East Hollywood today.

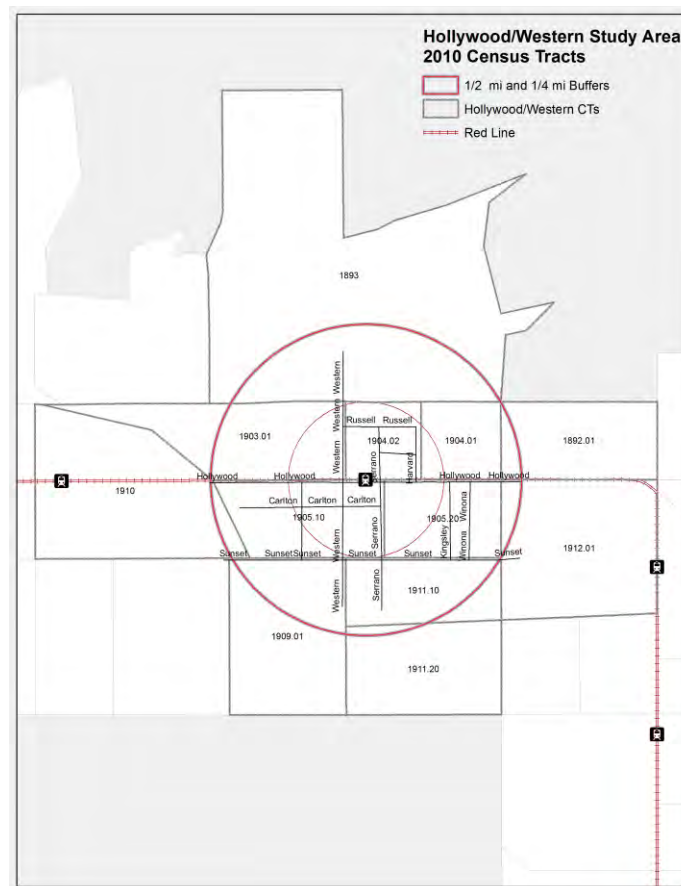


Figure 5.19: Hollywood/Western Study Area by Census Tract (2010 Boundaries)

Demographics

The population of the Hollywood/Western neighborhood has increased since the 1960s to more than 45,000 by 2013 (Table 5.13). Non-Hispanic whites make up the highest proportion of residents in the area at about 48%. While their proportion declined in the 1990s and 2000s, there has been a slight increase in the past decade. This group includes those of whites of European, American, or Middle Eastern descent (Armenians being the most prevalent in this group). Hispanics also make up a large percentage of Hollywood/Western (at 36%), although there has been a small decline since 1990 (when they represented 41% of the residents). Over the years, the share of Asian-American and black residents has remained steady at about 10% and 5%, respectively. Although the share of foreign-born residents has declined since 1990, immigrant residents still make up about half of the neighborhood's population. The number of elderly residents has been on the decline.

Table 5.13: Hollywood/Western Demographics

	1970	1980	1990	2000	2010	2009-2013
Total Population	32,963	41,488	50,128	48,839	44,739	45,455
Race/Ethnicity						
Asian	4%	9%	9%	10%	12%	10%
Black	1%	5%	4%	4%	5%	4%
NHW		58%	45%	41%	46%	48%
Hispanic		23%	41%	39%	35%	36%
Elderly (60 and older)	25%	19%	15%	14%	17%	15%
Foreign Born	30%	53%	64%	61%	53%	50%
Poverty Rate	15%	22%	27%	30%	25%	27%
Total Housing Units	18,884	19,603	20,022	19,849	21,100	21,088
Vacancy Rate	5.6%	4.5%	7.1%	3.5%	9.4%	8.3%
% Renter	86%	87%	88%	88%	90%	88%
Multi-Unit Housing	80%	82%	83%	83%	86%	84%
Mean HH Income (2013\$)		48,982	56,927	55,802		55,705
Mean Rent Range (2013\$)		732	923	811		1,035

Source: US2010 Project available at <http://www.s4.brown.edu/us2010/Researcher/Bridging.htm>; and 2009-2013 ACS tabulated by authors.

There are at least 21,000 units in the Hollywood/Western TOD area. The area continues to be densely populated with more than 80% of the stock multi-family housing. The mean rent has increased by over 40% since 1980 (from about \$730 in 1980 to over \$1,000 in 2013), which is not proportionally matched with the 14% increase in mean household income during the same period. The mean household income for those in this neighborhood is slightly over \$55,000, about \$25,000 less than the county average. This disproportionate trend becomes significant since 88% of residents in Hollywood/Western are renters. Moreover, about 59% are rent burdened, and about 37% spend half or more of their income on rent. Though less than in Chinatown, the poverty rate of residents in Hollywood/Western is still relatively high, with over one-fourth of the resident population living below the poverty line. Providing affordable housing in the Hollywood/Western neighborhood is important in maintaining the area's ethnic diverse history. Despite the existence of

some anti-displacement policies and efforts, about 9% of all residential parcels have seen some housing improvement, which suggests a possible gentrification (see Task 2H).

Anti-Displacement Policies

Because the Hollywood/Western case study area is located within the City of Los Angeles boundaries, the city's nine anti-displacement policies apply to this neighborhood.

Aside from the citywide ordinances, the Vermont Western Station Neighborhood Area Plan (SNAP) applies to the Hollywood/Western Station. The Vermont Western SNAP was adopted in 2001. It is a specific plan created to encourage TOD around the Red Line in East Hollywood, which applies to four stations: Hollywood/Western, Vermont/Beverly, Vermont/Santa Monica, and Vermont/Sunset. The SNAP permits greater heights and densities for mixed-use and residential projects, and reduces parking requirements by 15% for projects built within 1,500 feet of a station. The specific plan further reduces the cost of building TOD, mixed-use development by eliminating the requirement that developers provide additional parking when they change the use of a building.

SNAP regulations for residential areas are intended to conserve the scale of existing neighborhoods. In community centers located around Red Line stations the SNAP provides floor area incentives for commercial, hospital, and medical uses. Commercial corridors connecting the community centers are designated as mixed-use boulevards. The plan mandates equitable development through its community benefit elements. For example, the SNAP's childcare facility component requires mixed-use or commercial projects with 100,000 square feet or more of nonresidential floor area to include childcare facilities to accommodate the needs of employees.

There are three references to low-income and affordable housing within the TOD.

- Under the Purpose of the Plan, Section 2 D states that the plan intends to "Improve the quality of housing stock in the neighborhood through the construction of affordable housing units available for homeownership in Mixed Use buildings along transit corridors."
- Section 6F.2b of the plan, states that two types of affordable housing developments are exempt from the Park First Program Fees. These include:
 - Senior Citizen and Student Housing. Residential units with fewer than three habitable rooms reserved exclusively for seniors or full-time students and which both (i) qualify as low- and very-low-income housing as defined by HUD and (ii) are subsidized with public funds and/or federal or state tax credits with affordability covenants of at least 30 years are exempt from the Parks First Trust Fund fee.
 - Low- and Very-Low-Income Housing. All residential units in a project containing low- and very-low-income residential units as defined by HUD that are subsidized with public funds and/or federal or state tax credits with affordability covenants of at least 30 years are exempt from the Parks First Trust Fund fee.

The plan calls for a walkable, transit-friendly urban community, with existing residential neighborhoods preserved, future population and commercial growth channeled into mixed-use buildings along transit corridors, and unique activity centers at each of the four subway stations. Public services, especially parks, childcare, community police stations, libraries, and schools are to be expanded and placed in sites among the neighborhoods and along commercial corridors.

One significant component of the plan that should be of interest to small and local businesses is the Local Jobs Incentives that are a set of policies and code incentives or exemptions for both small and larger businesses to come into and remain in the Plan Area. Live/work spaces, and small assembly

workshops are allowed to facilitate business start-ups. Existing commercial buildings are allowed lower parking standards in order to attract a wider range of tenants.

Community Involvement, Response and Resistance to Displacement

As the station areas become more desirable to live in, existing, long-term residents are at higher risk of eviction and displacement. Community-based organizations (CBOs) worry that real estate speculation will lead to development that may force out long-term, low-income renters. Stories of displacement from rising rents have been noted by neighborhood CBOs in Hollywood. An LA Voice organizer estimated that 30% of the Hollywood church congregation the organization serves moved to the San Fernando Valley because of rising rents in Hollywood (LA Voice, personal communication April 10, 2015).

CBOs in the area have developed valued partnerships with public agencies. In 2003, the Thai Community Development Center (Thai CDC) conducted a needs assessment of area (Thai Community Development Center 2003). The study related to the Vermont/Western TOD plan and found that East Hollywood is a community with especially sizable Latino, Armenian, and Thai populations. It is a predominately low-income community with a high density of smaller-than-average businesses, and a low rate of property ownership among business owners and local residents. Thai CDC worked with the city planning department and Councilmember Jackie Goldberg to organize various community stakeholders around the SNAP.

A Thai CDC staff member discussed an evaluation of the SNAP's impact conducted by the organization. The evaluation indicated that the specific plan had achieved many of its affordable housing and neighborhood preservation goals (Thai CDC, personal communication February 17, 2015). However, the staff member mentioned that some developers have objected to SNAP's local hiring and childcare space requirements. As a result, SNAP's community benefit elements may impede neighborhood economic development, if developers cannot obtain a variance from requirements. A Council District 13 staff member echoed these sentiments (personal communication April 16, 2015). He stated that the cost of providing community benefits might discourage developers from investing in the specific plan area. The staff member believes that TOD plans should not regulate development to the extent that they stifle economic growth.

Currently, Thai CDC, East Hollywood Neighborhood Council, and LA Metro are trying to form a partnership to create a small-business incubator near the Hollywood/Western Station (personal communication March 9, 2015). However, where CBOs are not actively involved in neighborhood councils, there is potential that they can be left out of the planning process. Further, limited opportunities and resources for community engagement have been identified as challenges to successful community planning around TODs by both CBOs and public agencies. CBOs felt the common forms of public input, such as public hearings and community plan updates, are ineffective at encouraging public participation and capturing the input of all interested parties. According to organizers from LA Voice, rigid public hearing agendas have constrained their capacity to advocate in formal public forums (LA Voice, personal communication April 10, 2015).

103rd St./Watts Towers, Los Angeles

The 103rd St./Watts Tower station is an at-grade stop on Metro's Blue Line that is located near the intersection of Grandee Avenue and 103rd St.. The station is situated in the heart of the Watts Neighborhood in South Los Angeles and is immediately adjacent to the historic Watts Tower Art

Center. The area gained an African-American majority in the 1940s as a result of the Great Migration from the American South. Presently, the area has a Latino majority with African-Americans retaining a significant minority. Of the station study areas, this stop, which opened in 1990, has been in operation the longest. The 103rd St./Watts Towers neighborhood shows some signs of residential gentrification, while commercial gentrification appears to be minimal.

History of Watts Neighborhood

Watts was first settled as Rancho La Tajuata in the early 1820s by Spanish Mexican settlers, and its economy was primarily based on agriculture until the arrival of the railroad station around the turn of the 19th Century. After the establishment of the station, the settlement grew rapidly, and the City of Watts was incorporated in 1907 (Watts Neighborhood Council 2015). It was annexed by the City of Los Angeles in 1926.

As a result of the Great Migration of African-Americans from the South for better opportunities, the area gained an African-American majority in the 1940s. During World War II, the city built several public housing projects for the new industrial workers, but by the 1960s these buildings housed almost exclusively African-American residents, since whites had moved out to suburban areas (Watts Neighborhood Council 2015).

The neighborhood suffered through the Watts uprisings in 1965, during which 75 people were injured and dozens of buildings burned (Queally 2015). Tensions rose due to racial profiling, discriminatory treatment, inadequate public services, and the passage in 1964 of Proposition 13, which repealed the Rumford Fair Housing Act (Queally 2015)²⁵. In the 1970s, a wave of gang-related violence arose that lasted until the early 2000s, but has since subsided (Empower LA 2015). Currently, many Latinos have settled in Watts, making up about 74% of the population, with African-Americans retaining a significant minority at 25%.

As a largely residential commuter district, the neighborhood is not proximate to the downtown central business district or other large employment areas. Unsurprisingly, the station area also has a low jobs-housing ratio (UCLA Comprehensive Project 2015). The area is a single-use zoned district, with absence of mixed-use development, and serves predominantly commuters, who travel to more job-rich employment areas (UCLA Comprehensive Project 2015). Figure 5.20 shows the study area boundaries.

²⁵ The Rumford Fair Housing Act of 1963 prohibited discrimination based on race, religion, color, national origin, and ancestry in private housing in California.

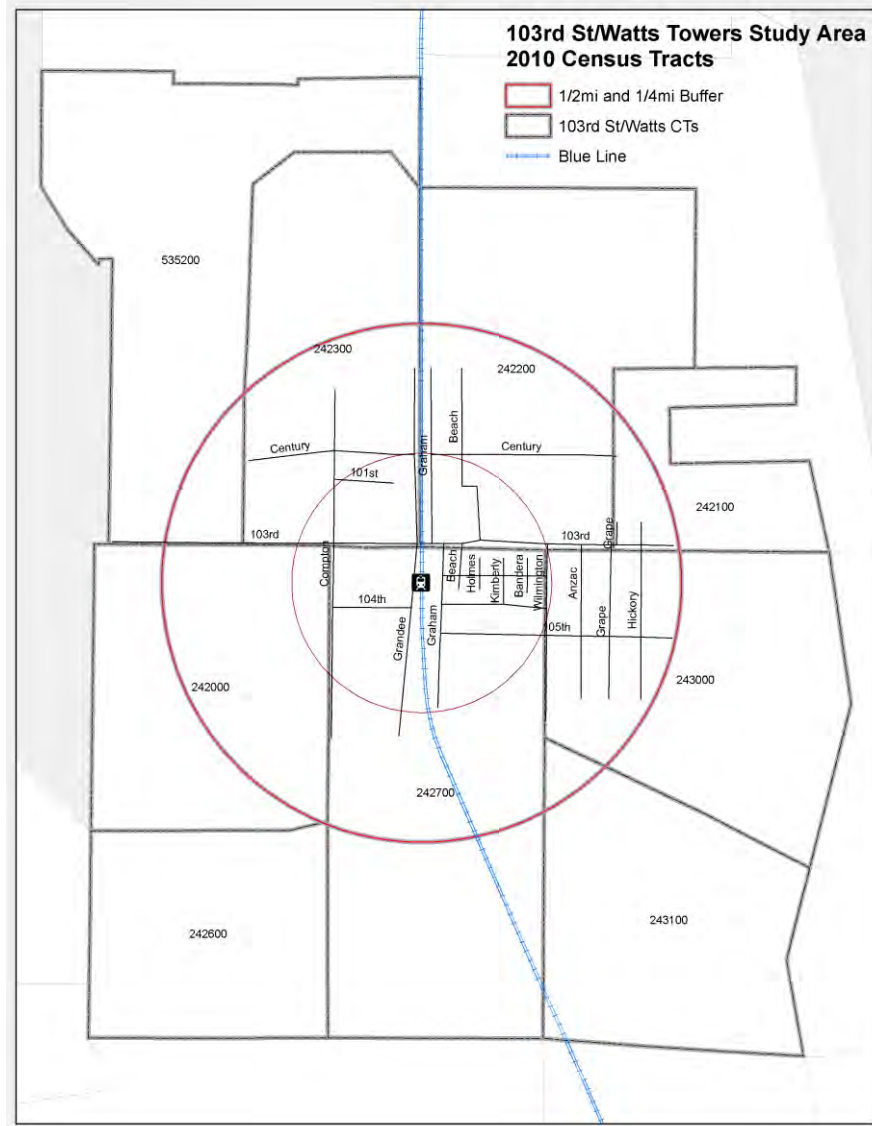


Figure 5.20: 103rd St./Watts Towers Study Area by Census Tract (2010 Boundaries)

Demographics

Of all the Los Angeles case studies, the 103rd St./Watts area has seen the greatest increase in population since the 1980s (Table 5.14). In 2013, Watts was home to more than 45,000 residents, which is a 46% increase since the lowest point in 1980. Historically, the area was an African-American community; however, by 2000, Latinos had become the majority. The considerable increase in the immigrant population coincides with the influx of Latinos.

The African-American community continues to have a considerable presence. About one-quarter of residents in the case study area are black, which is almost three-times the share for Los Angeles County (24% compared to 8%, respectively in 2013). Non-Hispanic whites and Asians are underrepresented in the area, with each accounting for no more than 1% of the population.

The share of the elderly population in the station area has declined since the 1980s and is currently at about 7%. The share of the population living below the federal poverty line, which was 51% in

1980, started declining until 2010, during a period of economic prosperity for the region. However, between 2010 and 2013, there was a jump of residents below the poverty line from 37% to 40%. The average household in Watts also makes about \$38,500, which is significantly below the county average.

Table 5.14: 103rd St./Watts Towers Demographics

	1970	1980	1990	2000	2010	2009-2013
Total Population	32,714	30,835	36,567	40,188	45,413	45,122
Race/Ethnicity						
Asian	0%	0%	0%	0%	0%	0%
Black	92%	85%	55%	37%	27%	24%
NHW		0%	0%	1%	1%	1%
Hispanic		14%	44%	62%	71%	74%
Elderly (60 and older)	9%	10%	8%	7%	7%	7%
Foreign Born	2%	9%	26%	34%	32%	32%
Poverty Rate	47%	51%	49%	47%	37%	40%
Total Housing Units	9,201	8,869	9,475	10,339	11,099	11,271
Vacancy Rate	7.1%	4.7%	4.8%	9.8%	7.3%	9.3%
% Renter	67%	68%	67%	66%	68%	69%
Multi-Unit Housing	32%	37%	38%	36%	34%	36%
Mean HH Income (2013\$)		29,118	33,436	42,042		38,513
Mean Rent Range (2013\$)		470	700	667		901

Source: US2010 Project available at <http://www.s4.brown.edu/us2010/Researcher/Bridging.htm>; and 2009-2013 ACS tabulated by authors.

The area has a lower percentage of renters than the other two case study neighborhoods, but the renters' share has increased about 3% since 2000. In 2013, 66% of renters were burdened by housing costs in 2013. Mean rents have increase by about \$300, while mean household income in the area has declined by more than \$3,500 since 1980.

The vacancy rate in the area is somewhat higher than that of Los Angeles County (9% compared to about 6% in 2013, respectively). As with the other case study areas, the number of multi-family housing units has increased over the years. The 103rd St./Watts Towers shows some signs of residential gentrification, while commercial gentrification in the neighborhood appears to be minimal. For instance, observations of the area indicate that Watts has a high rate of property turnover, with corresponding indicators of physical renovations to residential properties. Relative to the other case study areas, however, there may be a lower perception of gentrification due to a low presence of non-Hispanic whites (UCLA Comprehensive Project 2015).

The presence of institutional uses such as churches may also contribute to a difference between actual and perceived gentrification; 17% of surveyed land uses in Watts are characterized as institutional (UCLA Comprehensive Project 2015). The difficulty in adaptively reusing or demolishing these properties prevents significant land use changes. This can contribute to a

perceived lack of neighborhood change as these properties act as historical and cultural flagships (UCLA Comprehensive Project 2015).

Anti-Displacement Policies

The case study station falls within the boundaries of the Southeast L.A. Community Plan Implementation Overlay (CPIO) zone, which applies to the wider South Los Angeles area. However, it is worth mentioning that the area adjacent to the station is also covered by the South L.A. CPIO. Both plans are in draft form and have not been adopted. Both CPIOs have TOD sections and propose Floor Area to Ratio (FAR) incentives in order to encourage mixed-income projects.

The TOD section of the Southeast L.A. draft plan outlines the various benefits for 100% affordable, as well as mixed-income, housing in the different TOD subareas. Single-family homes are prohibited in some TOD subareas, while in other areas only mixed-use projects are permitted (meaning that 100% residential units are prohibited). Developers may utilize an R4 density for the purpose of calculating a baseline residential density when 100% of the dwelling units (minus any required manager unit) are set aside for households of moderate, low, very low or extra low income. Mixed-income housing projects that qualify for a density bonus may utilize additional incentives; for instance reducing the required parking for the entire project by 50% as a third parking option. There are also incentives for mixed-income housing (30 units or more).

The Jordan Downs Urban Village Specific Plan aims to create high-quality transit areas, protect community resources, and provide equitable economic opportunities. For example, the plan seeks to improve connectivity between the aging Jordan Downs public housing project and the 103rd St./Watts Towers station located a half-mile to the west. This plan has the potential to transform Jordan Downs into a mixed-income development. Importantly, the specific plan calls for a one-to-one replacement of existing affordable units. However, the redevelopment effort currently lacks the necessary funding (Garrison 2013).

Most of the formal planning efforts in Watts focus on new residential development. South Los Angeles CBOs like SAJE have noted many instances of illegal evictions and slum conditions in South Los Angeles (personal communication April 16, 2015). CBOs are able to mitigate some of the issues associated with displacement around station areas through organizing and education, policy research, community control of land, and community benefit agreements.

Community Involvement, Response and Resistance to Displacement

CBO representatives believe that Watts is underserved, and economic and community development efforts in the area have been largely unsuccessful. For instance, the area continues to have a need for more jobs (See task 2H), and poverty is on the rise (Table 5.143). Los Angeles Alliance for a New Economy (LAANE), a Los Angeles-based non-profit, has developed a TOD policy agenda encouraging equitable investments that provide good jobs and healthy options in South Los Angeles neighborhoods like Watts that have been overlooked (personal communication February 13, 2015).

Organizing has been used to advance community needs in specific developments or educate residents on the impacts of TOD. The focus of organizing efforts has ranged from renters' rights to technical aspects of city planning. For example, the United Neighbors in Defense Against Displacement (UNIDAD) coalition's organizing effort mobilized community members leading to the inclusion of affordable housing and community serving retail in the Grand Metropolitan development in South Los Angeles (SAJE, personal communication, 2015). It is a new private

project approved by the City Council in August 2015 that will create affordable housing and local jobs and promote economic development in the area. The effort was undertaken in collaboration with a number of community organizations, including SAJE and the Esperanza Community Housing Corporation with the Public Counsel legal firm negotiating the terms (SAJE personal communication, 2015).

Community Benefit Agreements (CBAs) have also been negotiated for a number of developments in and around TODs in the wider South LA by SAJE, Esperanza Community Housing, and other South Los Angeles CBOs. Included in CBAs are provisions for labor, community resources, and affordable housing benefits for low-income residents. These South Los Angeles CBAs are important examples of equitable TOD, although they are outside this study's station areas (Esperanza Community Housing, personal communication 2015).

Because developers may not incorporate community input when forming plans for a new project, CBOs seek other strategies to ensure that community input is prioritized. These efforts can involve community land trusts focused on affordable housing. Education is used as a means of uniting and empowering community members to ensure that development provides positive community outcomes. In South L.A., SAJE has regularly hosted the People's Planning School, an effort to shape policy and planning through grassroots community advocacy (UCLA Comprehensive Project 2015).

CBOs with the requisite resources have purchased and developed land for community use and to ensure perpetual housing affordability. TRUST South LA, believes that a CBO must own the land so that its community is considered a stakeholder by institutional organizations (personal communication, February 20, 2015). As an interviewee stated, the ability to purchase property gives CBOs a greater stake in the neighborhood (TRUST South LA, personal communication, February 20, 2015). Community-controlled land allows CBOs to better dictate what they and their constituents would like to see developed and allows them to have more control over the development process.

Chapter 5 Conclusion

The range of anti-displacement and affordable housing policies is wide. Some policies (like inclusionary zoning and condo conversions) have been adopted in many places; others (like rent control) in only a few. Bay Area cities generally have more policies on the books than cities in Los Angeles County, even though the latter is arguably less affordable.

Some policies show clear results, like those that fund affordable housing projects—you can see and count the units once they are built. There appears to be a correlation between cities with production policies in place and construction of more affordable housing: preliminary evidence that these policies may be working as intended. Others are difficult to track, like inclusionary zoning, or show their effectiveness only through counter-factuals (e.g., the amount of condo conversions would have been higher without laws on the books).

Stakeholders helped us see that political considerations are essential for understanding why some policies get implemented and others do not. They also drew our attention to many loopholes in the policies, showing the importance of interrogating the laws “on the ground” as compared to “on the books.” For example, condominium conversion ordinances can be limited by loopholes that allow developers to escape their rental housing replacement requirements and rent control laws can only

slightly slow the rising rents, given state law that insists on vacancy decontrol. Given these aspects of anti-displacement policy, assessing their effectiveness on a systematic basis is difficult, and an important direction for future research.

Regional funding for station area plans, at least in the Bay Area, has included requirements around affordable housing, and most plans do include goals around displacement and affordability. In Los Angeles, plans may not mention gentrification explicitly, but many include provisions around displacement and affordability. However, these plans have limited reach; many cities rely on their citywide policies to reach their TOD-specific goals; in the Bay Area, more grant funds have not gone to cities with more policies; and evaluation of these plans is very difficult.

Across our six case studies, a unifying feature is the key role community organizing plays in winning the passage and implementation of anti-displacement strategies. Besides this, the features of the neighborhoods vary considerably.

In San Francisco's Chinatown, neighborhood-level zoning and rental housing policies protected this area from the displacement occurring around it. In East Palo Alto, citywide tenant protection and affordable housing production policies helped limit displacement, but other features of the community—poor schools, lack of amenities, and an image of the neighborhood as unsafe—probably played a large role in limiting the amount of gentrification in the neighborhood, and in keeping displacement pressures at bay. Would the city's anti-displacement measures have prevented displacement if market conditions had encouraged more gentrification?

In San Jose's Diridon Station area, rent stabilization likely limited dramatic rent increases at nearly 500 units. Also, pro-market-rate housing production policies, while not explicitly anti-displacement, seemed to have allowed the scale of development necessary to accommodate the influx of higher-income residents without displacing existing residents.

Meanwhile, the Los Angeles case studies focused more on the role of station area plans in addressing displacement. While some of these plans indicate the need and desire from the part of the planners for more affordable housing, and offer incentives such as density bonuses to developers, it is very early to assess their effectiveness. Similar to the Bay Area, CBOs and non-profits in the Los Angeles area case studies are actively advocating against displacement and for more affordable housing and living-wage jobs.

From these case studies, it is clear that anti-displacement policies are important. However, they are rarely the whole story, and, instead, features of the neighborhood play an equally important role. Advocates need to consider the unique features of their place in deciding which policies to organize around.

Even with this plethora of policy options, it is not clear that the policies we have developed today, as currently implemented, come anywhere close to addressing the displacement occurring around transit, nor to filling the enormous gap in affordable housing. Stronger enforcement of existing policies, expansion of policies, and more organizing will be necessary to ensure the stability of low-income populations going forward.

Of 14 anti-displacement policies inventoried across the two regions, inclusionary zoning and condo conversion ordinances are most popular; rent control and just-cause policies are rarer. Bay Area cities generally have more policies on the books than cities in Los Angeles County. Yet, their effectiveness is not well-studied, and it remains unclear whether they can successfully scale up to

address the dire need for affordable housing in California. At present, many station area plans include requirements for the production of affordable housing, and often the reduction of displacement as well. However, the level of funding to date has been insufficient to produce significant amounts of housing and to stabilize the low-income communities living near transit. Case studies demonstrate the key role community organizing can play in winning the passage and implementation of anti-displacement strategies.

Conclusion

Fixed-rail transit has a significant impact on the stability of the surrounding neighborhood. In transit neighborhoods, housing costs tend to increase, changing the demographic composition of the area and resulting in the loss of low-income households. We find that low-income households both near and farther away from rail stations have lower VMT than high-income households, but that higher-income households either reduce their driving more in response to being near rail, or that there is no difference in VMT impacts between income categories when considered at a regional level.

Our findings generally confirm earlier research on gentrification and displacement, but extend previous work by explicitly linking transit investment to gentrification and displacement, and investigating how income and proximity to transit influence VMT.

Via several different models, we find a significant and positive relationship between TOD and gentrification, and in some cases the loss of affordable housing or low-income households as well. In general, TOD has a more significant impact in the core cities of the SF Bay Area and Downtown Los Angeles. Yet, the timeframe of impacts is less clear. In some cases, it seems to take decades, and in others, much less time. Moreover, other variables—such as historic housing stock and changes in affordability—compound the effects of TOD, sometimes with a more significant effect.

Proximity to rail is associated with lower VMT for both lower-income households and higher-income households. Given the lack of appropriate data, it is hard to predict how households will alter their VMT with displacement, for instance as high-income households replace low-income households near transit. In general, our study predicts that displacement induced by gentrification will either reduce net regional VMT or have no effect. However, increases of VMT may occur to the extent that very-low-income households are displaced by those of moderate income, or if gentrification results in a reduction of the population living near rail. More research is needed to understand the dynamic impacts that occur as residents adjust their travel behavior in new locations.

Since fixed-rail transit impacts neighborhood stability, and public investment subsidizes transit in California, it is appropriate for policy makers to take action that will reduce displacement. Yet, there is no simple recipe for mitigating displacement. The effectiveness of policy solutions varies by context, and it is unclear whether any of the existing approaches are sufficient to address displacement in the core neighborhoods where it is most prevalent. More research is needed to develop responsive policy tools, as well as to understand better the trade-offs between anti-displacement and VMT reduction goals.

Despite these remaining concerns, it is not too soon to begin incorporating these results into existing regional models (PECAS and UrbanSim) to analyze different investment scenarios and market conditions. We also recommend that practitioners begin to use our off-model tool to help identify the potential risk of displacement.

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Appendices

Appendix A. Summary of Racial Transition and Succession Studies

Authors	Scale	Units of Analysis	Study Methods	Conclusions
Bostic and Martin (2003)	Nationwide (50 largest metros)	Census tract	The authors use census data from 1970 through 1990 to identify "gentrifiable" and gentrifying tracts. They then model different levels of black homeownership in these tracts over time.	Middle class black homeowners are found to be drivers of gentrification in the 1970s, though this finding loses significance in the 1980s.
Card et al. (2008)	Nationwide	Census tract	The authors use census data from 1970, 1980, 1990, and 2000 to estimate the existence of "tipping points" in neighborhood racial composition, beyond which changes in composition change more rapidly.	The authors find evidence of neighborhood tipping phenomena, with tipping points generally occurring when neighborhoods reach between 5% and 20% non-white. The specific point at which tipping occurs depends significantly on a variety of metro-level variables, including rates of violent crime, past incidences of riots, and measured racial animus.
Charles (2000)	Los Angeles	Individual survey respondents(N = 4,025)	Charles asks respondents of different races and ethnicities (white, black, Latino, Asian) whether they would prefer neighborhoods of various racial and ethnic compositions. The results are then regressed on a number of individual and neighborhood attributes.	Charles finds strong preference for same-race neighborhoods, with this preference particularly strong for white households. Additional modeling shows this preference to decline with graduate education and with younger respondent ages, and to increase with greater levels of racial stereotyping.
Charles (2003)	Literature Review	Mostly census tract and individual household	Charles reviews extant literature on various aspects of residential segregation, including the prevalence of segregation among different population groups, theories and empirics of neighborhood attainment, and patterns of individual neighborhood preference.	Looking specifically at neighborhood attainment, Charles differentiates between "spatial assimilation", which holds that different population groups integrate spatially in accordance with their SES attainment, and "place stratification", which holds that structural factors maintain patterns of spatial segregation, SES notwithstanding. While Charles finds much disagreement within the literature, there appears to be greater evidence for "place stratification" holding among black households.

Authors	Scale	Units of Analysis	Study Methods	Conclusions
Chipman, Wright, Ellis, and Holloway (2012)	Chicago	Census tract	Chicago neighborhoods are classified cross-sectionally according to race/ethnicity composition and tracked in their transitions from 1990 to 2010. The authors focus specifically on integrating descriptive results into an interactive mapping tool.	As with other studies the authors noted processes of diversification outside of Chicago's urban core, though they also noted a subset of "low-density, black-dominated tracts, whose numbers and locations barely changed during the past 20 years."
Crowder and South (2005)	Nationwide	Family	Using Panel Study of Income Dynamics longitudinal data from 1970 through 1997, the authors model the likelihood of black and white households transitioning between poor and non-poor tracts.	Across all years of the study, black-headed households are less likely than white-headed households to move from poor to non-poor tracts and more likely to move from non-poor to poor, after controlling for a number of factors. The racial discrepancy in both of these migration rates declined over time, however.
Crowder et al. (2011)	Nationwide	Family	The authors use Panel Study of Income Dynamics (PSID) data to follow panels individual households from 1968 through 2005. They model the likelihood of moving in terms of the immigrant presence in a given neighborhood.	The authors find that both native-born white and native-born black families are more likely to move out of neighborhoods with greater immigrant populations, with this result holding after controlling for a number of neighborhood and individual household variables.
Ellen, Horn, and O'Regan (2012)	Nationwide	Census tract	Census data from 1970 through 2010 is used to classify neighborhoods by race/ethnicity composition and to track the transitions between classifications.	There has been a steady increase in integrated neighborhoods, though a majority of non-integrated neighborhoods have remained so, and a substantial number of integrated neighborhoods have reverted to non-integrated status. Correlates of greater rates of integration include location in a central city and metropolitan growth.
Farrell and Lee (2011)	Nationwide (100 largest metros)	Census tract	Census data are used to categorize neighborhoods by race and ethnicity composition in 1990 and 2000, with transitions between classifications tracked.	Splitting neighborhoods cross-sectionally into those that are "dominant", "shared", "two-group", and "multi-group", the authors then look across time to classify neighborhoods as bifurcating, fragmenting, integrating, or "other". The authors find general trends toward diversification across metro areas, though they did note a subset of tracts experiencing a reduction of diversity through white out-migration.

Authors	Scale	Units of Analysis	Study Methods	Conclusions
Freeman and Rohe (2005)	Nationwide	Census tract	The authors identify tracts that received assisted housing (including public housing and housing units constructed under Section 236, Section 8, or the LIHTC program) between 1980 and 1990. The authors then use propensity score matching to test whether these tracts underwent greater racial transition than did comparable tracts that did not receive assisted housing units.	The authors find little evidence that the presence of assisted housing led to a greater outflow of white residents.
Glaeser (2003)	New York, New Jersey, California	Tenant, city	Glaeser examines the characteristics of tenants in rent-controlled units vs. non-rent-controlled units in New York City, as well examining aggregate statistics for California and New Jersey municipalities with and without rent control.	Rent control tenants in New York City are lower income, and older than tenants overall. They are also more likely to be white, casting doubt on rent control's ability to effect racial integration in the city. Looking at cities in California and New Jersey, Glaeser finds that cities with rent control in California saw less of an increase in rents and incomes than cities without, while the opposite was true for cities in New Jersey. Glaeser takes this as evidence that rent control might marginally increase economic integration in California, while it might be exasperating the concentration of poverty in New Jersey. The paper has little concrete to say with respect to racial segregation.
Hipp (2011)	Multiple cities for which violent crime data is available	Housing unit	The author uses American Housing Survey data from 1976 through 1999 to estimate probabilities of neighborhood out-migration and in-migration relative to crime rates.	Hipp finds that disparate levels of in- and out-migration by race contribute to different exposures to neighborhood crime by race and ethnicity. Controlling for a variety of individual and neighborhood characteristics, white households are more likely to exit neighborhoods with high and rising crime rates, while black and Latino households are more likely to enter into such neighborhoods.

Authors	Scale	Units of Analysis	Study Methods	Conclusions
Hipp (2012)	Nationwide	Housing unit	The author uses American Housing Survey data from 1985 to 1993 to predict the race of in-movers to a longitudinally tracked housing unit, based on racial characteristics of the surrounding census tract, an 11-household "micro-neighborhood", and of the prior occupants of the unit.	Same-race proportions at the micro-neighborhood level are better predictors of racial occupancy than are the comparable proportions at the tract level. Accounting for these neighborhood compositions, the race of the prior householder is still strongly predictive of the race of the new occupant. One explanation put forward for this phenomenon is a signaling mechanism, where new residents gain assurance that they belong in a given setting.
Krysan et al. (2009)	Metro Chicago and Detroit	Individual survey respondent (N = ~1,500)	Respondents of different races are shown videos of neighborhoods that vary by class signifiers and racial composition. The respondents were then asked to rate the desirability of the neighborhood.	Controlling for class, white respondents rate neighborhoods with black population and mixed population representation and less desirable than those with white population representation. Conversely, black respondents rated white neighborhoods as less desirable than black neighborhoods, but rated black neighborhoods as less desirable (though not statistically significantly) than mixed neighborhoods.
Lee and Wood (1991)	Nation-wide (58 central cities)	Census tracts	The authors used census data for 58 out of 60 central cities with populations greater than 250,000 in 1970 or 1980 to assess the trajectories of racially mixed neighborhoods during this time period.	The authors find significant variation in tract trajectories based on regional, city, and neighborhood factors. Framing transitions in terms of "succession", "stability", and "displacement", the authors find, for instance, that tracts across different regions that experience either displacement or stability tend to have greater initial population percentages of Hispanic and foreign born residents.
Logan and Zhang (2010)	Nationwide	Census tract	The authors track neighborhood race and ethnicity compositions from 1980 through 2000, looking to examine the role that "global neighborhoods" of high Asian and Hispanic residence play in integrating previously white neighborhoods.	While finding evidence for global neighborhoods, the authors also find that broad patterns of residential settlement are largely maintained through the avoidance by whites of "all-minority" areas, as well as of the out-migration of whites from more diverse neighborhoods.

Authors	Scale	Units of Analysis	Study Methods	Conclusions
McKinnish, Walsh, and White (2010)	Nationwide	Census tract	For both 1990 and 2000, the authors use confidential Census data to model household movements into and out of gentrifying neighborhoods (defined by baseline income and income change).	The authors find that largely middle-class black families carry out the income gentrification of low-income black neighborhoods. Conversely, gentrifying neighborhoods with low black populations see an increased outflow of high school-educated black households, though also with a substantial inflow of this same population group.
Ottensmann (1990)	South Bend, IN	Tract	The authors specify and run a set of simulation models to test the increase in neighborhood concentration of black residents between 1980 and 1990. The authors compare the concentration of black residents with and without the presence of black in-migration to the study metro.	The authors find that the in-migration of black residents is a major driver of greater black-white segregation.
Quercia and Galster (2000)	Literature Review	Primarily census tracts and block groups	The authors assess literature on neighborhood threshold effects, assessing theorized mechanisms for such thresholds, the neighborhood attributes on which such thresholds are conceptualized, the analytic methods by which thresholds are identified, and the actual empirical assessment of thresholds.	The authors find the "extant empirical literature" to be "sketchy", though they do see evidence for thresholds or "tipping points" along related socioeconomic measures, whereby neighborhoods have downward trajectories reinforced.
Reibel and Regelson (2011)	Nationwide (50 largest metros)	Census tract	The authors use a cluster analysis applied to neighborhoods based on their patterns of racial change between 1990 and 2000. They then analyze the distribution of these clusters, including specifying a model to account for the probability of a tract falling in a given cluster.	The authors find substantial regional variation in the prevalence of different transition types. Modeling this, they find that racially stable neighborhoods are more probable in the Northeast and South, transition from white to Hispanic less probably in the South and transition from white to black more probable in the south. They also find differences in transition probabilities based on racial/ethnic composition of metros (e.g. more "moderate integration" in metros with higher Asian population percentages) as well as locational characteristics of individual tracts (e.g. less integration in central cities).

Authors	Scale	Units of Analysis	Study Methods	Conclusions
Rosenblatt and Deluca (2012)	Baltimore	Family	The authors conduct interviews with families who have participated in Moving to Opportunity in Baltimore, seeking to understand why a large proportion of such participants moved back to high-poverty neighborhoods after program enrollment.	The authors note reports of families seeking to live in larger housing units in order to accommodate larger family sizes. These units were seen to be more affordable in high-poverty neighborhoods. Moreover, the interviewed families were able to move into such neighborhoods because of copying mechanisms developed during prior stays in distressed neighborhoods.
Sampson (2012)	Chicago	Family	Sampson uses longitudinal family survey data, as well as detailed information on the characteristics of neighborhoods, to model the neighborhood attainment of moving families.	A number of neighborhoods and household factors beyond mere race, income, and proximity are significantly predictive of where moving families end up. Specifically, similarities in perceived neighborhood disorder and closeness of elite and non-elite social network ties between origin and destination neighborhoods are associated with neighborhood destinations.
Sampson and Sharkey (2008)	Chicago	Family	The authors use longitudinal survey data to track movement of families originating in Chicago, analyzing these movements in terms of detailed survey responses given by the families and characteristics of the neighborhoods of origin and destination.	The authors find movement between neighborhoods to be heavily patterned by race and class, with aggregate flows of family movements serving to reinforce existing patterns of racial and economic segregation.

Appendix B. Summary of the Impact of Rail Transit Facilities on Residential and Commercial Property Values

Authors	Rail Mode	Location (Transit Facility)	Methodology Used	Extent of Property Value Impact	Major Conclusions
Ahlfedt (2013)	Light Rail (Jubilee Line & Docklands Light Railway)	London	Pre/Post Study	The study showed that for the average household a doubling of access to employment centers results in a utility effect that is equivalent to an increase in monthly income of £383 (in 2001 prices).	The model provides a better overview of potential funding possibilities for projects, particularly regarding contributions made by landlords levied on the predicted property price impact.
Armstrong (1995)	Commuter Rail (MBTA Fitchburg line)	Boston	Hedonic Price Models	Homes located in census tracts with rail stations had 6.7 per cent higher selling prices.	Proximity to the line (within 400 feet) coincided with a 20 per cent decrease in value, suggesting disamenity effects caused by frequent freight trains.
Armstrong and Rodriguez (2006)	Commuter rail	Four municipalities with commuter rail service, and three without commuter rail service.	Hedonic Price Models	Study finds a 10 per cent premium near stations.	There is a penalty between \$73 and \$290 per 100 feet closer to the right-of-way.
Bowes and Ihlanfeldt (2001)	Rapid Rail (MARTA)	Atlanta	Hedonic Price Models	Properties within a quarter of a mile from a station are found to sell for 19% less than properties beyond three miles from a station. And houses beyond three miles from a station sell on average for 4.7% more if the nearest station has a parking lot.	The positive effect of access to stations was generally greater than the negative effects of crime or the positive effects of retail, although within a quarter-mile radius some stations appeared to have net neutral or negative impacts.
Cervero (1996)	Heavy Rail	San Francisco Bay Area (Bay Area Rapid Transit)		+10-15% in rent for rental units within 1/4 mile of BART	Units within a quarter-mile of the Pleasant Hill Bart station rented for around \$34 more per month than comparable unit farther away.
Cervero and Duncan (2002)	Light and Commuter Rail	Santa Clara County	Hedonic Price Models	Large apartments within a quarter mile of station premiums as high as 45 percent, while land near commuter rail had a premium of about 20 per cent.	Apartments near light rail stops were more valuable than comparison properties.

Authors	Rail Mode	Location (Transit Facility)	Methodology Used	Extent of Property Value Impact	Major Conclusions
Chatman et al. (2012)	Light, Interurban Rail (River Line)	Southern New Jersey	Hedonic Price Models	Neutral to slightly negative.	The net impact of the line on the owned housing market is neutral to slightly negative. While lower-income census tracts and smaller houses seem to appreciate near the station.
Chen et al. (1998)	Light Rail	Portland	Hedonic Price Models	Property premium was estimated at about 10.5 per cent.	The value of accessibility to the station generally exceeded the nuisance of the line.
Duncan (2008)	Light Rail	San Diego	Hedonic Price Models	17 per cent premiums for condominiums and 6 per cent premiums for single-family homes within a quarter-mile of light rail stations.	Past research has shown that property near rail stations have a premium (between 0% and 10%) in many U.S. cities. However, most of these studies focus on single-family homes. This paper indicates that condominiums receive capitalization benefits in excess of 10%, and the benefits received by single-family properties fall within the more typical range (<10%).
Gatzlaff and Smith (1993)	Heavy Rail	Dade County, Florida (Miami Metrorail)	Pre/Post Study	At most a 5% higher rate of appreciation in real estate sales value compared to the rest of the City of Miami.	Residential values were only weakly impacted by the announcement of the new rail system. Higher priced neighborhoods have experienced greater increases in property values near Metrorail stations while declining ones have not
Gibbons and Machin (2005)	London Underground and Docklands Light Railway (late 1990s)	South East London	Hedonic Valuation Models	House prices rose by 9.3 percent more in places with transit than without.	The study suggests that households significantly value rail access and that these valuations are sizable as compared to the valuations of other local amenities and services.
Goetz et al. (2010)	Light Rail (Hiawatha Line)	Minneapolis	Pre/Post Study	Single-family homes within ½ - mile of a station sold for \$5,229 more after 2004 than homes farther from the station. The premium for multi-family properties was \$15,755 after the line opened.	This study demonstrates that completion of the Hiawatha Line has generated value and investment activity in the Minneapolis housing market.

Authors	Rail Mode	Location (Transit Facility)	Methodology Used	Extent of Property Value Impact	Major Conclusions
Hess and Almeida (2007)	Light Rail	Buffalo, New York	Hedonic Price Models	A premium of between 2 and 5 per cent of value was found.	There is a lower effect for properties in economically declining areas and higher effects in more prosperous areas.
Immergluck (2009)	Light Rail (Beltline)	Atlanta	Pre/Post Study	Single-family homes within one-quarter mile of the planned loop sold at a 15 to 30 percent premium compared to similar properties located more than two miles away.	The study found large increases in premiums for homes near the lower-income, southern parts of the Beltline TIF district between 2003 and 2005, which corresponded to initial media coverage of the planning process. The findings suggest that planning for the Beltline induced substantial speculation and gentrification.
Kahn (2007)	Light Rail	14 cities	Pre/Post Study	Neighborhoods close to new “walk-and-ride” stations saw home values increase more than 5 percent over 10 years, but home values near new “park-and-ride” stations fell by about 2 percent.	This article uses a 14-city census tract-level panel data set covering 1970 to 2000 to document significant heterogeneity in the effects of rail transit expansions across the 14 cities. Communities receiving increased access to new “walk-and-ride” stations experience greater gentrification than communities that are now close to new “park-and-ride” stations.
Knapp et al. (2001)	Light Rail	Portland	Pre/Post Study	Vacant parcels within one-half mile of the planned line sold at a 31 percent premium in the two years after plans were announced. The premiums for parcels within one mile were 10 percent.	The study find that plans for light rail investments have positive effects on land values in proposed station areas.
McDonald and Osuji (1995)	Southwest Side Rapid Transit Line	Chicago	Pre/Post Study	An increase of 17 per cent in value for properties within a half-mile of stations by examining comparative parcel sales from 1980 to 1990.	Alternatively, the increase was 1.9% (or \$126.75 per lot) per mile of distance to downtown Chicago for those sites within one-half mile of the stations.

Authors	Rail Mode	Location (Transit Facility)	Methodology Used	Extent of Property Value Impact	Major Conclusions
McMillan and McDonald (2004)	Rapid Transit Line (Downtown Chicago to Midway Airport)	Chicago	Pre/Post Study	Single-family homes near transit began selling for 4.2 percent more than homes one mile away in the 1980s. The premium increased to as much as 19.4 percent between 1991 and 1996 before correcting to just about 10 percent in later years.	House prices were being effected by proximity to the stations in the late 1980s and early 1990s—after the plans for the line were well known. The difference between the increase in the value of homes within the sample area as compared with properties farther away from the new transit stations was approximately \$216 million between 1986 and 1999.
Nelson (1992)	Heavy Rail	Atlanta, Georgia (MARTA East Line)	Hedonic Price Models	+\$1,000 on home prices for each 100 feet a house is closer to a rail station in low-income transit adjacent census tracts; a slight negative effect in high income tracts (although this may be due to proximity to industrial uses or to low income neighborhoods).	For lower income neighborhoods, the benefit effects of accessibility more than offset any nuisance effects. Higher value homes may be more sensitive to nuisance effects than by improvements in accessibility.
Pollack et al. (2010)	Fixed Rail	42 stations	Pre/Post Study	In 29 of the 42 station areas, the median home value increased by at least 20% more than in the region as a whole. Station area median gross rents outpaced the region by a similar margin in about 40 percent of cases.	The study affirm that transit can be a catalyst for neighborhood renewal, and that such improvements to neighborhood accessibility could potentially 'price out' current residents because of rising property values.
Weinberger (2001)	Light Rail	Santa Clara County, California	Explanatory hedonic models. The study design attempts to reconcile both longitudinal and cross-sectional effects in a single model.	A commercial property within ~ ¼-mile of a transit station would lease in 1993 for 13.8% more than other properties leased in the County in that year, if it were leased in 1997 it would command a 14.6% premium but only 5.2% in 1998.	The basic results indicate that after controlling for factors such as length and type of lease, building improvements, regional and local economic cycles, and location, properties that lie within a ~ ¼ mile of a light rail station command a higher lease rate than other properties in the County.

Appendix C. Summary of Studies on TOD and Gentrification

Authors	Location of Study	Time Period	Variables & Methods Used	Major Conclusions
Lin (2002)	Chicago	1975-1991 Study Periods: 1975-1980, 1980-1985 and 1985-1991.	Residential zoning densities; straight-line distances to the CBD, Lake Michigan and transit stations; annual changes in land values. Method: regression analysis	<ul style="list-style-type: none"> Transit had influenced gentrification during two of the three periods studied, with large, negative and statistically significant coefficients relating changes in housing values to proximity to transit. Weakness: Results are limited since gentrification is usually measured with a variety of indicators, yet Lin only took into account changes in land values
Kahn (2007)	14 cities	1970-2000	<p>Property values; education level; proximity to walk-and-ride stations; proximity to park-and-ride stations; and proximity to any transit station interacted with the median household income.</p> <p>Methods: Three model structures for statistical analysis. Regression analysis to estimate the changes in housing prices at the four study periods: 1970, 1980, 1990 and 2000.</p>	<ul style="list-style-type: none"> The regression showed mixed results across the study sample - walk-and-ride stations having a positive effect on housing prices, and park-and-ride stations effecting housing prices negatively. The results were inconclusive, and varied depending on the type of regression models used (OLS or IV), ultimately demonstrating that although gentrification did occur near some walk-and-ride stations, it did not appear near park-and-ride transit stations.

Authors	Location of Study	Time Period	Variables & Methods Used	Major Conclusions
Pollack et al. (2010)	12 cities	1990-2000	<p>Population; race; household income; gross rent; mobility status (whether residents have moved in the last 5 years); transit ridership; housing value; and number of cars per household.</p> <p>Variables were collected and analyzed at the census block group level.</p> <p>Method: Regression Analysis</p>	<ul style="list-style-type: none"> • Population, housing units, income, rents and home prices all increased in new rail station areas. • Car ownership increased. • A significant percentage of station areas saw transit use drop faster than the region.
Dominie (2012)	Los Angeles	1990-2010	<p>Two income variables (high- and low-income households); changes in race/ethnicity; occupation; and education.</p> <p>Method: Six Regression Models</p>	<ul style="list-style-type: none"> • Areas around transit in Los Angeles County, for the most part, were more likely to gentrify, • Greater increases in car-owning residents than the surrounding counties, and experienced resultant losses in transit ridership.

Appendix D. TOD Impacts in Los Angeles

Here we provide a brief overview of recent studies conducted by UCLA students, as well as nonprofit and public agencies related to TOD development and its impacts in Los Angeles neighborhoods.

UCLA Student Research

A UCLA study entitled *TOD Impacts on Businesses in Four Asian American Neighborhoods* focused on Chinatown, Thai Town, Little Tokyo, and Koreatown. Overall, this study was the first to examine the impact of TODs on small and ethnic businesses, thus expanding the way researchers should examine the impacts of government infrastructure investments on neighborhood change. Despite data limitations, the available information indicated that many local and Asian businesses did not proportionately benefit from development. There was considerable heterogeneity among the four communities in terms of impacts. From 2001 to 2011, businesses in Chinatown grew at a much lower rate relative to businesses in LA County, and the growth rate of Asian businesses showed a more drastic decrease in the TOD study area compared to that of LA County as well (Fang and Le, 2014). Koreatown only slightly lags behind Los Angeles County for all business and small business growth, thus this neighborhood is still very competitive and has potential for future growth (Cha et al. 2014). In Little Tokyo, the data implies that the TOD study area and LA County's overall business sectors are dynamic, though the study area saw lower rates of business growth and lower turnover (Hom, Toscano, and Yang, 2014). Finally, in Thai Town, the data suggests that while the overall business sector and small business subsector in the TOD Study Area are flourishing, Asian businesses are growing at a dismal rate (Macedo and Nem, 2014). Thus, the results are consistent with community concerns about a relative slowing of growth in small and Asian businesses. The study suggests that greater attention by government is needed to maintain the cultural characteristics of neighborhood and to support small local and ethnic businesses (Ong, Pech, and Ray 2014).

A second UCLA project focused on the analysis of transit-oriented development and fair and affordable housing, examining four LA neighborhoods: Boyle Heights, Westwood, the neighborhood around Sunset/Vermont, and the neighborhood around USC. All these TOD areas had distinctive characteristics.

- In Boyle Heights, racial/ethnic groups within the TOD Service Area earn far less than their respective racial/ethnic group in L.A. County at large. This pattern indicates that economic conditions have been a major factor driving the racial/ethnic distribution in the TOD Service Area, rather than explicit racial/ethnic discriminatory forces. Boyle Heights and the TOD Service Area both have a substantially higher proportion of affordable rental units than L.A. County at large. In addition to this, the median income in both areas is far lower than the county median. Due to these combined factors, the availability of affordable units provides residents with a relatively stable supply of housing, in turn lowering the rent burden in the area (Beltran et al., 2011).
- Around USC, there does not appear to be significant discrimination in housing on the basis of race or ethnicity, as Hispanic and Black/African American households are overrepresented in the USC neighborhood. However, an overrepresentation of African American and Hispanic households may be indicative of housing discrimination in other parts of the city or region. There is a strong supply of low-rent housing, yet a majority of households still pay more than 30 percent of income on housing costs (Lopez et al., 2011).

- In the Sunset/Vermont station area there was no significantly overrepresented or underrepresented racial ethnic group. Trends confirm that the area is actually moving towards representations more consistent with Los Angeles County. Sunset/Vermont does not appear to have a greater need for affordable housing than the County, as it has proportionately twice as many low rent units than the County. However, over 50% of renters in this neighborhood face rent burden.
- In Westwood, subtle housing discrimination practices seem to exist. The research found that Latinos/Hispanics and Blacks are underrepresented in the neighborhood. And the area has an inadequate supply of low-rent housing and a high housing burden among renters. Indeed, people who want to live and work here cannot afford to be here without paying more than 30% of their income on rent (Allen et al., 2011).

Non-Profit Studies

1. Planning to Stay: A Community Created Master Plan for an Improved Transit Village in Westlake. February 2010. Central City Neighborhood Partners.

This study focused on the Metro Red Line in Westlake Village in Los Angeles. This area is a low-income, immigrant community, predominantly composed of renters, near downtown Los Angeles. The proximity to downtown and good transit access has prompted significant development interest, which has caused hardship for many residents because of increasing rents. The report mentions the replacement of mom-and-pop businesses by chain and upscale establishments.

The report views resident participation as critical to prevent further displacement and maintain affordable housing:

Residents' leadership is especially critical in resolving the conundrum of improving the neighborhood without gentrifying it. The solution is likely a combination of aggressive affordable housing policy and strategic improvements crafted to improve the neighborhood more in the eyes of current residents, than in the view of new more affluent residents (2010:11)

The report asks the important question: "Are we planning a transit village, or does it already exist?" This area is already very transit-friendly, as it is within walking distance of the Metro, Rapid Bus and bus lines. It averages 33,594 residents per square mile, more than 4 times the city average. The commercial streets are aligned with neighborhood businesses, services and offices in multi-story mixed-use buildings with active street facades. The area already has four times more transit use than the City of Los Angeles and seven times more than Los Angeles County. Consequently, the goal of this study is not to plan a transit village, but rather to improve an existing one. Suggestions proposed include:

- A "Transit Investment Based Inclusionary Housing Zone" that would require 25% or greater affordable units in all new construction and major renovations within ½ mile of the Red Line station. If challenged in court, the authors of the report believe that this policy would be affirmed because the value of station-adjacent property is significantly increased by the enormous public investment in the station and line, thus creating a constitutional basis for requiring developers to provide affordable housing.
- Density bonus programs that provide an additional incentive to build more affordable units. Modeled after the City of West Hollywood's successful ordinance, the policy proposal offers progressively more density bonus as the developer provides more affordable housing, all

the way up to a 100% bonus for 100% affordable housing.

- Implementation of inclusive policies that ensure housing development rather than decrease the stock of affordable housing. It is critical to do this first, so that if later steps attract developer attention, their new projects will be certain to include ample affordable housing.
- Improvement of the neighborhood landscape starting with enhancements that serve current population such as a new DASH route (local shuttles), widened sidewalks, etc.

2. *Hollywood: A Comeback Story and Lessons Learned.* Beth Steckler and Lisa Payne. February 24, 2012.

The introduction of the Metro Red Line subway and three stations along Hollywood Boulevard in the heart of the redevelopment project area has served as a catalyst for development. The Community Redevelopment Agency (CRA) adopted a “bookend strategy” that at first focused investment around the stations with the assumption that it would then be easier to attract development to the rest of the project area.

However, by 2009 the demographics of Hollywood’s residents had changed: they owned more cars, composed smaller households, and had higher incomes than the previous area residents. Despite all the development, the study outlines that the number of people living in central Hollywood fell by about 10 percent, while population in the city grew by about 9 percent. Per capita income rose 34 percent in Hollywood, but only 2 percent citywide. And there was an increase in car ownership despite the easy availability of high-quality transit: The area witnessed a 32 percent decrease in car-free households, while households with one car increased by 15 percent. This information has implications for ridership on the transit system. All the numbers suggest that, despite the city’s extraordinary efforts to keep housing affordable, Hollywood is gentrifying.

Focusing on the case study of the Hollywood area, the report suggests the following 11 recommendations for TODs around metro stations in Los Angeles:

- Be bold in addressing big problems
- Get city agencies working together with the community
- Engage communities of interest to help address problems
- Tackle crime and problem properties
- Deliver on the promise of good jobs for the community
- Capture some of the increased property value
- Devise strategies for making streets and sidewalks clean
- Minimize displacement
- Seize opportunities for moving mission forward
- Get the parking right
- Advocate for local, regional, statewide, and federal policies.

3. *Creating Successful Transit-Oriented Districts in Los Angeles: A Citywide Toolkit for Achieving Regional Goals.* February 2010. Center for Transit-Oriented Development.

The Center for Transit-Oriented Development (CTOD) set out to determine why good TOD is or is not occurring around stations, and to strategize about ways that station area performance could be improved. CTOD examined the current success of transit-oriented districts through a data-driven analysis and a discussion with focus groups from five transit corridors in the city. They created a variety of tools measuring current performance including a station typology, station area profiles, and a set of regional screen maps that analyze demographic and economic conditions throughout the City.

The CTOD also conducted a case study analysis of five corridors that have clusters of stations, including: the Gold Line from Little Tokyo to Indiana; the Red Line from Vermont/Wilshire to Vermont/Sunset; the Orange Line from Sepulveda to Warner Center; the Expo Line from USC to Crenshaw; and a key portion of the proposed downtown streetcar alignment. CTOD invited stakeholders from these corridors to talk about the opportunities and challenges of TODs. Participants included staff from several city departments and various agencies including CRA-LA, the Planning Department, and LA Metro, as well as community members and organizations, institutional property owners and major employers, and planners, developers, and activists.

This report emphasizes that transit investment and transit-oriented districts are keys to enhancing affordable living. A 2009 study by the American Public Transportation Association found that households that used transit saved an average of \$10,000 in Los Angeles (2010: 4). Additionally, there is growing support for TOD from business interests. The authors emphasize that achieving TOD success requires the involvement of many public and private organizations.

According to the report, the demand for transit-oriented living in the Los Angeles region is strong and growing; nearly two-thirds of this demand is likely to come from households earning less than the city's median income (2010: 7). Already, transit serves many of the city's existing lower-income neighborhoods, offering residents regional access but increasing their vulnerability to displacement over time. (2010: 8). Furthermore, 22.4 percent of jobs in Los Angeles County are connected to transit (2010: 8).

The report stresses that since contracts on over 20,000 units of affordable housing will expire by 2014, housing preservation will be a key component of station area planning. Another means of protecting affordability is to proactively implement development plans for small parcel sizes near some transit stations. The chart below identifies different TOD strategies that relate to several topics (for example, Housing Affordability and Economic Development) that came about as a result of this project.

4. Preservation in Transit-Oriented Districts: A Study on the Need, Priorities, and Tools in Protecting Assisted and Unassisted Housing in the City of Los Angeles. May 2012. Prepared for the Los Angeles Housing Department. Prepared by: Reconnecting America.

For this study, four existing transit-oriented districts were selected as areas of focus for preservation activities over five years. The areas were chosen based on several factors:

- Median Household Income
- Percent of Renter-Occupied Households

- Potential Change in Market Strength Resulting from:
 - Proximity to Major Job Centers
 - Areas with Lower Transportation Costs
 - Rising Property Values
 - Transit Access to Downtown Los Angeles and Westwood Resulting from Measure R Investments
 - Historic Neighborhood Character (age of buildings)
- Vulnerability of Housing Stock:
 - Concentration of Income-Restricted, At-Risk Units
 - Concentration of Larger Buildings Subject to the Rent Stabilization Ordinance
 - Concentration of Smaller Buildings Subject to the Rent Stabilization Ordinance

The station area clusters chosen were along the Red Line, Purple Line, Venice Blvd. Central L.A Rapid Bus corridor (North of I-10), and Expo Line. The areas chosen exhibited a high confluence of vulnerability factors.

The study suggests that if transit investments manage to reduce congestion to major transit-oriented job centers like Downtown Los Angeles or Westwood, then workers in these places must be able to reach them by transit. Thus, the report proposes a comprehensive TOD strategy that might include the following:

- Affordable housing preservation;
- Coordinated land use regulations that leverage new transit-oriented development (both market rate and affordable);
- Provision of other amenities such as parks, quality schools, fresh food, etc.;
- Making last mile connections and investing in supportive pedestrian, bicycle, parking improvements and land use planning efforts; and
- Coordinated workforce and economic development strategy that considers both business attraction and job training near transit.

Appendix E. Summary of Simulation Models of Gentrification

Authors	Model Structure ¹	Model Setting	Mechanisms	Findings
O'Sullivan (2002)	Cellular automata	London	This model is explicitly posed as a spatial instantiation of the "rent gap" theory of gentrification. Each iteration of the model consists of spatially linked properties (the "cells" of the model) passing among states of "not for sale," "for sale," "seeking tenants," and "rented." The rent gap is operationalized as the amount by which the "condition" value of a given property is less than the average condition of spatially linked properties. This gap helps determine the investment in upgrading a property, which in turn helps determine the property's state, as well as values for sale price, rent price, and "neighborhood status."	Posed as an exploratory analysis, model outcomes are shown for a sample run of 60 years, with the author tracking the proportion of properties in each of the four different states, as well as average values occupant income, physical condition of properties, and neighborhood status. The model is able to generate alternate periods of stability and instability in these measures, with neighborhood change dependent on the inclusion of a neighborhood status feedback mechanism.
Torrens and Nara (2007)	Cellular automata and agent-based hybrid	Salt Lake City	The interactive units in this model are of three types: spatially fixed markets and properties, and spatially mobile residents. Residents choose among markets (large aggregations of properties) and then choose among nested properties. The decision whether or not to move, and subsequently where to move, is based on the preferences and economic statuses of residents, as well as of properties of both broader markets and individual properties. Real estate prices are subsequently adjusted based on location-specific vacancy rates.	The authors track five primary market-level outcomes in their model: total household population, average property values, the average economic status of residents, residential turnover, and resident ethnic profile. These outcomes are presented for four different model runs: a status quo scenario; a demand-based gentrification scenario, in which additional high-income households are exogenously input to the model; a supply-based gentrification scenario, in which additional high-value properties are exogenously input; and a scenario combining demand and supply gentrifying pressures. The model, specified in an exploratory way, is able to produce varying gentrification dynamics under these different scenarios.

¹ Mode structure is split into three broad types. "Cellular automata" models consist of spatially fixed units. The characteristics of these units (or automata) evolve according to the attributes of other, neighboring automata. The potential states of the automata, their updating rules, and their geometries of influence are all potentially complex. "Agent-based" models, on the other hand, consist of spatially mobile agents situated within a fixed or evolving environment. The agents move according to decision procedures that can be based on both characteristics of the environment and of other agents. Characteristics of agents themselves may be static or may change over time, and their movement may alter relevant aspects of the environment. Finally, hybrid models contain elements of both cellular automata and agent-based models. These models contain spatially mobile agents, but they also contain spatially fixed cells that evolve according to the actions of mobile agents, as well as in response to the characteristics of other spatially fixed cells.

Authors	Model Structure ¹	Model Setting	Mechanisms	Findings
Jackson, Forest, and Sengupta (2008)	Agent-based	Boston	Four distinct types of mobile agents -- professionals, students, non-professionals, and elderly -- interact with a simulated urban landscape, with movement decisions governed by neighborhood preferences and abilities to pay that vary between agent types. Additionally, rents charged for simulated housing units increase according to the presence of professionals, and students transition over time to either professionals or non-professionals.	Measured outcomes of the gentrification model include the proportion of residents by type in the modeled neighborhoods, as well as the average land rents in these areas. Geographic trends are analyzed in terms of their qualitative similarity to results predicted by theory, and multiple test parameters are tweaked to validate the model's conformity to theoretical expectations.
Eckerd and Reames (2012)	Cellular automata and agent-based hybrid	Abstract grid	The authors posit a model that incorporates both a real estate market that governs the price of simulated plots of land, as well as a preference mechanism the governs the location decisions of residential agents. While the specifics of both of these mechanisms are left vague, the authors specify that residential agents are to be heterogeneous with respect to both income and race, and that these two dimensions of "socioeconomic status" are to drive the gentrifying dynamics.	The work presented by the authors is meant only to lay out the foundation for a gentrification simulation. Thus, the authors have no concrete results. They do, however, explicitly describe the process by which model results are to be compared with empirical observations to validate the model's structure, behavior, and policy implications.
Diappi and Bolchi (2013)	Cellular automata and agent-based hybrid	Milan	This model consists of investors, small owners, and tenants as "active" agents, and buildings as "passive" or spatially fixed agents. Within the model, investors decide whether to generate new developments and owners decide on their level of property upkeep based on property- and neighborhood-level characteristics (with investor decisions framed around the familiar rent gap theory). These supply decisions are additionally influenced by two exogenous factors: macroeconomic cycles, and an "Alonso curve" rent gradient falling outward from the city center. Tenants make locational decisions within the resulting real estate market based on their individual preferences and abilities to pay.	The model is first validated by reproducing the observed spatial patterns of rent in Milan as they evolved from 1993 to 2003. The authors next use the model to predict future rent levels with and without a series of planned large-scale development projects. Finally, the authors use model results to posit rent gap dynamics as a potential explanation for cyclicity observed in aggregate rent levels.

Appendix F: Census Tract Datasets

Two census tract-based time series were developed with data on housing and demographic characteristics of non-transit and transit neighborhoods (areas within a half-mile radius of a fixed-rail transit station). As discussed below, we intended to use the Neighborhood Change Database (2010) to reconcile tract boundaries from 1980 to 2010; however, significant errors were found, and we instead went with the Brown Longitudinal Tract Database. Below we discuss some of the methods used and challenges faced when processing the datasets for the two regions.

While the team's original plan was to use Geolytics Neighborhood Change Database (2010) (NCDB) for this task, a major problem was encountered with the reported population counts in the NCDB. The problem that the team noticed from the onset is that Geolytics data revealed dramatic population changes for a number of census tracts in Los Angeles County and in the Bay Area that appeared to be anomalous. Populations were allocated to census tracts that generally do not have population or very few people. Table F.1 lists the tracts where the team spotted errors in the misallocation for Los Angeles. These were mainly the 9800 and 9990 tracts. The Bureau of Census provides the following definition for the tracts with code range in 9800s and 9990s:

The code range in the 9800s is new for 2010 and is used to specifically identify special land-use census tracts; that is, census tracts defined to encompass a large area with little or no residential population with special characteristics, such as large parks or employment areas. The range of census tracts in the 9990s represents census tracts delineated specifically to cover large bodies of water. This is different from Census 2000 when water-only census tracts were assigned codes of all zeroes (000000); 000000 is no longer used as a census tract code for the 2010 Census (https://www.census.gov/geo/reference/gtc/gtc_ct.html).

Because of some of the inaccuracies in the NTDB, the team decided to use Brown University's Longitudinal Tract Data Base (LTDB) and its crosswalks to reconcile the changes in tract boundaries from earlier time period. The Longitudinal Tract Data Base provides a crosswalk that allows one to normalize census tract data from previous years (1970-2000) to 2010 census tract boundaries to maximize comparability across the study period. In addition, the LTDB also includes both a selection of short- (Full Count) and long-form (Sample Count) variables from the 1970-2000 Censuses that are already normalized to 2010 boundaries. For any additional variables not provided by the LTDB, we downloaded the original raw data (through FactFinder2 or Social Explorer) and used LTDB's crosswalk normalize to 2010 boundaries. The census tract data in the database were obtained from five sources: the Longitudinal Tract Data Base, the 1990 U.S. Decennial Census, the 2000 U.S. Decennial Census, the 2010 U.S. Decennial Census, and the 2009-2013 American Community Survey (ACS).

Table F.1: Total Population Counts

	<i>Geolytics</i>			<i>Decennial Census</i>
Census Tract	1980	1990	2000	2010
6037980001	1,308	1,702	1,879	0
6037980002	2,695	3,251	3,195	0
6037980003	619	805	668	2
6037980004	365	637	616	169
6037980005	3,327	3,434	3,490	0
6037980006	277	343	112	0
6037980007	904	1,221	794	0
6037980008	1,746	2,489	2,723	145
6037980009	8,659	9,035	8,875	14
6037980010	4,453	4,831	4,634	164
6037980013	12	13	16	59
6037980014	3,494	4,097	3,957	239
6037980015	4,858	5,956	5,191	554
6037980018	70	89	91	1
6037980019	7,801	7,667	8,128	173
6037980020	2,072	2,393	2,372	0
6037980021	3,366	5,273	6,025	33
6037980022	3,815	3,642	3,622	4
6037980023	1,753	2,315	2,592	8
6037980024	5,167	5,151	5,253	186
6037980025	2,614	2,639	2,837	0
6037980026	3,957	4,019	5,214	20
6037980028	2,029	2,380	2,198	4
6037980030	2	2	2	0
6037980031	7,719	9,220	8,894	1,262
6037980033	138	4,704	24	61
6037990100	7,141	7,850	8,698	0
6037990200	81,334	81,046	78,104	0
6037990300	28,450	33,523	30,442	0

While we did our best to include variables that are consistent across all three time periods, we did encounter some inconsistencies in some key variables. One example is the data on mobility. For our analysis on neighborhood mobility, we relied on the 2009-13 ACS data on “Geographical Mobility by Selected Characteristics in the United States” to examine the demographic characteristics and socioeconomic status of those moving into TOD areas. The information is available for persons who moved within one year. Unfortunately, there are no comparable datasets in the 1990 and 2000 Decennial Censuses. What is available from the two Censuses is a table on “Year Householder Moved into Unit”. The universe, which is the householder, is different from the ACS mobility table, which reports estimates for persons. Another difference between the two tables is the reported mobility period. The ACS table provides estimates for those who moved within the last year, while the 1990 and 2000 dataset on “Year Householder Moved into Unit” reports estimates for those who moved within a year and three months. Additionally, the “Year Householder Moved into Unit” variable does not provide in details key characteristics of the mover that are important to this research. This includes information on the mover’s income, race, and education attainment level. The ACS 1-year mobility data provides this information.

Another major problem that we encountered was the household income brackets that were not inflation adjusted across data sets, thus creating "artificial" shifts in distribution by income. We were able to partially address this by using Social Explorer, which allowed us to adjust the income brackets for inflation, but we do not know the reasonableness of their estimated reallocation.

The team observed inaccuracies with the Geolytics NCDB data in the Bay Area similar to those in Los Angeles County. For certain tracts, especially those near water bodies, significant discrepancies

existed for population counts in the NCDB. For instance, in a census tract in the northern county of Marin that underwent changing tract boundaries between 2000 and 2010, the Geolytics database indicated a population spike from 281 in 2000 to 7809 in 2010 (Figure F.1). Through our interviews and contact with our partner CBO, we learned that few if any new units were added to the area during that decade, and barring the building of an entirely new community, a population growth of 2679% in an existing community seemed unbelievable.

After contacting Geolytics in search of an explanation or data fix and receiving little of either, we sought an alternative source of data in Brown University's Longitudinal Tract Database (LTDB). Despite using seemingly similar methods, LTDB showed a gradual population growth from 1980. We therefore contacted Brown University to better understand the source of this difference, and they suggested that Geolytics used a less robust methodology, involving analysis of the street grid among other, less transparent methods. Although the LTDB appeared more robust for this single tract, we began to question the reliability of either dataset. Following UCLA's methodology (Ong et al. 2014), we prepared a third dataset using block data from 1990 and 2000 and assigning it to 2010 tract boundaries – a methodology similar to those used by both Brown University and Geolytics.

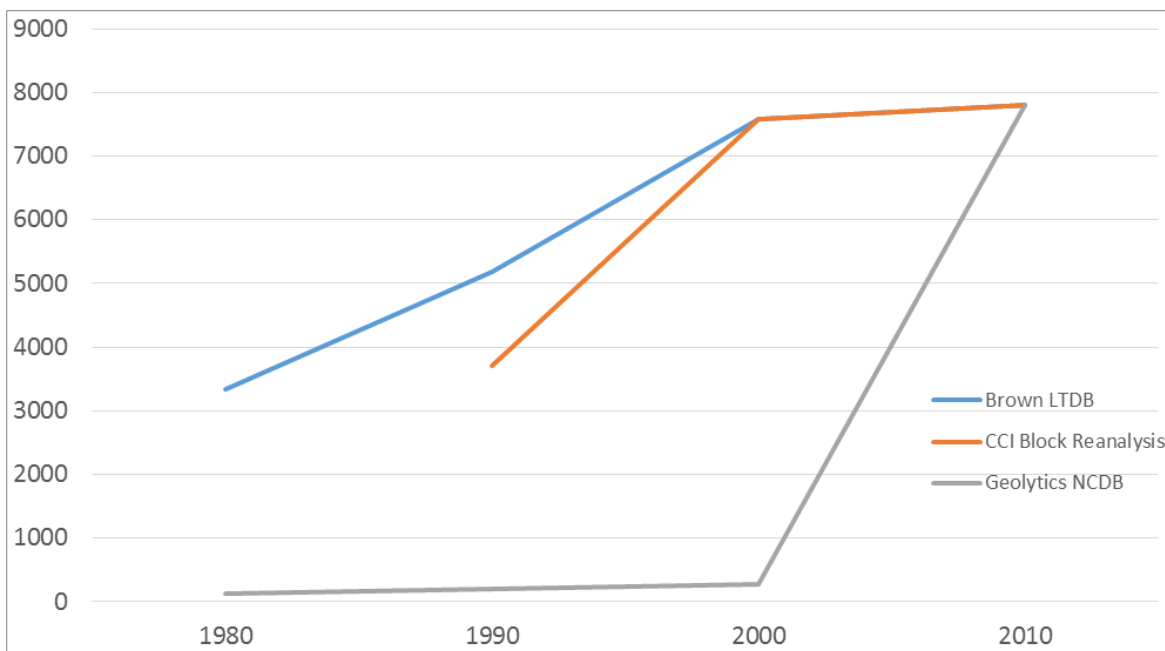


Figure F.1: Differences between Geolytics NCDB, Brown LTDB, and census block analysis for census Tract 1122.01, Marin County

When we compare the results from our analysis of block level population data, we find that Brown University's LTDB aligns well with our results for 2000, but not for 1990. In contrast, Geolytic's NCDB aligns better than Brown in 1990, but significantly worse in 2000 (Table F.2). As much of our analysis focuses on change since 2000, we chose to utilize the Brown LTDB dataset for the purposes of this research.

Table F.2: Correlation coefficients between Geolytics NCDB, Brown LTDB, and census block analysis for Bay Area tracts

	1990 Census Block Analysis	2000 Census Block Analysis
1990 Brown LTDB	0.696	-
1990 Geolytics NCDB	0.826	-
2000 Brown LTDB	-	0.993
2000 Geolytics NCDB	-	0.599

Appendix G: Parcel-Level Datasets

In an attempt to build a finer grain understanding of neighborhood change in the Bay Area and Los Angeles County, we set out to acquire datasets available at the parcel, rather than census tract, level. This involved purchasing Assessor and transaction data from Dataquick as well as acquiring data on subsidized housing from the U.S. Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD), and other data where available. One of the biggest limitations of this task was the uneven collection of data at the municipality level. Thus, while some cities have an abundance of fine-grain data (e.g., San Francisco), others collect very little or data is only available at the citywide level. Although this task originally envisioned acquiring housing discrimination complaints from the California Department of Fair Employment and Housing and with HUD, such data available to the public are only reported at the aggregated level (county or state), and the frequency is very low, limiting usefulness for this study. In addition to the assessor and subsidized housing data, we sought to acquire permits data, code violation data, and condo-conversion data to develop proxies for different types of displacement, as summarized in Table G.1, included in our original scope of work. Unfortunately, much of this data (especially permit and evictions data) was not actually available at the parcel level for our areas of analysis. The below sections detail the kind of data we were able to acquire, specifically paying attention to the assessor and transaction data.

Table G.3: Types of Displacement

Displacement Type	Sales	Permits-New	Permits-Rehab	Permits-Demo	Condo conversions	Code violations	Rent-Own conversions	Evictions	Subsidized housing
Economic	X	NA	NA						x
Physical	X			NA	x	NA	NA	x	x
Exclusionary	X	NA		NA	x		NA		x

NA = Indicates what is not available

G.1 Parcel Database for Los Angeles

The UCLA research team made several adjustments to Task 2H due to the unavailability of datasets in Los Angeles County. Numerous requests were made to obtain city data on building permits, demolitions, and code violations but the team was unsuccessful in acquiring these datasets. The fragmentation of Los Angeles County, which consists of a total of 89 different jurisdictions, made it difficult for the research team to track down all of the datasets.

Instead, the UCLA team had to rely on existing parcel datasets, which the team already has access to from other research projects. The UCLA team had access to a rich set of parcel data which goes as far back as 1999 and up to 2013. The parcel data was purchased from the Los Angeles County Assessor's office, which records data on parcel and structure characteristics as well as transaction information, including sale price and date of sale. Only the 2000, 2007 and 2013 parcel data were used for this project. Although not perfect, the Los Angeles County Assessor's parcel data was sufficiently complete to enable the team to leverage it in order to estimate the number of new construction projects, condo conversions, and properties that have gone through major renovations. Property sales data were derived from DataQuick (see description in Bay Area section below).

List of Substitutions

Permits-New → Newly constructed building imputed from LA County Assessor dataset

Permits-Rehab → Major renovations for single-family homes imputed from LA County Assessor dataset

Major Renovation/Improved Units

Our analysis of major renovations only looks at single-owner properties that were renovated between 2007 and 2012. The recording year was used as a proxy for the year the property was sold. We limit our sample to include properties that were sold in 2007 but remained with the same owner during the six-year period (2007-2012). To determine if the property was renovated, we looked at the changes in the property's improvement value between these two years. California's Prop 13 caps property taxes at 1% of the assessed value of a home at the time of purchase and prevents taxes from increasing more than 2% a year or more than the rate of inflation, whichever is less, unless there is a sale or major renovation. Anything beyond this would indicate some real improvement or renovation to the property.

For this study, a home is said to have been improved or experienced major renovation if it met the following criteria:

1. The percentage change in improvement value is greater than 10.7% (this is the rate of inflation between 2007 and 2012)
2. The amount in real dollar improvement is greater than or equal to \$5,000 (improved value in 2012 less improved value in 2007 times 1.107)

We aggregated all properties that were identified as being improved or that experienced major renovation, up to the census tract level.

New Construction of Residential Units

The 2013 County Assessor Parcel data was used to estimate the number of new residential units. Parcels with the first character of the use code either zero or with use code ranging from 01 to 09 are classified as residential properties. Table G.2 provides a breakdown of the types of residential property and their use codes.

Table G.4: County Assessor Use Codes and Corresponding Residential Property Types

Use Code	Description
01	single-family residence (one unit)
02	two units
03	three units
04	four units
05	five or more units
06	modular home
07	mobile home
08	rooming house
09	mobile home park

Using the "Year Built" variable, we define units that were constructed between 2005 and 2013 as "new". Since the parcel data does not include a "number of total units" variable for multi-family properties, we had to estimate the number of units for each parcel classified as "Five or More Units". We did this by dividing the property's square footage by 900. The 900 square feet is the

average size for a multi-family unit in Los Angeles County. Table G.3 gives an example of our calculation. We aggregated all “new residential units” up to the tract level.

Table G.5: Estimating the Number of Units for Parcels Classified as 5 Units or More

AIN	Use Code	Yr. Built	Tract10	BG10	SQ.FT	Est. Units
XXXXXXXXXX	0501	2005	265510	1	77,329	85

Estimated # of Units = Building sq. ft. / 900

77,329/900 = 85 units

Condo Conversion

Our analysis of condo conversions identified apartment units that were converted to condos between 2003 and 2013. Since the parcel data does not contain a variable denoting when the property was converted, we had to estimate this by merging together the 2003 and 2013 parcel datasets using the property’s Assessor Identification Number (AIN). Only parcels with the use code 10E (condo conversion) were kept in the dataset. If a parcel existed in 2013 but not in 2003 then we can assume that the conversion occurred between 2000 and 2013. If the parcel existed in both the 2000 and 2013 datasets then it is most likely that the conversion took place before the 2003 period. When a unit is converted from apartment to condo, it is given a new AIN. Prior to the conversion, the unit would not have had its own AIN, but instead the whole apartment structure itself would have had one unique AIN for the property.

Table G.4 provides a simple cross-tab between the 2007 and 2013 parcels. There were 47,919 parcels that were identified as condo conversion in 2007 and 52,890 in 2013. A total of 47,115 existed in both 2007 and 2013 parcel datasets which would indicate that the conversion took place prior to 2007. It is estimated that 4,971 units were converted between 2007 and 2013 (AIN contained in 2013 but not in 2007). The number of condo-converted units were aggregated up to the tract level.

Table G.6: Simple Cross-Tab of 2007 and 2013 Condo Conversion Data

	In_2013		Total
In_2007	0 (No)	1 (Yes)	
0 (No)	0	4,971	4,971
1 (Yes)	804	47,115	47,919

G.2 Parcel Database for the Bay Area

No consistent parcel level data was available for all Bay Area counties; therefore, the UC Berkeley team relied on the parcel data purchased from Dataquick for the construction of the database. A significant amount of data processing and cleaning was necessary to extract relevant indicators from this dataset. Data was purchased for current assessor data (equivalent to 2013), historical assessor data, which dates back to 2004, as well as transaction data, which dates back to 1988. From these datasets we intended to extract data on the frequency of sales and sales price of residential properties, land use changes including condominium conversions, new construction, and major renovations. Of this list, we were only able to extract the first two datasets, as the remaining indicators proved to be unreliable.

Transaction Data

After following the data cleaning procedures described in the Appendix to remove duplicates, outliers, non-monetary transactions, public agency sales (which could distort the calculation of sales values) among other cleaning procedures, we calculated residential sales price per square foot and then estimated the median sales price (and number of sales) per census tract. This data allows us to better understand the turnover and value appreciation by neighborhood.

Land Use Changes

For land use changes, we looked at the change in land use codes for each property between 2004 and 2013. The major limitation of this was that we were only able to match properties that did not change parcel numbers; this is a limitation because it is very common for parcel numbers to change, especially if any subdivision or parcel assembly has happened. In addition, Dataquick could not provide us with an algorithm for the changes in assessor numbers to match between years, as they argued that each County uses its own numbering system, which can change over time. Thus the land use change (including condominium conversions) was determined to be significantly underestimated from this technique. As an example, Table G.5 displays the counts of the total conversions between 2006 and 2011 (the last year for which we had reliable land use data). As a point of reference, there are approximately 2,206,509 parcels in the nine-county Bay Area. If this method of comparison were correct, land use changes would have only occurred on less than 2.5% of all parcels over a five-year period, which seems a bit low. Furthermore, when aggregating at the tract level for the purposes of modeling, these land use changes become virtually insignificant.

Table G.7: Land Use Changes between 2004 and 2013

From \ To	Agricultural	Commercial	Industrial	Residential	Miscellaneous	Vacant
Agricultural	X	71	37	689	125	383
Commercial	2	X	568	12,504	408	601
Industrial	36	567	X	1,117	154	310
Residential	335	1,175	78	X	641	2,851
Miscellaneous	282	6,279	214	1,839	X	1,248
Vacant	105	734	237	21,298	565	X

Similar results were found for condo conversions: according to this method only 6,143 parcels converted from other types of residential uses to condominiums. Based on the layouts of the current assessor data, we know that each condominium has a unique Assessor Parcel Number (APN), thus it is highly unlikely that this method of matching parcel numbers will give us an accurate portrayal of the total number of condominium conversions in the Bay Area.

New Construction

One method for calculating new construction from the parcel data is to use the field for “Year Built” by building and the number of residential units on site. However, the units in many cases are counted many times, especially in buildings of condominiums where each condominium has a unique parcel number. Thus when summed, for instance in a condo building of 20 units, the total would equal 400 units because total number of units is replicated each time. Number of units appears to be inaccurate even for non-condo buildings. For instance, in San Francisco, according to the Dataquick Assessor tables, there were 2,298 units developed over the period 2007-2013;

however, the City claims to have permitted 3,697 units, 1,606 were reported as having been built during that same time period in their Housing Element Annual Reports to HCD. When comparing data for San Francisco, where we have access to additional assessor data and land use data, the Dataquick assessor data claims that only 2,156 units were built during the 2007-2013-time period, whereas it appears that they permitted 16,826 units, and when we looked at assessor data that San Francisco Planning department cleaned, it appears that 7,545 residential units were developed during that time period. Because of these large discrepancies, we decided to abandon Dataquick as a source of data for new construction and instead rely on census data to estimate new units.

Major Renovations

Similar to the analysis described for the Los Angeles Region, the UC Berkeley team set out to analyze land-to-improvement values as a proxy for major renovations. Upon calculating and mapping these ratios for the Bay Area, however, it appeared that several counties applied a constant ratio for calculating improvement values. As illustrated in **Error! Reference source not found.**, virtually all of Alameda, Solano, and Sonoma counties have the same median improvement-to-land value for 2013 when estimated at the tract level. This led us to assume that the improvement value was not worth including in the analysis at the regional level.

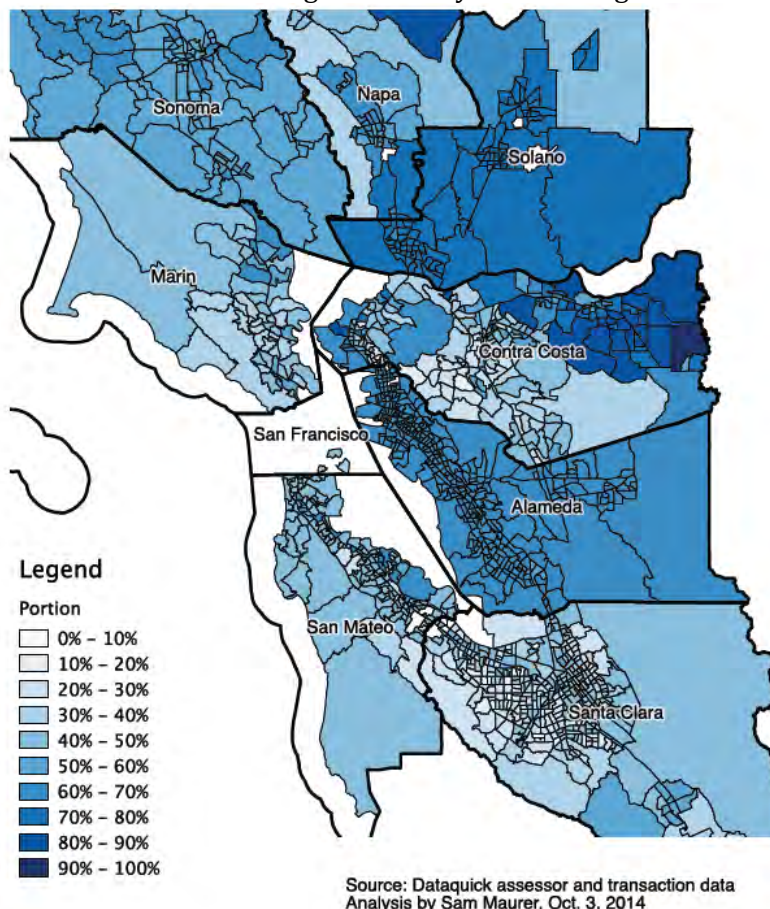


Figure G.1: Improvement to Land Value Ratio for 2013 in the Bay Area

Affordable Housing

We were able to obtain a detailed dataset on subsidized housing from the non-profit California Housing Partnership Corporation. This data was primarily derived from the U.S. Department of Housing and Urban Development Low-Income Housing Tax Credits (HUD LIHTC) datasets, but also contains buildings developed with other federal funding sources as well. This dataset allows us to calculate the number of subsidized housing units constructed by year and location, although it does exclude any units developed exclusively with funding (e.g., local redevelopment agency projects).

Parcel Data for San Francisco

Given the limited availability of parcel-level data at the regional scale, we sought to obtain more detailed data for the one county in the Bay Area that collects and makes public very detailed datasets: San Francisco County. For this county we were able to obtain the following datasets at the parcel/address level:

1. Fault and no-fault evictions since 1997
2. Below Market Rate units built under the City's Inclusionary Housing program since 1992
3. Housing permits for condominium conversions and for renovations since 1990
4. New housing construction from the local assessor/land use tables since 1990
5. Housing code violations since 2008

Appendix H. Data cleaning Protocol for DataQuick Assessor and Transaction Data

PART 1 – GENERAL FILTERS		
Issue	Analysis	Final criteria (SQL syntax)
Remove transactions from outside the 9-county San Francisco Bay Area		1. <code>mm_fips_muni_code IN (1,13,41,55,75,81,85,95,97)</code>
Remove transactions from prior to 1988 since the dataset is supposed to only go back to 1988 sales		2. <code>(s.sr_date_transfer/10000) >= 1988</code>
Remove non-residential transactions	<ul style="list-style-type: none"> These represent less than 10% of state-wide transactions provided by Dataquick, and only 2.2% after applying the other data filters 	3. <code>SUBSTRING(a.use_code_std FROM 1 FOR 1) = 'R'</code>
PART 2 – LINKING TRANSACTIONS TO ASSESSOR DATA		
Issue	Analysis	Final criteria (SQL syntax)
Basic identifiers have to be present in order for us to link transactions to census tracts	<ul style="list-style-type: none"> Census tracts are listed in the assessor table but not in the transactions table, so we match transactions to assessor records using the property id 8% of transactions have a missing or 0 property id, and 0.3% of current assessor records are missing a census tract These transactions will disappear automatically from the final statistics, but it's probably best to explicitly remove them so they don't affect how we're judging the other data cleaning filters There don't seem to be any zero values for the census tract 	1. <code>sr_property_id IS NOT null</code> 2. <code>sr_property_id > 0</code> 3. <code>sa_census_tract != ''</code> (varying syntax due to integer vs. character data fields)
Historical assessor data is sporadically incomplete, so it's probably best to pull square footage and use codes from the current assessor table, even though they could have changed or the property may no longer exist	<ul style="list-style-type: none"> Historical assessor data is missing for several entire counties in 2011 and 2012 In general, the historical tables are also less complete than the current assessor table When we match transactions to the next-year assessor tables, 1%–10% are missing, but when we match them to the current table, only < 1% are missing 	1. <code>sales.sr_property_id = assessor.sa_property_id</code> for matching the square footage and use codes
Square footage and use codes have to be present in order to calculate final statistics	<ul style="list-style-type: none"> After implementing the primary filters (arms-length, positive transfer value, property match in the assessor table), 3.5% of the Bay Area transactions have missing or zero square footage and < 1% are missing a use code We'll proactively remove these from the "clean" data tables 	1. <code>sa_sqft IS NOT null</code> 2. <code>sa_sqft > 0</code> 3. <code>use_code_std != ''</code>

PART 3 – PROPERTIES OF INDIVIDUAL TRANSACTIONS		
Issue	Analysis	Final criteria (SQL syntax)
Dataquick's arms-length flag may not be accurate, because it includes transactions with a transfer value of 0 and excludes some with a transfer value > 0	<ul style="list-style-type: none"> Cross-tabulation of transfer value and arms-length flag: (A) 38% - value > 0 and arms-length (B) 48% - value = 0 and non-arms-length (C) 12% - value > 0 and non-arms-length (D) 2% - value = 0 and arms-length Group D in particular calls Dataquick's methodology into question, but examples from Group C look ok (sales to trusts and other things we should be filtering out) All in all, it seems best to remove transactions Dataquick classifies as non-arms-length rather than trying to catch all of them using other filters We have to remove transactions with missing or 0 transfer values anyway, in order to calculate meaningful price statistics 	<ol style="list-style-type: none"> sr_arms_length_flag = '1' sr_val_transfer IS NOT null sr_val_transfer > 0
Only include resale and subdivision transaction types	<ul style="list-style-type: none"> For transactions with value > 0: 89% = R (resale) 10% = S (subdivision) 0.5% = C (construction) 0.5% = T (timeshare) none refinance, none missing 	<ol style="list-style-type: none"> sr_tran_type = 'R' OR sr_tran_type = 'S'
Possibly should filter by transaction document type	<ul style="list-style-type: none"> For transactions with value > 0: 46% = G (grant deed) 6% = U (trustees deed) 1% = Q (quitclaim) negligible H, W, T 47% missing Too many missing values to use this field 	<ol style="list-style-type: none"> NONE
Only include transactions representing full sale amount	<ul style="list-style-type: none"> For transactions with value > 0: 79% = F (full) 3% = P (partial, excluding liens etc.) 4% other (C, U) 14% missing (data dictionary indicates missing = assumed full) Overall, the data in this field doesn't seem reliable enough to use 	<ol style="list-style-type: none"> NONE
Remove trust transactions that Dataquick misclassified as arms-length	<ul style="list-style-type: none"> Pulled a sample of matching records and the filter works as expected 	<ol style="list-style-type: none"> sr_buyer NOT ILIKE '% trust%' sr_seller NOT ILIKE '% trust%' <p>(case-insensitive pattern matching where % matches any string of zero or more characters)</p>
Remove public agency transactions because they're often not at market prices	<ul style="list-style-type: none"> Filter works as expected, with > 90% of the matches being public agencies The false positives are entities with names like "First National Bank Daly City," but there doesn't seem to be any easy way to improve the pattern matching 	<ol style="list-style-type: none"> As above, with "county," "city," "agency," "redevelopment"

PART 4 – SETS OF RELATED TRANSACTIONS		
Issue	Analysis	Final criteria (SQL syntax)
Sets of transactions involving the same property id on the same day often represent different parts of a single sale (refinance, multiple loans, trust transactions, one to many owners or vice versa, etc.)	<ul style="list-style-type: none"> After applying all the prior filters, these duplicates represent about 1.0% of the remaining transactions (0.6% same price, 0.4% differing prices) The same-price duplicates are <i>mostly</i> transactions involving intermediaries, and the differing-price duplicates are <i>mostly</i> multi-part transactions, but the patterns aren't consistent enough for us to get reliable prices from these records 	<ol style="list-style-type: none"> After applying all the prior filters, group remaining transactions by <code>sr_property_id</code> and <code>sr_date_transfer</code> Remove all these transactions
Sets of residential transactions on a single day with the same document number but differing property id's represent subdivision or condo building sales, which often have incorrect price or square footage data	<ul style="list-style-type: none"> After applying all the prior filters, these duplicates represent about 1.2% of the remaining transactions (We have to group transactions by county here because document numbers can repeat across jurisdictions) Dataquick reps informed us that for residential condo and subdivision transactions involving multiple property id's, they record the total transaction price separately for each unit This looks correct based on the data, but it's hard to be certain 	<ol style="list-style-type: none"> After applying all the prior filters, group remaining residential transactions by <code>mm_fips_muni_code</code>, <code>sr_doc_nbr_fmt</code>, and <code>sr_date_transfer</code> If the dollar amounts match, only keep one of the transactions, and calculate price per square foot as $\text{transaction price} / \text{total square footage}$ If the dollar amounts differ, calculate the price per square foot normally
PART 5 – PRICE OUTLIERS		
Issue	Analysis	Final criteria (SQL syntax)
Identify and filter out significant outliers in price per square foot, because these are likely to be errors that would bias aggregate calculations	<ul style="list-style-type: none"> We adjust prices to 2010 dollars using national headline CPI for the calendar year of the transaction² The residential price cutoffs work out to \$1054 for Alameda, \$794 for Contra Costa, \$1788 for Marin, \$1577 for Napa, \$2014 for San Francisco, \$1773 for San Mateo, \$1354 for Santa Clara, \$729 for Solano, and \$1260 for Sonoma, in 2010 dollars 	<ul style="list-style-type: none"> After applying all prior filters, adjust the remaining prices for CPI inflation Remove the top 0.1% of transactions by price per square foot, separately for each county

² http://www.bls.gov/data/inflation_calculator.htm

Appendix I. Sources and Definitions of Affordable Housing Data for Section 2E.2

In Los Angeles, we define affordable rental units as units with median gross rent of less than 80% of the county median; data comes from the 2000 Decennial census and the 2009-13 five-year ACS. For the Bay Area, we define these units as those where low-income households are paying less than 30% of their income on rent. Condo conversions include apartment units that have been converted to condos between 2003 and 2013. Data for Los Angeles comes from the Los Angeles County Assessor's office. Data on Section 8 units is derived from the U.S. Department of Housing and Urban Development's (HUD) Picture of Subsidized Households for years 2000 and 2013. Section 8 data from 2000 was adjusted to 2010 boundaries using Brown University's Longitudinal Tract Data Base's (LTDB) crosswalk. For Los Angeles, the LIHTC data comes from the California Tax Credit Allocation Committee (CTCAC). In the Bay Area, this data is derived from the California Housing Partnership Corporation that verified HUD and state Housing and Community Development (HCD) data and includes some non-LIHTC federally and state subsidized housing units (e.g., project-based Section 8). The placed-in-service variable was used to identify units constructed up to 2000 and 2014. Ellis Act evictions data, which primarily includes tenants evicted due to the conversion of rental units to condos, comes from the Los Angeles Housing Department and is only available for the City of Los Angeles. All units are normalized as fraction of the housing stock (divided by total housing units). The change represents the proportion after minus the proportion before.

Appendix J. Ground-Truthing Methodology for the SF Bay Area

Demographic and housing indicators associated with processes of residential displacement, and/or thought to influence susceptibility to such processes (Chapple 2009) were collected to each case study area. In addition to the secondary datasets, we used qualitative data that included archival research of newspaper articles, planning documents, and academic literature and interviews with community stakeholders based on questions regarding demographic, housing, and commercial change.

Blocks for the “groundtruthing” visual survey were selected by analyzing census Block data from 2000 and 2010 for demographic change, as well as data on sales, price increases, and new developments from 2010-2015 to determine property turnover and change. Eligible blocks were vetted with local stakeholders to narrow the candidates down to three to five that had experienced significant change over the past five to 10 years. The data gathered through this groundtruthing observation tool was subsequently compared to census figures and sales data from the county Assessor’s Office to verify, at a high level, the stories the secondary data and stakeholder interviews are telling about change in these areas.

We next present the observation tool developed for this groundtruthing exercise followed by detailed descriptions of each case study groundtruthing neighborhood and the results from comparing field observations with secondary data and interviews.

WORKSHEET: Visual Demonstration of Neighborhood Change

Instructions: Physically walk predetermined neighborhood blocks and note evidence of deterioration or improvement using Section One. Parcel or building specific information should be collected in Section Two. Each block should be named according to its main corridor (indicated on your map as the street with parcels on both sides). Bring a camera to take a photograph of each building.
*One whole worksheet should be completed for each block section

Block Name: _____ Observer: _____
Physical Observation date and time : ____/____/____ Start ____:____ AM/PM End ____:____ AM/PM

SECTION ONE: Block Overview and initial impressions

1. The primary land use for the block face is:

- ☐ Residential
- ☐ Commercial
- ☐ Institutional (school, hospital, churches):
- ☐ Industrial
- ☐ Other: _____

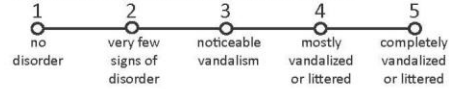
2. Public investment + existing public infrastructure:

- ☐ transit stops
- ☐ municipal street lighting
- ☐ on street residential permit parking
- ☐ street furniture (including parklets)
- ☐ bike racks
- ☐ public trash cans
- ☐ parking pay machines
- ☐ newly paved streets
- ☐ Other: _____

3. Describe any visible people, noting race or ethnicity, age, number, and activities they might be engaged in: _____

4. The # of signs discouraging disorder such as neighborhood watch, anti-littering/loitering/drug use/vandalism/graffiti: _____

5. Physical disorder such as garbage, litter, graffiti, or vandalism by degree of observations:




6. Please describe indicators of international or immigrant presence (note ethnicity, signs in a foreign language, or locally-owned foreign/ethnic business).

7. Additional notes on block overview: _____

SECTION TWO: Block/Parcel Data

*located on the following pages

Using your pre-printed parcel map, carefully walk the block and record your observations for each building. Allow for ~1.5 hours of field time. Be sure to take a photograph of each building for comparison with past year data later. 

APN/Parcel # _____	Street Address _____
<p>1. Does the building appear to be well-maintained?</p> <div style="text-align: center;"> 1 2 3 4 5 poor below average above new average average </div> <p>2. The # of units the structure appears to have: _____ The # mailboxes _____ The # doorbells _____</p> <p>3. The # vehicles off-street vehicles present _____ <input type="checkbox"/> no off-street parking <input type="checkbox"/> existing driveway or parking lot <input type="checkbox"/> existing garage</p> <p>4. Notes on visible people, building, and outdoor space; incl. implied information about household size and composition: _____ _____ _____</p> <p>5. Building type and units: <input type="checkbox"/> Multi-family - apartment building <input type="checkbox"/> Multi-family - house <input type="checkbox"/> Single family - attached <input type="checkbox"/> Single family - detached <input type="checkbox"/> Mixed use <input type="checkbox"/> Public or subsidized project housing <input type="checkbox"/> Unknown, or other _____</p>	<p>6. Other building/occupant characteristics:</p> <div style="list-style-type: none; padding-left: 0;"> <input type="checkbox"/> Abandoned <input type="checkbox"/> For Sale sign <input type="checkbox"/> For Rent sign <input type="checkbox"/> Blinds or curtains - permanent <input type="checkbox"/> Blinds or curtains - temporary <input type="checkbox"/> Cracked windows <input type="checkbox"/> Bars on windows <input type="checkbox"/> Boarded windows <input type="checkbox"/> Dirty windows <input type="checkbox"/> Metal security door <input type="checkbox"/> Vegetable garden <input type="checkbox"/> New addition <input type="checkbox"/> New or maintained paint <input type="checkbox"/> New or updated front door <input type="checkbox"/> Ongoing renovation/construction <input type="checkbox"/> Fencing (<i>check all that apply</i>): New ____ Old ____ For safety ____ For aesthetics ____ <input type="checkbox"/> Security alarm signage <input type="checkbox"/> CCTV/Security cameras <input type="checkbox"/> Children/toys visible <input type="checkbox"/> Peeling/fading paint <input type="checkbox"/> Spraypaint/graffiti <input type="checkbox"/> Litter or debris <input type="checkbox"/> Beware of Dog, Private, No Trespassing signs <input type="checkbox"/> Signs of ethnicity </div>

East Palo Alto

East Palo Alto is a small city in San Mateo County located about halfway between San Jose and San Francisco. With a population of about 29,000, East Palo Alto is bordered by the affluent cities of Palo Alto and Menlo Park. A young city, it was incorporated in 1983.

From 1980-2010, the case study area³ experienced several demographic changes:

- Population increased by 22%.
- Latinos increased from 14% to 63% of residents, while African-Americans decreased from 55% to 16% of residents.
- Housing cost burdens increased, from 25% of renters and 17% of owners being cost-burdened, to 51% and 49%, respectively.
- Overcrowding is a problem: 29% of housing units have more than one person per room.

East Palo Alto Ground-Truthing Results

On November, 14, 2014, two researchers from the UC Berkeley surveyed three blocks in the area: 2018, 4002, and 4003. On January 10, 2015, one of the same researchers, along with three community members, surveyed blocks 2002 and 5010.

At the parcel level, land use and number of units were very well-matched between assessor data and visual observation. The datasets also aligned in terms of level of investment and stability. One

³ Defined as census tracts 6118, 6119, 6120, and 6121, which cover the city in its entirety and encompass a small area outside it, as well.

thing not captured by secondary data but clear from visual inspection was a perceived lack of safety on most of the blocks.

There is not much variance among the blocks. Most have some sign of change—either high percent have sold, high percent have changed tenure, or property values appear to be rising—and also have signs of potential stability such as permanent curtains in the windows or children’s toys in the yard in addition to some signs of safety concerns.

Tables J.1-J.6 summarize secondary and ground-truthing data for the blocks; this data is analyzed below in the block-by-block comparisons.

Table J.1: Total Ground-Truthed Parcels for East Palo Alto

Block and Tract	# Parcels Ground-truthed
Block 2002, Tract 6119	38
Block 2018, Tract 6120	23
Block 4002, Tract 6121	8
Block 4003, Tract 6121	9
Block 5010, Tract 6121	21

Table J.2: Sales History and Assessed Value of Residential Parcels for East Palo Alto

Block	Median Year of Construction	Median Year of Last Sale	Percent Sold 2010-2014	Median Sale Price	Median Sale Price Per Square Foot	Assessed Value Per Square Foot (2013)
2002	1954	2006	28%	243,000	\$162.00	\$185.00
2018	1950	1999	33%	155,000	\$179.00	\$176.00
4002	1949	2010	88%	1,130,541	\$318.00	\$276.00
4003	1952	2010	82%	777,041	\$375.00	\$241.00
5010	1961	2010	68%	1,890,367	\$360.00	\$363.00
San Mateo County	1958	2001	16% ⁴	\$449,000	\$168	\$220

Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.

Table J.3: Assessor Data for East Palo Alto

Block	# Matched Parcels (2004-2014)	Average Change in Improvement to Land Ratio (2004-2014)	% Change Owner Occupancy (Rent to Own or Own to Rent, 2004-2014)	Average Change in Sq. ft. (2004-2014)
Block 2002	39	-11.7%	17.9%	1.8%
Block 2018	23	4.2%	21.7%	-2.2%
Block 4002	8	-30.3%	0.0%	1.7%
Block 4003	9	-49.1%	22.2%	2.4%
Block 5010	21	-36.7%	9.5%	2.4%

Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.

⁴ Percent Sold 2010-2013.

Table J.4: Census Data 2000 – 2010, East Palo Alto

Block	Population Growth (% change)	Average Household Size (% change)	Percent Change in Percent White	Percent Change in Percent Black	Percent Change in Percent Hispanic	Percent Change in Percent Family Households	Percent Change in Percent Rental Units
East Palo Alto	39.0%	-8.5%	1.8%	-9.0%	7.6%	-0.3%	8.6%
Block 2002	26.1%	0%	5%	-12%	14%	-5%	-20%

Source: Census, 2000-2010. Note: the missing blocks did not have consistent borders.

Table J.5: Census 2010 Demographics, East Palo Alto

Block	Population	Average Household Size	Percent White	Percent Black	Percent Hispanic	Percent Family Households	Percent Rental Units
2002	147	4.58	36%	18%	61%	82%	26%
2018	142	4.73	19%	6%	82%	90%	67%
4002	277	4.29	59%	8%	88%	73%	100%
4003	273	3.07	49%	5%	85%	62%	100%
5010	1434	2.92	36%	12%	68%	55%	100%

Source: Census, 2010.

Table J. 7: Summary of Parcel Matches and Primary Land Use, East Palo Alto

Block	Primary Land Use, based on Ground-truthing data	Percent Land Use Matched	Total Number of Units on Block		Percent of Parcels whose Number of Units match between Assessor Data and Visual Observation
			Assessor Data – Dataquick	Visual Observation Ground-truthing	
2002	Single-family residential	100%	39	44	100%
2018	Single-family residential	87%	28	34	96%
4002 & 4003	Multi-family residential	88%	200	155	94%
5010	Multi-family residential	90%	457	517	95%

Note: Percent Land Use Matched and Percent Units Matched take as their denominator only those parcels for which a land use or number of units was indicated by both assessor data and ground-truth data.

Comparison of East Palo Alto Data Analysis with Stakeholder Interviews

All of the case study tracts in East Palo Alto were lower-income; two were not losing low-income households, while two were had characteristic that were associated with gentrification and displacement outcomes identified in sections 2D and 2E, leading us to classify them as being at risk of gentrification and displacement.

Stakeholder interviews paint a slightly different picture. Of the three tracts east of Highway 101 (6118, 6119, 6120), stakeholder feedback indicates a greater risk than the secondary data presents of gentrification and displacement. There is concern, even with East Palo Alto's strong renter protections, that the foreclosure crisis—which affected the many single-family owner-occupied

homes—and pressures in the surrounding areas could lead to gentrification or displacement in these areas. Plus, these renter protections are weakened in these areas since much of the housing is single-family homes, to which rent control does not apply.

In terms of the tract west of Highway 101 (6121), stakeholders described many issues that make them view this area as undergoing displacement, in contrast to what the secondary data may lead us to believe. This neighborhood is known as the Westside. Figure J.1 shows that the area contains the majority of the city's multi-family rental housing stock. Over half of the city's rent-controlled units are located on the Westside, the majority of which are owned by a single landlord, Equity Residential (EQR). In recent years, conflicts between tenant protections and landlord interests on the Westside have been the focus of major attention from the city, and led to significant instability for Westside residents. In 2008, Page Mill Properties, the former owner of the multi-family housing stock now owned by EQR, was involved in approximately 11 lawsuits with the city.

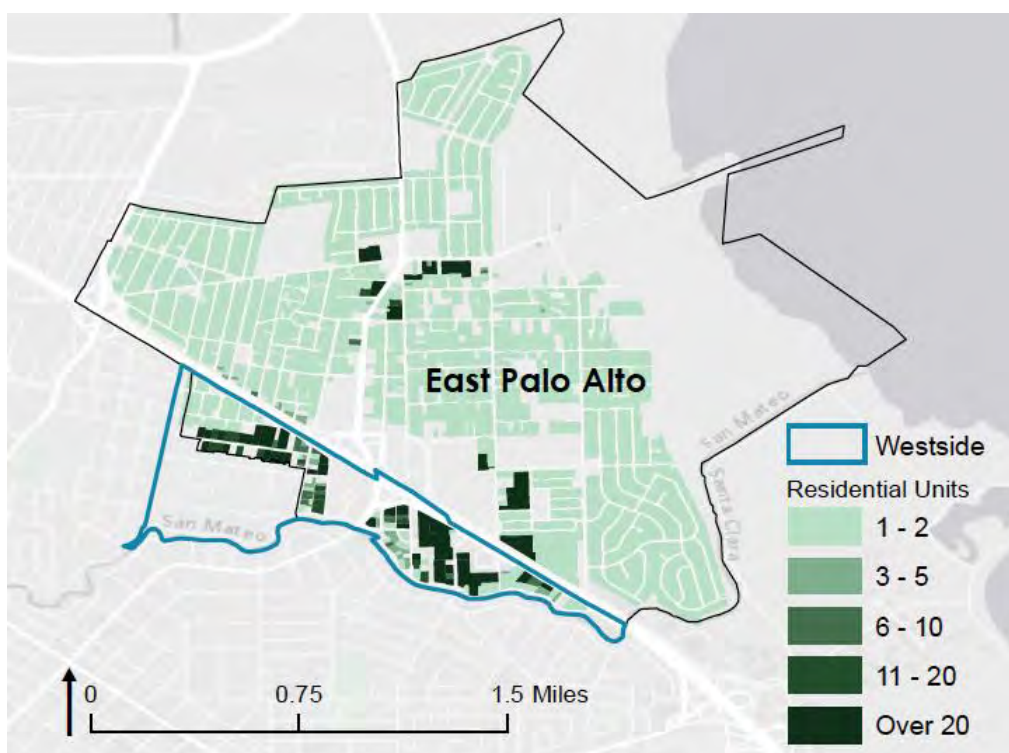


Figure J.1: Densities in East Palo Alto: Note the Westside Outlined in Blue

Just a year after Page Mill Properties began purchasing buildings in the Westside in 2006, tenants began complaining of harassment and steep rent hikes (Berstein-Wax 2010). In 2007 the company evicted 71 people. In 2008 another 99 people were evicted, an eviction rate 7.5 times greater than that of the rest of San Mateo County (Berstein-Wax 2009). When Page Mill defaulted on its loans and went into foreclosure in 2009, Wells Fargo took over the properties. The bank then sold the foreclosed portfolio to EQR, the largest publicly traded landlord in the United States, in December of 2011. After this acquisition, EQR now owns about half of the city's apartments, and two-thirds of its rent-controlled apartments and 15% of the total low-rent apartments in the County. The company issued 706 three-day eviction notices in the first six months of managing the apartments (LeVine 2014). Tenant organizers saw the excessive use of three-day notices as a form of harassment. It is

unclear however, how many of the eviction notices issued actually led to households leaving their apartments, and available sources of data are limited in this regard.

Direct evictions are also not the only pressure that residents of EQR apartments experience. The City of East Palo Alto was notified in 2013 that EQR was illegally painting curbs red in an effort to reduce parking around their buildings (Green 2013a). Advocates see this manipulation of parking supply, a precious commodity in East Palo Alto, as another form of harassment.

These issues in the Westside are not well-captured by secondary data. In this way, the ground-truthing exercise helps to illuminate other issues—either more recent than available data or just not captured in secondary data—that could be leading to displacement.

Conclusion

East Palo Alto is distinctive for its government's commitment to ensuring the city remains affordable to low-income households, and for a strong legacy of community organizing that holds the city accountable to that commitment. While demographic data on its own shows few signs of gentrification and displacement, the experience of residents, activists, and city staff on the ground, show that housing pressure is very real here. The city is home to many low-income households already burdened by their housing costs, a vulnerability that is compounded for the large number of undocumented immigrants believe to have established households here. With much of the city's rental housing owned by a single landlord, there are few alternatives for tenants facing evictions.

Marin City

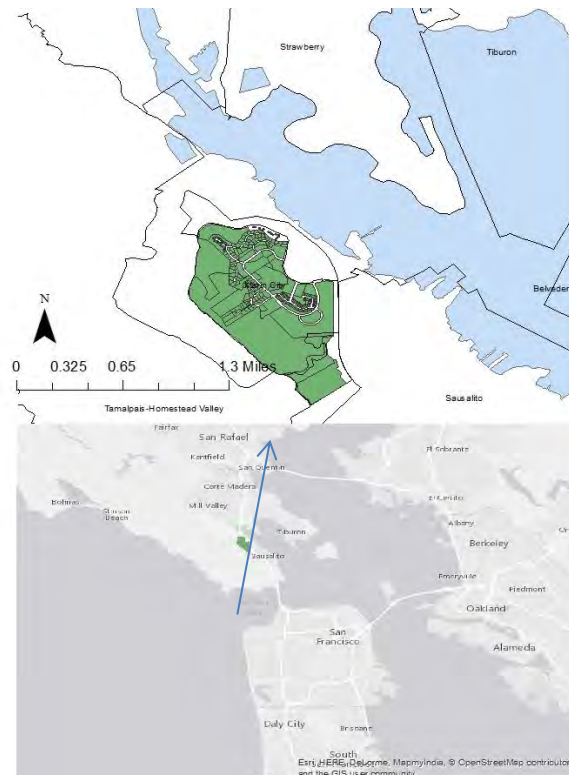


Figure J.2: Marin City Case Study Area (Census Tract 1290) in Green, with Vicinity Map

Marin City, located north of San Francisco in Marin County, is a small, historically African-American suburban community. It is bounded by the affluent cities of Sausalito to the south and Mill Valley to the north, Highway 101 to the east and the hills of Marin County to the west (Figure J.2). The entire area is quite small—it is only 1.2 miles across. It hosts high-rise public housing, townhouses, single-family homes, and a shopping center, all with a suburban feel and views of the Bay. The area is also host to older homes occupied by a diverse population in the hills and a significant stock of subsidized housing—604 units. Nearly half of these are in a collection of high-rise buildings called Golden Gate Village, which feature great views out on to Richardson Bay, a small inlet of the San Francisco Bay.

Over the last 30 years, Marin City has experienced gradual change: population has grown, the proportion of African-Americans has decreased, and median income and educational attainment have increased. Yet even with these changes, other aspects of the community—like homeownership—have remained stable. While the area has been stable in its housing stock overall, it has experienced significant commercial displacement: for instance, a popular weekly flea market was discontinued in 1996 when a large shopping center was developed.

Marin City Ground-Truthing Results

On November 11, a researcher from UC Berkely performed the ground-truthing analysis in Marin City (see selected blocks, Figures J.3). The researcher walked the blocks there with a lifelong resident, and a former resident who directs a community organization.

The secondary data sets and ground-truthing data tell the same basic stories for each block. Parcels generally matched in terms of land uses and number of units, and the total number of units was fairly consistent across three data sources (Table J.7).

Finally, the quality and age of buildings were comparable between secondary sources and ground-truthing methods; however, safety perception and public investment cannot be ascertained from the secondary data sources; only from ground-truthing. Tables J.7-J.10 summarize the secondary and ground-truthing data that are used below in block-by-block comparisons.



Figure J.3: Map of Marin City with Three Ground-Truthing Blocks in Green

Note: All of the blocks fall in Marin County Census Tract 1290.

Table J.7: Parcel Mismatch among Datasets for Marin City

Block	# assessor parcels matched to ground- truth parcels, of total assessor parcels	# ground-truth parcels matched to assessor parcels, of total ground-truth parcels
1000	31 / 54	32 / 33
1004	38 / 50	38 / 49
1005	33 / 34	34 / 34

Table J.8: Sales History and Assessed Value of Residential Parcels in Marin City

Block	Median Year of Constructio n	Median Year of Last Sale	Percent Sold 2010-2013	Median Sale Price	Median Sale Price Per Square Foot	Assessed Value Per Square Foot (2013)
1000	1965	2005.5	30%	\$396,000	\$286	\$219
1004	1997	2001.5	20%	\$245,750	\$163	\$195
1005	1996	2000.5	26%	\$229,000	\$154	\$197
Marin City	1979	2002.5	21%	\$287,500	\$207	\$193
Marin County	1973	2003	22%	\$552,000	\$307	\$258

Source: Dataquick, 2014

Table J.9: Indicators of Marin City Neighborhood Change: Census Data/Demographics, 2000-2010

Block	Population Change (Percentage Change)	Average Household Size (Percentage Change)	Change in Percent White ⁵	Change in Percent Hispanic	Change in Percent Black	Change in Percent Family Households	Change in Percent Rental Units
1000	-24%	1%	55%	1085%	-33%	-11%	-5%
1004	62.6%	33%	407%	1715%	-71%	21%	-15%
1005	-85.7%	-15%	16%	-55%	-11%	3%	-74%
Marin City	-6%	Not Available	-25%	88%	0%	11%	17%
Marin County	2%	1%	-7%	40%	-7%	1%	3%

Note: Marin City is defined as Marin County Census Tract 1290. Source: US Decennial Census 2000, 2010

Table J.10 Summary of Parcel Matches and Primary Land Use in Marin City

Block	Primary Land Use, based on Ground-truthing data	Percent Land Use Matched	Total Number of Units on Block			Percent of Parcels whose Number of Units match between Assessor Data and Visual Observation
			Assessor Data – Dataquick	Visual Observation Ground-truthing	Census Data: Total Housing Units – 2010	
1000	Single-family residential	74%	81	71	87	65%
1004	Single-family residential	97%	105	104	133	95%
1005	Single-family residential	88%	32	34	33	100%

Note: Percent Land Use Matched and Percent Units Matched take as their denominator only those parcels for which a land use or number of units was indicated by both assessor data and ground-truth data.

Comparison of Marin City Data Analysis with Stakeholder Interviews

Marin City is a low-income tract that is not losing low-income households, nor does it have many risk factors for gentrification or displacement. The area's ability to preserve its low-income population is likely related to the significant public housing stock in the city, host to nearly a third of the city's residents, plus several other subsidized housing projects that bring the total number of subsidized units to 604—over half of the rental stock (*Department of Housing and Urban Development, 2014a*).

⁵ Note: For the blocks, this figure refers to all whites of one race, including those that are Hispanic. For the Marin City and Marin County figures, it refers to Non-Hispanic whites. The "Percent Change" figures all compare percentages over time; for example, in Marin City, the percent Non-Hispanic white in 2000 was 34%, which decreased to 25% in 2010—a -25% change.

However, stakeholder interviews paint a different picture of the neighborhood. Residents are very concerned that the public housing, situated on a hill with views of Richardson Bay, will be demolished in favor of private development, according to a long-time community organizer in the neighborhood. Other residents, interviewed on the street in front of their homes, commented that the population has been remarkably stable in the last 10-15 years.

Conclusion

While there is some variation among the secondary datasets, ground-truthing, and stakeholder interviews, these data sources tell very similar stories about the neighborhood overall. Even where they diverge the most the two can be reconciled by saying that the neighborhood, though stable in recent years is vulnerable to displacement (captured in residents' concerns about losing public housing units).

The Mission District

The Mission District is located in the southeastern region of San Francisco and is home to almost 52,000 of San Francisco's approximately 818,000 residents. Since the 1950s, the neighborhood has been San Francisco's Latino enclave. From 1980 to 2013, a period that has included two tech booms, the cost of living and of housing has risen dramatically in the Mission, which led to the displacement of long-time residents. During this time, the Mission District lost much of its industrial sector (Casique 2013).

Since 1980, the area has seen significant shifts in racial composition (a decrease in Latinos and increase in whites), proportion of family households (decreased), educational attainment (toward more highly educated people), median income (increasing), and rents (increasing)—all indicative of gentrification.

New residents were—and are still—attracted to the amenities provided by higher density, the cultural richness of the neighborhood, and transit access. Multiple bus lines as well as two BART stations (16th Street and 24th Street Mission Station) service the neighborhood for an easy commute to the financial district. The neighborhood is also close to the freeway and Caltrain, which provide accessibility to the greater region, including Silicon Valley.

Mission District Ground-Truthing Results

On November 14, 2014, a researcher from UC Berkeley Center, a community organizer, and a consultant with deep knowledge of the area walked four blocks in the Mission District (Figure 2H.8). Tables J.11 and J.12 describe the blocks using census data: Blocks 3003 and 1004 stand out in terms of real estate transactions and sales prices, while Block 1007 has seen rapid gains in the white population, and all of the blocks have experienced declines in average block size.

Of the sample blocks' 193 parcels recorded in the assessor dataset, field researchers were able to match 73% of these parcels on the ground. Of parcels for which the land use was indicated in assessor data and verifiable through ground-truthing, 87% matched. The total number of units on the four blocks ranged from 319 according to assessor data, to 421 according to ground-truthing, to 431 according to the Census.

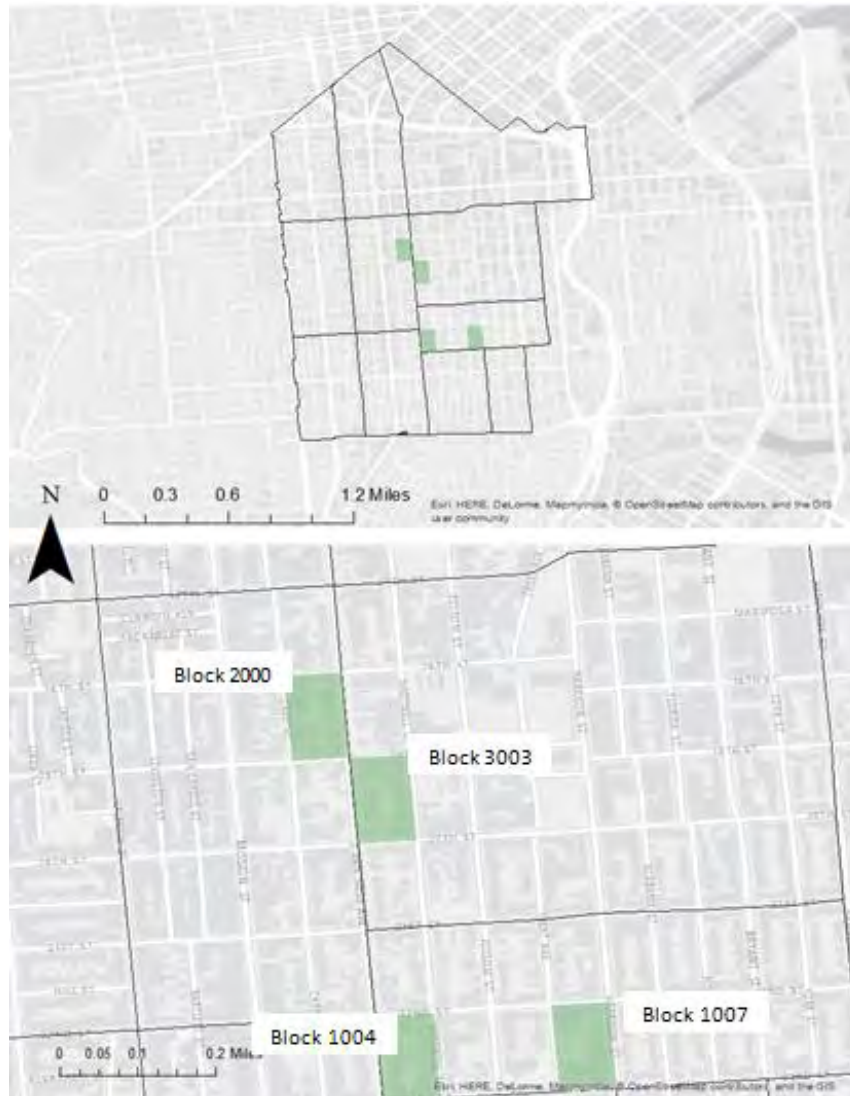


Figure J.4: Map of Mission District, with census tracts, and Four Ground-Truthing Blocks in Green

Table J.11 Sales History and Assessed Value of Residential Parcels in the Mission District

Block	Median Year of Construction	Median Year of Last Sale	Percent Sold 2010-2014	Median Sale Price	Median Sale Price Per Square Foot	Assessed Value Per Square Foot (2013)
3003	1985	2005	29%	\$578,500	\$491	\$465
2000	1903	1999	19%	\$697,500	\$256	\$205
1007	1933	2004	23%	\$925,000	\$216	\$161
1004 ⁶	1904.5	2007.5	42%	\$785,000	\$366	\$221
Mission	1912	2004	20%	\$585,000	\$314	\$235
SF	1932	2003	21%	\$520,000	\$337	\$277

Source: Dataquick, 2014. These figures refer to all parcels in the area, including non-residential uses.

⁶ Assessed value would likely be higher if the assessor data included new condominium buildings on the block.

Table J.12 Indicators of Neighborhood Change: Census Data/Demographics in the Mission District (Percentage Change From 2000–2010)

Block	Population	White Population	Asian Population	Hispanic Population	Average Household Size	Family Households
3003	-5%	14%	-22%	-11%	-13%	-12%
2000	-7%	-9%	-12%	-25%	-19%	-12%
1007	81%	111%	1 to 8 residents	-28%	-46%	7%
1004	-11%	19%	21%	-30%	-15%	-26%
Mission	-5%	16%	7%	-21%	Not available	40%
SF	4%	-2%	12%	11%	-2%	4%

Source: Decennial Census 2000 and 2010, accessed through NHGIS.

For each block, the total number of units based on three different datasets vary widely, as do the listed number of units for each parcel. Land uses, on the other hand, match fairly well on each block. These results suggest that some error may exist in either the census or assessor's reported count of housing units and unit type, likely due to rapid or un-permitted changes to parcels. However, even with these discrepancies, the ground-truthing exercise confirmed the overall story of this neighborhood as one that has experienced and is still undergoing major gentrification and displacement.

Broadly, the secondary datasets and ground-truthing data paint similar pictures of change on these four blocks. Where the assessor data is ambiguous or reveals a mix of forces, as with Block 1004, so does the ground-truthing data. On one block (3003), the data sets align in terms of the broad story, but the ground-truthing takes the narrative deeper and reveals significant public investment and continued concerns about safety.

Block 1007 provides a cautionary example. On this block, the assessor dataset was missing a large number of parcels, most of them in two new condominium buildings. Without ground-truthing the block, we would have missed the major impact these buildings have on the feel of the street, and their implications for gentrification in the area. The block is a good example of a place in transition: running through its center is a relic of the area's former industrial character, in the form of a warehouse and some older, poorly-maintained buildings; yet, at the same time, there are several better-maintained homes, two new high-priced condominium buildings, and a new, well-used and well-maintained park.

In terms of comparing datasets, unmatched parcels were a concern for three of four blocks; the number of units recorded per parcel usually did not match (Table J.13). This could be related to the high incidence of condominiums, and the rapid change in the area. On the other hand, when it came to land uses, there were consistent matches between ground-truthing and assessor data.

Table J.13: Parcel Mismatch among Datasets in the Mission District

Block and Census Tract	# assessor parcels matched to ground-truth parcels, of total assessor parcels	# ground-truth parcels matched to assessor parcels, of total ground-truth parcels
Block 3003, Tract 228.01	65 / 81	66 / 70
Block 2000, Tract 208	26 / 55	28 / 31
Block 1007, Tract 228.03	12 / 16	12 / 87
Block 1004, Tract 228.03	37 / 41	39 / 39

Most of the mismatch is not significant enough to skew results; however, three areas of discrepancy are significant. On Block 3003, 15 of the parcels in the assessor data did not appear in the ground-truthing geographic dataset. On Block 2000, 29 of the 55 parcels in the assessor data did not appear in the geographic data set. Finally, on Block 1007, almost all of the parcels from the geographic dataset did not appear in the assessor data. This is primarily the result of the Dataquick data missing over 40 parcels for one building (3000 23rd St.). Although it has many parcels, Dataquick lists it as having only one, with the use listed as an apartment building. Likewise for another building (2652 Harrison St.), while it has 20 parcels/units (condominiums, in this case), according to the geographic ground-truthing data, Dataquick lists it as a single parcel. This is almost definitely a glitch in the data or possibly a condo-conversion process that happened after 2013.

For two variables—land use and number of units—comparisons are made on a parcel-by-parcel basis; only parcels that appear in both datasets are used for this comparison (Table J.14).

Table J.14: Summary of Parcel Matches and Primary Land Use in the Mission District

Block	Primary Land Use, based on Observations	Percent Land Use Matched between observation & Assessor	Total Number of Units on Block			Percent of Parcels whose Number of Units match between Assessor Data and Visual Observation*
			Assessor Data - Dataquick	Visual Observation Ground-truthing	Census Data: Total Housing Units-2010	
3003	Residential: 50% condo, 21% multi-family	87%	81	134	121	44%
2000	Residential: 42% multi-family, rest condo and single-family	96%	100	85	121	38%
1007	Residential: condo, multi-family	71% (denominator is 7)	32	96	78	38% (denominator is 12)
1004	Residential: 45% multi-family, 38% condo	86%	106	106	111	32%

**Note: Percent Land Use Matched and Percent Units Matched take as their denominator only those parcels for which a land use or number of units was indicated by both assessor data and ground-truth data.*

The uses on the blocks vary: former industrial sites share the block with new condominium developments; unmaintained townhouses sit next to recently-renovated townhouses with expensive improvements; expensive cafes and grocery stores have opened next to long-time, low-cost diners.

All four blocks are mostly residential, with a mix of single-family homes, multi-family rental buildings, and condominium buildings, which are usually newer. There are a few non-residential uses on each block, including some light industry, stores, offices, and one church. Most structures are older, though there are some very new buildings. The neighborhood is diverse in terms of socioeconomic status (judging by the range of businesses) and race (judging by the signs in Spanish posted in a laundromat and observations of pedestrians).

Conclusion

Stakeholder interviews, secondary data sources, and visual observations of the Mission are all aligned in telling the same story of a neighborhood experiencing ongoing change of gentrification that began nearly two decades ago. Advocates in the community discussed the historical and ongoing influx of new residents and displacement of low-income people, as well as extensive community organizing and resistance in the face of such changes. Where the datasets diverge is in the number of units in each parcel and on each block (though land uses match well between visual observation and assessor data); even this divergence is consistent with what we know about the Mission: it has experienced rapid change that secondary data has not picked up yet.

Appendix K. Los Angeles Ground-Truthing Neighborhoods

Table K.1 provides a profile of the three case study areas, and how they compare with the TOD and County averages.

Table K.1: Profiles of Case Study Areas in Los Angeles Ground-Truthing

	Chinatown	Hollywood/Western	103rd/Watts Towers	All TOD average	County average
Income (2013)	34,088	45,600	40,376	51,471	81,416
Change in income 90-2013	-14%	-10%	13%	9%	-5%
Change in income 00-2013	-13%	-1%	-9%	7%	-6%
Change in income 90-00	-1%	-9%	24%	2%	1%
Largest race/ethnic group	Asian	White	Hispanic	Hispanic	Hispanic
Not Hispanic White (NHW)	9%	48%	1%	15%	28%
% point change in NHW	1%	-1%	0%	-3%	-13%
# HH	2,700	9,937	2,894	4,329	N/A
% HH with Child	29%	19%	56%	30%	37%
% Renter	93%	94%	63%	81%	53%
% Moderately Burdened (30%-50%)	26%	22%	25%	27%	26%
% Severely Burdened (50%+)	27%	37%	42%	31%	30%
Ellis Act Evictions 2007-2014	4	6	0	11	
Condo Conversions	0	11	0	44	
Jobs/Housing Balance	3.45	0.78	0.53	3.76	
# Businesses	1,101	1,338	266	1,536	
# Churches	18	19	28	20	
# HS Nonprofits	13	13	11	13	
Yearly Station Traffic Volume (All Boardings and Alightings)	1,119,344	3,327,704	1,178,918	2,723,794	
SNAP	Yes	Yes	Draft		

Source: Tabulated by authors from the 1990 and 2000 Decennial Censuses and the 2009-2013 American Community Survey; NCCS database on non-profits; Longitudinal Employment-Household Dynamics (LEHD) datasets; and data on ridership from Metro.

Chinatown (Gold Line)

The Chinatown Metro rail station is an elevated light-rail stop located at North Spring Street and College Street in the Chinatown neighborhood of downtown Los Angeles. The station opened in 2003 as an eastern extension of the Gold Line, connecting Pasadena, Downtown Los Angeles, and East Los Angeles. The Chinatown neighborhood is the result of the construction of the nearby Union Station in the 1930s, which forced residents to migrate north from what was originally considered Old Chinatown to the current location of New Chinatown. Confined in an ethnic enclave by legislation and racial backlash, many Chinese merchants developed family-owned, self-sustaining

“mom and pop” stores to survive within their community. Today, many small businesses and local merchant shops in Los Angeles Chinatown continue to thrive catering to the shopping needs of local residents but also as tourist destinations for many visitors.

Although Chinatown today is characterized as a multiethnic neighborhood, it is still majority Asian. Other ethnic groups whose members live there include Latinos, blacks, and whites. Nearly all the households (93%) are renters, with about 53% experiencing rent burden. The median household income in 2013 was a little more than \$34,000.

Our model identifies this area as having a high potential for gentrification. In addition, community groups believe that the area is at “high risk” of gentrification as they see the neighborhood experiencing a wider transformation, including the loss of traditional businesses⁷, and the offering of new housing options, public services, and activities that are inconsistent with the historical identity of this neighborhood. While the area is changing, it is not clear if the TOD is driving the changes. So far, there are few formal venues for CBOs to directly influence TOD planning and efforts in Chinatown.

Hollywood Blvd./Western Blvd. (Red Line)

The Hollywood Blvd./Western Blvd. Metro rail station is a heavy-rail subway station located in East Hollywood situated below grade. It opened in 1999. It is the only heavy-rail line in the case study areas and the one with the highest ridership. Hollywood/Western has one ground level entrance/exit with two subterranean levels. The station does not offer parking. The Hollywood/Western neighborhood is one of the most densely populated areas in the city and is located in the central region of Los Angeles. Beginning in the 1960s, many immigrants from around the world —East Asia, Latin America, the former Soviet Union, and the Middle East—settled there and formed communities. Each community continues to leave its mark on this neighborhood. Whites still make the largest racial group in the study neighborhood. East Hollywood was affected by the 1992 Los Angeles Riots and also sustained significant damage in the 1994 Northridge earthquake.⁸

Ninety-four percent of the residents here are renters in multi-family buildings. A high percentage of renters (about 59%) are burdened by the cost of housing, with renters spending at least 30% of their income on rent. The median household income in 2013 was \$45,600, about 55% of the county’s average.

The area is also known for the Barnsdall Art Park and Los Angeles Community College, and is considered one of Los Angeles’ largest hospital districts. Model results indicate that this area has a high potential for gentrification. The Hollywood/Western TOD is also part of the Vermont/Western Transit Oriented District Specific Plan (SNAP), implemented two years after the station opened. The SNAP offers a formal mechanism for community engagement and a means for CBOs to influence development.

103rd St./Watts Tower (Blue Line)

⁷ The 2013 State of Los Angeles Chinatown report provides insight into job concerns and is available at <http://www.aasc.ucla.edu/research/pdfs/statect.pdf>. Numerous news articles also document changes in the area; for instance, see: http://www.ladowntownnews.com/news/with-jia-chinatown-gets-a-million-apartment-complex/article_9fc95a96-a0d4-11e3-b308-0019bb2963f4.html

⁸ East Hollywood Neighborhood Council. (2015). The history of East Hollywood. Retrieved May 3, 2015, from <http://www.easthollywood.net/history>.

The 103rd St./Watts Tower Metro rail station is a light-rail station located at grade level at the intersection of 103rd St and Grandee Ave. in Watts in South Los Angeles. The station opened in 1990 and is the oldest of the case studies. The Watts area is a largely-residential commuter district, about 13 miles south of the downtown central business district and away from other large employment areas. Annexed by the City of Los Angeles in 1926, the area gained an African-American majority in the 1940s as a result of the Great Migration. The neighborhood suffered through the Watts uprisings in 1965, and a wave of gang-related violence arose in the following decade that lasted until the early 2000s, but has since subsided (Empower LA 2015). Presently, the area has a Latino majority (74%), with African-Americans retaining a significant minority at 25%.

Though the area has the lowest percentage of renters relative to the other case studies (at about 63%), it also has the greatest share of burdened renters (at 67%). The median income was \$40,376 in 2013, less than half of the county average (at \$81,416). Additionally, 103rd St./Watts has a low job-to-housing balance at only 0.53 jobs per resident employees. This means that residents in Watts commute outside of Watts to work, and that the area is more residential than commercial.

For years a disinvested and poor African-American neighborhood, Watts has experienced significant demographic transition in the last decades and is now predominately Latino. The gentrification model shows this area as undergoing little change. There has been an ongoing desire to promote local economic development by the public and private sector in the wider South Los Angeles area.⁹

⁹ The 2014 Watts Community Studio report provides insight into priorities of residents and public officials. See <http://wattscommunitystudio.files.wordpress.com/2014/01/wcs-final-report.pdf>. Talks of private investment include the opening of local eateries, among other activities. For instance, see: <http://la.eater.com/2015/1/20/7861851/roy-choi-local-opening-watts-south-la-twitter>

Appendix L. Detailed Ground-Truthing Methodology for Los Angeles

Street and Census Blocks

Census blocks were selected by their proximity to the rail station regardless of land use or transaction activity. The boundaries for most census blocks coincided with street block segments. The groundtruthing exercise involved walking through the case study neighborhoods and documenting visual observations on each block. Researchers photographed each block and parcel of interest to supplement the findings.

Block-level evaluations aimed to capture indicators of gentrification on the street blocks surrounding the Metro rail stations. Surveyors assessed each block for:

Observable land use (e.g., single-family residential, commercial retail, institutional)

Visible public infrastructure (e.g., pedestrian lighting, bus shelters, bike infrastructure)

Characteristics of individuals and the observed level of diversity present on the block (e.g., age, race, gender)

- Physical disorder (e.g., graffiti, litter, neighborhood watch signs)
- Indicators of ethnic commercial presence (e.g., signs, goods, businesses)
- Signs of commercial gentrification (e.g., upscale coffee shops, yoga studios and other upscale recreational facilities, recent renovations)
- Signs of residential gentrification (e.g., new construction, recent renovations, upscale landscaping)

Indicators of commercial gentrification surveyed included specialty, high-end, or boutique stores and restaurants. Signs of residential gentrification included new construction, conspicuous or recent renovation of buildings (such as new paint, doors, windows, or patios), upscale landscaping or xeriscaping, and the presence of luxury or “green” vehicles parked in the driveway or on the street. The team selected these indicators after consulting with the UCLA research team and UC Berkeley research team that completed prior groundtruthing at San Francisco Bay Area transit stations.

Parcels

We identified parcels located on blocks with high rates of property activity compared to the nearby blocks. Using County Assessor data from DataQuick, we mapped parcels with new construction, renovation, or sales to single-family homes, multifamily buildings, and commercial properties between 2008 and 2013. We then identified the average number of parcels per block that experienced transactions during the five-year period. Any block within a half-mile radius of the station that exhibited a higher-than-average rate of property activity was included in the sample. For example, if the average number of parcels experiencing change in a station area was 15%, then any block in which more than 15% of parcels experienced change and which are fully within the half-mile boundary were included in the groundtruthing sample. Within each selected block, we visited parcels which met the described criteria to perform parcel-level inventory of building characteristics. This visual analysis included descriptions of:

- Building type (e.g., single-family, multi-family, strip mall)

- Building signs and markings (e.g., for sale, for rent, eviction notices)
- Occupancy status (e.g., occupied, not occupied, unable to judge)
- Building characteristics (e.g., newly constructed, older building and renovated, older building and not renovated)
- Overall building appearance (e.g. below average, average, above average)
- Physical appearance relative to its surroundings (e.g., roughly consistent, out of place and higher-end, out of place and lower-end)
- Physical signs of residential/commercial gentrification (e.g., new construction, recent renovations, upscale landscaping)

The instrument also accounted for signs of commercial gentrification, which include new construction, notable renovation, upscale landscaping, and upscale store frontage. Photographs supplemented these written observations. The instruments are included in Appendix II. The following survey documents are found in the appendices:

- Groundtruthing instruction sheet
- Block groundtruthing form
- Residential parcel groundtruthing form
- Commercial parcel groundtruthing form
- UCLA consent letter

Challenges

The research team experienced a number of challenges, including surveyor subjectivity, inconsistent numbers of cases between study areas, and sampling limitations. While in the field, it was difficult to consistently evaluate whether or not a building or parcel condition could be objectively considered as average, slightly below average, or slightly above average. Furthermore, working with a team of researchers increases the chance of discrepancy. To overcome this challenge, we beta-tested the instrument and at least two researchers groundtruthed each neighborhood to ensure consistency and to identify inconsistencies. In designing the survey, the research team expected observations of residents to be useful in observing changes to the neighborhood; however, the researchers observed very few residents, particularly in residential neighborhoods. For this reason, this study is complemented by Census data and surveys of transit and business users.

In conducting parcel-level analysis, researchers visited parcels that had been sold or substantially rehabilitated in the past five years, as determined by sales records, permits, and visual observations during fieldwork. The number of property sales varied dramatically between case study neighborhoods. In areas with relatively few transactions the research team selected any parcel that met the parcel selection criteria. Nonetheless, at least fifteen parcels are included for each station area, providing a sufficient sample to evaluate trends.

Estimated Units

Another challenge is that the Assessor's parcel data has incomplete information on the number of units in a given parcel. We complemented the Assessor information by using the land-use code to estimate the number of units. A single family residence was counted as one unit. We then identified condo units and constructed the number units for these using the second character of the property use code. We followed a similar process for multi-family units as we did for condos. We also estimated the number of estimate the number of units for parcels with use code 05 (five or more units) by dividing the building's square foot by 900 (900 is the average square feet per unit in LA). We compared the estimated numbers to those reported by DataQuick, which also has missing information on unit counts. The results are similar. See Figure L.1 below.

As the number of housing units in a TOD area increase, so does the discrepancy between census housing units and parcel estimates. One reason may be temporal, that is inconsistencies in year for the various datasets. We also use an average size of a unit across all areas to estimate the number of units for a given parcel; however, certain neighborhoods may have homes with significantly greater or smaller area footprint.

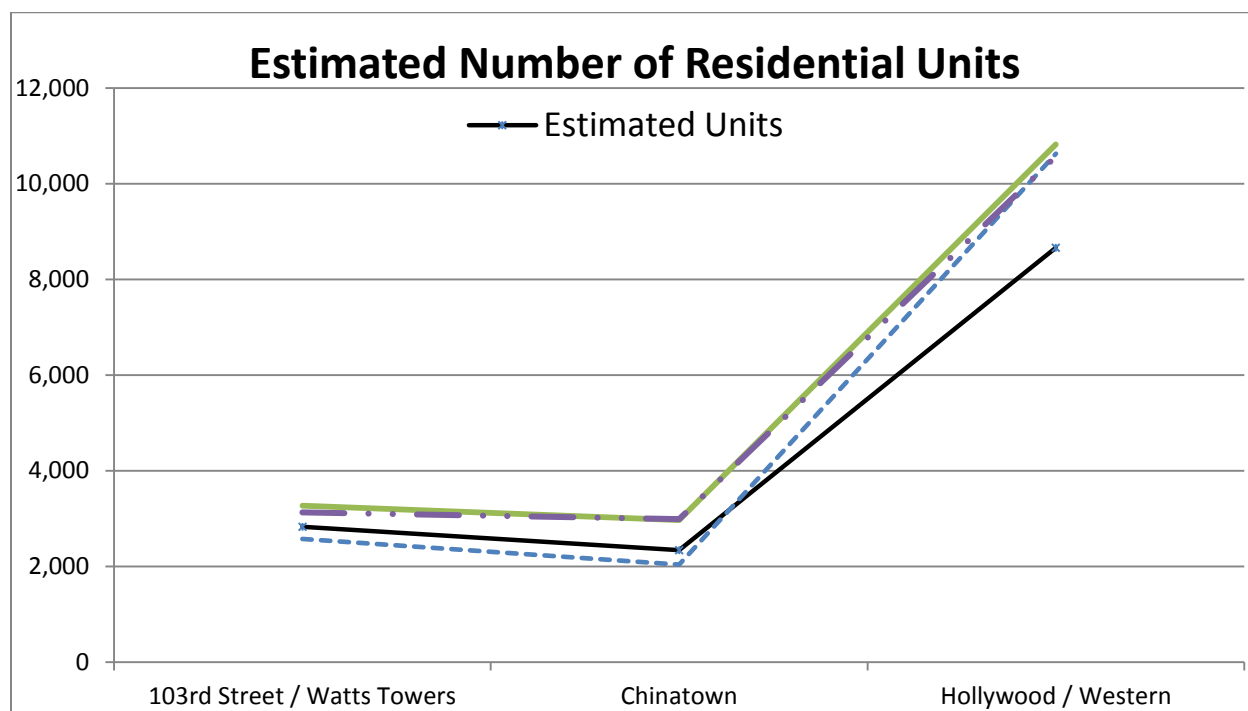


Figure L.1: Comparison of Estimated Units with Different Data Sources

Appendix M. Survey Instruments in Los Angeles

Groundtruthing Instruction Sheet

UCLA TOD Project*

Visual Observations of Neighborhood Change and Gentrification

MATERIALS:

Camera
Smartphone with a compass
UCLA informational letter
Clipboard and pen(s)
Name badge with UCLA logo
Parcel map with directions on where to survey

DRESS CODE: Please dress appropriately for conducting fieldwork as you are representing UCLA.

UCLA gear (no headgear including beanies, hats, visors, etc.) is optional
No shorts or short skirts
No offensive graphics or words
Comfortable shoes for long periods of walking and standing

INTRODUCTION: The purpose of this “groundtruthing” instrument is to gauge whether there are visual signs of neighborhood change that indicate gentrification. Some of the observations are subjective; therefore, it is important to go through training prior to conducting fieldwork.

Provide the following information to any person who asks about your observation activity:

“I am a graduate student in UCLA’s Urban Planning program. I am conducting a visual inventory of this neighborhood as a part of a project to study changes and development around transit stations. The information will be used to inform public agencies, community groups and other interested parties about these changes with the goal of enhancing neighborhood quality and ensuring that all stakeholders benefit.”

Please note that there are **three distinct forms** to note your observations (street segments, and residential parcels and commercial parcels).

INSTRUCTIONS:

Physically walk predetermined neighborhood blocks and note evidence of gentrification and improvement relative to other uses using **Section One**. Parcel or building specific information should be collected in **Section Two**. Each block should be named according to its main corridor (indicated on your map as the street with parcels on both sides).

Bring a **camera** (could use your smart phone camera if it produces decent images). **Code each block** and each **parcel** on the map with its own unique number, and include these numbers on the worksheets that you fill out. **Using compass** on smartphone, stand perpendicular to street segment and note the direction of the street (north, south, east or west).

One whole worksheet should be completed for each block section

Allow for ~1.5 hours of field time.

SECTION ONE: STREET SEGMENT OBSERVATIONS

The purpose of the street segment observations is to assess the characteristics and appearances of street segments. If possible, take photographs relevant to gentrification (e.g., images of older and more established buildings, businesses, and residents; images of newer buildings, businesses, and residents); list addresses for possible later comparison with historical images from Google Street View.

SECTION TWO: PARCEL OBSERVATIONS

The purpose of the parcel observations is to assess the characteristics and appearances of parcels. Using your pre-printed parcel map, carefully walk the block and record your observations for each assigned parcel and building. Use the appropriate form (residential and commercial). Be sure to take a photograph of the assigned buildings.

* Developed by Paul Ong with Silvia Jimenez, Anastasia Loukaitou-Sideris, Karolina Gorska and students from the 2015 Urban Planning Comprehensive Project for the study “Developing a New Methodology for Analyzing Potential Displacement.”

Block Groundtruthing Form

Block Name/Number: _____ Direction: _____ Parcel Number: _____ Location: _____
 Observer: _____ Physical Observation Date: _____ Start Time ____:____ AM/PM End Time ____:____ AM/PM

SECTION ONE: STREET SEGMENT OBSERVATIONS

1. Rough proportion of block face is (10% increments):

- ☐ Single Family Residential _____ %
☐ Multifamily Residential _____ %
☐ Retail _____ %
☐ Commercial (Office Building) _____ # _____ %
☐ Institutional (school, hospital, religious): _____ # _____ %
☐ Industrial _____ %
☐ Mixed use _____ %
☐ Vacancies: _____ %
 Other: _____

2. Existing public infrastructure:

- ☐ Bus stop shelter
☐ Pedestrian street lights
☐ On-street residential permit parking
☐ Street furniture (e.g. benches, parklets)
☐ Bike infrastructure (racks, lanes, etc)
☐ Public trash cans
☐ Parking meters
☐ Newly paved streets and sidewalks, traffic calming
☐ Other: _____

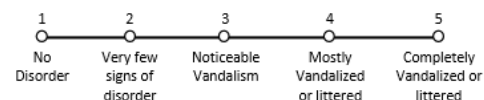
3. Describe any visible people

- ☐ How busy _____
☐ Dominant activity _____
☐ Dominant ethnicity _____
☐ Dominant age group _____
☐ Dominant gender _____
☐ Dominant life style _____
☐ Other: _____

4. Extent of visual social diversity (low, medium, high)

- ☐ Race/ethnicity _____
☐ Socioeconomic class _____
☐ Age _____
☐ Gender _____
☐ Social grouping (family, couples, friends, alone) _____
☐ Other: _____

5. Physical disorder such as garbage, litter, graffiti, or vandalism by degree of observations (circle 1-5):



6. Signage discouraging/controlling disorder

- ☐ Neighborhood watch
☐ Anti-littering/graffiti
☐ Anti-loitering/drug use/vandalism
☐ Anti-trespassing
☐ Other: _____
 Prevalence: ☐ Rare ☐ Few ☐ Noticeable

7. Describe indicators of ethnic commercial presence:

- ☐ Non-English language signs
☐ Signs of ethnic business
☐ Signs of ethnic goods
☐ Signs of ethnic institutions (school, hospital, churches):
☐ Other: _____
 Prevalence: ☐ Rare ☐ Few ☐ Noticeable

8. Signs of commercial gentrification (trendy, high-end or upscale, boutique)

- ☐ Specialty coffee shops, bars, restaurants
☐ Boutique stores
☐ Yoga studios and similar recreational facilities
☐ High-end grocery stores (e.g., Whole Foods, TJ)
☐ Artsy spaces:
☐ Other: _____
 Prevalence: ☐ Rare ☐ Few ☐ Noticeable

9. Diversity of commercial activities

- ☐ Predominantly older, well-established stores
☐ Small majority of older, well-established stores
☐ about an equal number of older and newer stores
☐ Small majority of newer stores catering to gentrifiers
☐ Predominantly newer stores catering to gentrifiers
 Comments: _____

10. Physical signs of residential gentrification

- ☐ New construction
☐ Recent renovation to unit(s)
 1 2 3 4
 Not visible Minor Cosmetic Moderate Extensive (e.g., structural)
☐ Upscale landscaping (e.g., fencing)
☐ Upscale /luxury and "green" vehicles
☐ Other: _____
 Prevalence: ☐ Rare ☐ Few ☐ Noticeable

11. Physical signs of commercial gentrification

- ☐ New construction
☐ Recent renovation to unit(s)
 1 2 3 4
 Not visible Minor Cosmetic Moderate Extensive (e.g., structural)
☐ Upscale/trendy landscaping (e.g., patio furniture, plant type)
☐ Upscale/trendy store front
☐ Upscale/trendy signage, ads, displays
☐ Other: _____
 Prevalence: ☐ Rare ☐ Few ☐ Noticeable

12. Describe public art and aesthetics: _____

14. Additional notes on block overview (e.g., small dogs, dog waster bags): _____

Residential Parcel Groundtruthing Form

Observer: _____ Physical Observation Date: _____ Start Time ____:____ AM/PM Station: _____

SECTION TWO: RESIDENTIAL PARCEL OBSERVATIONS

APN/Parcel # _____ Street Address _____	APN/Parcel # _____ Street Address _____
<p>1. Building type and units:</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Single family <input type="checkbox"/> 2-4 multifamily </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Non-residential <input type="checkbox"/> 5 or more multifamily </div> <input type="checkbox"/> Unable to judge: _____ <p>2. Occupancy status</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Occupied <input type="checkbox"/> Partially occupied: _____ </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Not occupied: Signs of abandoned: <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Unable to judge: _____ <p>3. Building signs and markings</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> For sale signs: _____ <input type="checkbox"/> For rent signs: _____ </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Eviction notices: _____ <input type="checkbox"/> Other (explain): _____ </div> <p>4. Building characteristics</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Newly constructed <input type="checkbox"/> Older building: </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Renovated <input type="checkbox"/> Not renovated </div> <input type="checkbox"/> Ongoing renovation <p>5. Overall building appearance</p> <div style="display: flex; align-items: center;"> <div style="text-align: center;"> 1 poor </div> <div style="text-align: center;">2 below average</div> <div style="text-align: center;">3 average</div> <div style="text-align: center;">4 above average</div> <div style="text-align: center;">5 new</div> </div> <p>6. Physical Signs of Residential Gentrification</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> New construction <input type="checkbox"/> Recent renovation to unit(s) </div> <div style="display: flex; align-items: center;"> <div style="text-align: center;">1 Not visible</div> <div style="text-align: center;">2 Minor Cosmetic</div> <div style="text-align: center;">3 Moderate</div> <div style="text-align: center;">4 Extensive (e.g., structural)</div> </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Upscale/trendy landscaping (e.g., fencing, plant types) <input type="checkbox"/> Upscale/luxury and "green" vehicles </div> <input type="checkbox"/> Other: _____ <p>Prevalence: <input type="checkbox"/> Rare <input type="checkbox"/> Few <input type="checkbox"/> Noticeable</p> <p>7. Building appearance relative to surroundings</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Roughly consistent <input type="checkbox"/> Out of place, higher-end </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Out of place, lower-end <input type="checkbox"/> Unable to judge: _____ </div> <p>8. Notes on building and outdoor space: _____ _____ _____</p> <p>9. Photo number(s) or range: _____ _____</p>	<p>1. Building type and units:</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Single family <input type="checkbox"/> 2-4 multifamily </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Non-residential <input type="checkbox"/> 5 or more multifamily </div> <input type="checkbox"/> Unable to judge: _____ <p>2. Occupancy status</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Occupied <input type="checkbox"/> Partially occupied: _____ </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Not occupied: Signs of abandoned: <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Unable to judge: _____ <p>3. Building signs and markings</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> For sale signs: _____ <input type="checkbox"/> For rent signs: _____ </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Eviction notices: _____ <input type="checkbox"/> Other (explain): _____ </div> <p>4. Building characteristics</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Newly constructed <input type="checkbox"/> Older building: </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Renovated <input type="checkbox"/> Not renovated </div> <input type="checkbox"/> Ongoing renovation <p>5. Overall building appearance</p> <div style="display: flex; align-items: center;"> <div style="text-align: center;">1 poor</div> <div style="text-align: center;">2 below average</div> <div style="text-align: center;">3 average</div> <div style="text-align: center;">4 above average</div> <div style="text-align: center;">5 new</div> </div> <p>6. Physical Signs of Residential Gentrification</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> New construction <input type="checkbox"/> Recent renovation to unit(s) </div> <div style="display: flex; align-items: center;"> <div style="text-align: center;">1 Not visible</div> <div style="text-align: center;">2 Minor Cosmetic</div> <div style="text-align: center;">3 Moderate</div> <div style="text-align: center;">4 Extensive (e.g., structural)</div> </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Upscale/ trendy landscaping (e.g., fencing, plant type) <input type="checkbox"/> Upscale/luxury and "green" vehicles </div> <input type="checkbox"/> Other: _____ <p>Prevalence: <input type="checkbox"/> Rare <input type="checkbox"/> Few <input type="checkbox"/> Noticeable</p> <p>7. Building appearance relative to surroundings</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Roughly consistent <input type="checkbox"/> Out of place, higher-end </div> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Out of place, lower-end <input type="checkbox"/> Unable to judge: _____ </div> <p>8. Notes on building and outdoor space: _____ _____ _____</p> <p>9. Photo number(s) or range: _____ _____</p>

Commercial Parcel Groundtruthing Form

Observer: _____ Physical Observation Date: _____ Start Time ____:____ AM/PM Station: _____

SECTION TWO: COMMERCIAL PARCEL OBSERVATIONS

APN/Parcel # _____ Street Address _____	APN/Parcel # _____ Street Address _____
<p>1. Building type and units:</p> <p><input type="checkbox"/> Multi-story _____ # stories</p> <p><input type="checkbox"/> Stand-alone</p> <p><input type="checkbox"/> Strip mall</p> <p><input type="checkbox"/> Unable to judge: _____</p> <p>2. Building Use (e.g., office, retail, minimart): _____</p> <p>3. Occupancy status</p> <p><input type="checkbox"/> Occupied</p> <p><input type="checkbox"/> Partially occupied: _____</p> <p><input type="checkbox"/> Not occupied:</p> <p style="padding-left: 20px;">Signs of abandoned: <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Unable to judge: _____</p> <p>4. Building signs and markings</p> <p><input type="checkbox"/> Property "For sale" signs: _____</p> <p><input type="checkbox"/> Property "For rent" signs: _____</p> <p><input type="checkbox"/> Eviction notices: _____</p> <p><input type="checkbox"/> Upscale/trendy signage, ads, displays</p> <p><input type="checkbox"/> Other (explain): _____</p> <p>5. Building characteristics</p> <p><input type="checkbox"/> Newly constructed</p> <p><input type="checkbox"/> Older building:</p> <p style="padding-left: 20px;"><input type="checkbox"/> Renovated <input type="checkbox"/> Not renovated</p> <p style="padding-left: 20px;"><input type="checkbox"/> Ongoing renovation</p> <p>6. Overall building appearance</p> <div style="display: flex; align-items: center; gap: 10px;"> <div style="text-align: center;">1</div> <div style="text-align: center;">2</div> <div style="text-align: center;">3</div> <div style="text-align: center;">4</div> <div style="text-align: center;">5</div> </div> <div style="display: flex; align-items: center; gap: 10px;"> <div style="text-align: center;">poor</div> <div style="text-align: center;">below average</div> <div style="text-align: center;">average</div> <div style="text-align: center;">above average</div> <div style="text-align: center;">new</div> </div> <p>7. Physical Signs of Commercial Gentrification</p> <p><input type="checkbox"/> New construction</p> <p><input type="checkbox"/> Recent renovation to unit(s)</p> <div style="display: flex; align-items: center; gap: 10px;"> <div style="text-align: center;">1</div> <div style="text-align: center;">2</div> <div style="text-align: center;">3</div> <div style="text-align: center;">4</div> </div> <div style="display: flex; align-items: center; gap: 10px;"> <div style="text-align: center;">Not visible</div> <div style="text-align: center;">Minor Cosmetic</div> <div style="text-align: center;">Moderate</div> <div style="text-align: center;">Extensive (e.g., structural)</div> </div> <p><input type="checkbox"/> Upscale/trendy landscaping (e.g., patio furniture, plant types)</p> <p><input type="checkbox"/> Upscale/trendy store front</p> <p><input type="checkbox"/> Other: _____</p> <p>Prevalence: <input type="checkbox"/> Rare <input type="checkbox"/> Few <input type="checkbox"/> Noticeable</p> <p>8. Building appearance relative to surroundings</p> <p><input type="checkbox"/> Roughly consistent</p> <p><input type="checkbox"/> Out of place, higher-end</p> <p><input type="checkbox"/> Out of place, lower-end</p> <p><input type="checkbox"/> Unable to judge: _____</p> <p>9. Notes on building and outdoor space: _____</p> <p>10. Photo number(s) or range: _____</p>	<p>1. Building type and units:</p> <p><input type="checkbox"/> Multi-story _____ # stories</p> <p><input type="checkbox"/> Stand-alone</p> <p><input type="checkbox"/> Strip mall</p> <p><input type="checkbox"/> Unable to judge: _____</p> <p>2. Building Use (e.g., office, retail, minimart): _____</p> <p>3. Occupancy status</p> <p><input type="checkbox"/> Occupied</p> <p><input type="checkbox"/> Partially occupied: _____</p> <p><input type="checkbox"/> Not occupied:</p> <p style="padding-left: 20px;">Signs of abandoned: <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Unable to judge: _____</p> <p>4. Building signs and markings</p> <p><input type="checkbox"/> Property "For sale" signs: _____</p> <p><input type="checkbox"/> Property "For rent" signs: _____</p> <p><input type="checkbox"/> Eviction notices: _____</p> <p><input type="checkbox"/> Upscale/trendy signage, ads, displays</p> <p><input type="checkbox"/> Other (explain): _____</p> <p>5. Building characteristics</p> <p><input type="checkbox"/> Newly constructed</p> <p><input type="checkbox"/> Older building:</p> <p style="padding-left: 20px;"><input type="checkbox"/> Renovated <input type="checkbox"/> Not renovated</p> <p style="padding-left: 20px;"><input type="checkbox"/> Ongoing renovation</p> <p>6. Overall building appearance</p> <div style="display: flex; align-items: center; gap: 10px;"> <div style="text-align: center;">1</div> <div style="text-align: center;">2</div> <div style="text-align: center;">3</div> <div style="text-align: center;">4</div> <div style="text-align: center;">5</div> </div> <div style="display: flex; align-items: center; gap: 10px;"> <div style="text-align: center;">poor</div> <div style="text-align: center;">below average</div> <div style="text-align: center;">average</div> <div style="text-align: center;">above average</div> <div style="text-align: center;">new</div> </div> <p>7. Physical Signs of Commercial Gentrification</p> <p><input type="checkbox"/> New construction</p> <p><input type="checkbox"/> Recent renovation to unit(s)</p> <div style="display: flex; align-items: center; gap: 10px;"> <div style="text-align: center;">1</div> <div style="text-align: center;">2</div> <div style="text-align: center;">3</div> <div style="text-align: center;">4</div> </div> <div style="display: flex; align-items: center; gap: 10px;"> <div style="text-align: center;">Not visible</div> <div style="text-align: center;">Minor Cosmetic</div> <div style="text-align: center;">Moderate</div> <div style="text-align: center;">Extensive (e.g., structural)</div> </div> <p><input type="checkbox"/> Upscale/trendy landscaping (e.g., patio furniture, plant types)</p> <p><input type="checkbox"/> Upscale/trendy store front</p> <p><input type="checkbox"/> Other: _____</p> <p>Prevalence: <input type="checkbox"/> Rare <input type="checkbox"/> Few <input type="checkbox"/> Noticeable</p> <p>8. Building appearance relative to surroundings</p> <p><input type="checkbox"/> Roughly consistent</p> <p><input type="checkbox"/> Out of place, higher-end</p> <p><input type="checkbox"/> Out of place, lower-end</p> <p><input type="checkbox"/> Unable to judge: _____</p> <p>9. Notes on building and outdoor space: _____</p> <p>10. Photo number(s) or range: _____</p>

UCLA Consent Letter

UNIVERSITY OF CALIFORNIA, LOS ANGELES

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SANTA BARBARA • SANTA CRUZ

CENTER FOR THE STUDY OF INEQUALITY
LUSKIN SCHOOL OF PUBLIC AFFAIRS
6368 PUBLIC AFFAIRS BUILDING
BOX 951656
LOS ANGELES, CALIFORNIA 90095-1656

15 March 2015

To Whom It May Concern,

Students at the UCLA Center for the Study of Inequality are conducting a visual inventory of this neighborhood as part of their Urban Planning Master's Program comprehensive research project. This project examines changes and developments around transit stations in the Los Angeles area. The information will be used to inform public agencies, community groups and other interested parties about these changes and developments. The goal of the study is to enhance neighborhood quality and ensure that all stakeholders benefit from transit development.

If you have questions about the credentials of the student, please contact the UCLA Department of Urban Planning at the Luskin School of Public Affairs at: 3250 Public Affairs Building, Box 951656, Los Angeles, CA 90095. Or alternatively, questions can be answered over the phone at (310) 825-4025.

If you have questions about the project, please contact me at 818-270-0497.

Thank you.

Sincerely yours,

A handwritten signature in black ink that reads "Silvia Jiménez".

Silvia Jiménez
Assistant Director,
Center for the Study of Inequality

Department of Urban Planning
Luskin School of Public Affairs
University of California Los Angeles
3250 Public Affairs Building
Box 951656
Los Angeles, CA 90095-1656
Phone: (310) 825-4025

Table M.1: Block Segment Observations for Case Study Areas

	Chinatown	Hollywood/ Western	103rd Street / Watts Towers
Total Block Segments	21	20	31
Land Uses			
Single Family	1%	4%	40%
Multifamily	6%	51%	31%
Retail	30%	12%	8%
Commercial	4%	2%	1%
Institutional	13%	2%	13%
Industrial	3%	0%	0%
Mixed-Use	21%	9%	0%
Vacant	21%	12%	6%
Other (e.g., park)	0%	9%	0%
Total	100%	101%	100%
Public infrastructure			
Bus Stop Shelter	5%	5%	16%
Ped. Street Lights	48%	20%	23%
Residential permit parking	10%	0%	0%
Street Furniture	43%	10%	16%
Bike Infra	5%	25%	19%
Public Trash Cans	43%	15%	10%
Parking Meters	38%	50%	0%
Street Improvements	14%	15%	42%
Visible People			
Busy	0%	10%	6%
Moderately busy	38%	35%	16%
Not busy	62%	50%	61%
Ethnicity	Asian, Latino, White	White, Latino, Black, Asian	Black, Latino
Physical Disorder			
Overall Rating	2.28	2.05	2.25
Neighborhood watch	0%	5%	6%
Anti-littering/graffiti	0%	5%	16%
Anti-loitering/drug use	0%	10%	3%
Anti-trespassing	10%	30%	39%
Other Signage	19%	30%	42%
Other Notes			
Ethnic Commercial Presence			
Non-English signs	67%	25%	10%
Ethnic businesses	52%	25%	10%
Ethnic goods	48%	15%	0%
Ethnic Institutions	14%	5%	0%

	Chinatown	Hollywood/ Western	103rd Street / Watts Towers
Commercial Gentrification			
Specialty food shops	5%	5%	0%
Boutique stores	0%	0%	0%
Yoga studios	0%	5%	0%
High end grocery stores	0%	0%	0%
Artsy spaces	0%	0%	0%
Other Notes	N/A		
Diversity of Commercial Activity	1.4	2.4	1.7
Physical Signs of Commercial Gentrification			
New Construction	5%	15%	6%
Recent Renovation to Units	81%	15%	6%
Scale 1-4	1.3	2.3	1.8
Upscale Landscaping	5%	5%	32%
Upscale/Green Vehicles	10%	0%	13%
Physical Signs of Residential Gentrification			
New Construction	5%	20%	9%
Recent Renovation to Units	57%	40%	84%
Scale 1-4	1.3	2.5	1.8
Upscale Landscaping	5%	50%	43%
Upscale/Green Vehicles	10%	35%	17%
Public Art/Aesthetics	Chinese themed decor, plazas and pedestrian street (blocked off to cars)	Poster billboards, mural on warehouse, Armenian genocide mural	Nice mural on corner of Wilmington & 103rd, public murals, trees

Table M.2: Commercial Parcels Observations for Case Study Areas

	Chinatown	Hollywood/ Western	103rd Street / Watts Towers
Commercial Parcels	7	2	3
Building Density			
Multistory Buildings	42.86%	100.00%	0.00%
Number of Stories	2	N/A	N/A
Standalone Building	14.29%	0.00%	100.00%
Strip mall	0.00%	0.00%	0.00%
Unable to Judge	14.29%	0.00%	0.00%
Building Use	N/A	N/A	N/A
Occupancy Status			
Occupied	85.71%	100.00%	33.33%
Partially Occupied	0.00%	0.00%	0.00%
Not Occupied	14.29%	0.00%	33.33%
Unable to Judge	0.00%	0.00%	33.33%
Signage Presence			
For sale signs	0.00%	0.00%	0.00%
For rent signs	0.00%	0.00%	0.00%
Eviction Notices	0.00%	0.00%	0.00%
Upscale signage	0.00%	50.00%	0.00%
Other	N/A	N/A	N/A
Building Improvements			
Newly Constructed	28.57%	100.00%	0.00%
Older Building	0.714285714	0.00%	100.00%
Renovated	0	0.00%	0.00%
Not Renovated	0.714285714	0.00%	100.00%
Ongoing Renovations	N/A	N/A	N/A
Exterior Appearance			
Overall Appearance	3.17	3.26	2.00
Recent Renovations (1-4)	7	2	1
Upscale Landscaping	0.00%	100.00%	0%
Upscale Vehicles	0.00%	50.00%	0%
Appearance in Neighborhood Context			
Out of place, higher	14.29%	100.00%	0.00%
Out of place, lower	0.00%	0.00%	33.33%
Roughly the same	71.43%	0.00%	66.67%
Unable to Judge	14.29%	0.00%	0.00%

Table M.3: Residential Parcels Observations for Case Study Areas

	Chinatown	Hollywood/ Western	103rd Street / Watts Towers
Residential Parcels	17	23	46
Land Use			
Single Family	47%	9%	72%
2-4 MF	29%	0%	28%
5+ MF	24%	87%	0%
Vacant Lot	0%	4%	0%
	100%	100%	100%
Occupancy Status			
Occupied	94%	87%	96%
Partially Occupied	0%	9%	2%
Not Occupied	0%	4%	2%
Unable to Judge	6%	0%	0%
	100%	100%	100%
Signage Presence			
For sale	0%	0%	2%
For rent	0%	4%	7%
Eviction Notices	0%	0%	0%
Newly constructed	0%	0%	0%
Other Signs	0%	0%	0%
Building Improvements			
Newly Constructed	65%	9%	24%
Older Building	35%	87%	76%
Renovated	24%	57%	30%
Not Renovated	12%	26%	46%
Ongoing Renovations	0%	4%	0%
	100%	100%	100%
Exterior Appearance			
Overall Appearance	3.647058824	3.260869565	3.413043478
Recent Renovations (1-4)	1.235294118	1.913043478	1.5
Upscale Landscaping	24%	43%	11%
Upscale Vehicles	0%	4%	0%
Appearance in Neighborhood Context			
Out of place, higher	6%	26%	22%
Out of place, lower	0%	9%	4%
Roughly the same	88%	61%	74%
Unable to Judge	0%	0%	0%

Appendix N. Interview Protocol for Los Angeles

The following section outlines the key questions used for this study, an outline to the interview approach, and information about the interviewed organizations and agencies. The research team also identified best practices for collaboration between CBOs and government agencies to minimize negative externalities. Results are presented as part of the 2015 UCLA Master's in Urban and Regional Planning Comprehensive Project.¹⁰

Our intended interviewee for each CBO was the executive director or a CBO employee with specific experience or insight in the TOD process. The interviewees had to have worked for the CBO for a significant length of time or participated in multiple organizing campaigns. Table N.1 includes more information about the organizations that were interviewed.

Public agencies were the second group of organizations selected for this research study. For the purposes of our study, we limited the selection to public agencies that are involved in local or regional land use and transportation planning in Los Angeles. Additionally, the public agencies must have worked on projects related to TOD, from development planning to construction of the actual transit infrastructure. We excluded the Los Angeles Department of Transportation (LADOT) because our secondary research found that it has not been active in TOD, despite providing other transit services for much of the study area. Table N.2 identifies the 4 public agencies that were identified for interviews specifically in the study areas. Since these agencies are large organizations that have various missions across the LA region, we selected interviewees from multiple departments to collect insight from different perspectives.

Table N.1: Interviewed CBOs

Organization	Area Served	Year Est.	Approx. Annual Expenditures
Strategic Action for a Just Economy (SAJE)	South Los Angeles	1996	\$900,000 (2013)
Southeast Asian Community Alliance (SEACA)	Chinatown/Lincoln Heights	2002	N/A
Chinatown Community for Equitable Development (CCED)	Chinatown	2012	N/A
Thai Community Dev. Center	Thai Town / East Hollywood	1994	\$635,000 (2012)
Watts Community Studio	Watts / South Los Angeles	2011	N/A
Trust for Public Land	Greater Los Angeles Area/ National	1972	\$141 Million (2013)
LA Voice	Greater Los Angeles Area	2000	N/A

¹⁰ The 2015 Comprehensive Project, "Oriented for Whom? The Impacts of TOD on Six Los Angeles Neighborhoods," is available online at: <http://luskin.ucla.edu/content/comprehensive-project>

Table N.2: Public Agency Interviews

Agency	Division Interviewed	No. of Interviewees	Area Served
Los Angeles County Metropolitan Transit Authority (LA Metro)	Joint Development Program	1	County of Los Angeles
City of Los Angeles	Department of planning	5	City of Los Angeles
City of Los Angeles	City Council District 13	1	City of Los Angeles
City of Los Angeles	Neighborhood Councils	2	City of Los Angeles

Strategic Actions for a Just Economy (SAJE)

SAJE is a community organizing and advocacy organization working on behalf of the current residents of South LA, particularly in the Figueroa Corridor. SAJE provides legal support to distressed renters, helps establish land trusts, and works to find positive solutions to conflicts between institutions and low-income city residents. SAJE works in partnership with other organizations to ensure that the fate of city neighborhoods is decided by those who live there, and accomplishes this in ways that are replicable and sustainable (Strategic Actions For a Just Economy 2015).

South East Asian Community Alliance (SEACA)

Launched in 2002, SEACA was founded on the principle of inclusion, and from the beginning, has been guided by a belief that individuals can improve and build power in their own communities. The organization was started due to a lack of resources targeting the needs of Southeast Asians. SEACA began as a youth leadership program and over the years have expanded programs to include youth organizing, creative arts and self-expression, and most recently, health and community building through food and gardening (SEACA 2015).

Thai Community Development Center (Thai CDC)

Thai CDC was established to begin addressing the health and human service needs of the Thai population living in Los Angeles. Thai CDC offers a broad range of services, including health and human services, legal services, senior services, and youth services. Since its establishment in 1994, Thai CDC has addressed the multifaceted needs of Thai immigrants in the Southern California region, who, at an estimated population of 100,000 are considered the largest number of Thais living abroad (Thai CDC, 2015).

Watts Community Studio

The Watts Community Studio is a research project supported by the City of Los Angeles' Council District 15 Office of Joe Buscaino. The project goal is to inform local planning and economic development policy by surveying the business owners and residents of Watts in order to find out what problems most concern the community and determine how the Council District can support positive change. In addition to surveys, WCS also aims to increase collaboration and organization between small businesses, community-based organizations and faith-based organizations by conducting focus groups (WCS 2015).

Chinatown Community for Equitable Development (CCED)

Chinatown Community for Equitable Development (CCED) is a multiethnic coalition that was founded in May 2012 (Nguyen 2014). CCED was founded to advocate for Chinatown's small businesses whose tenure and survival was threatened by the development of the Chinatown Wal-Mart. The organization's larger goals include preserving the cultural integrity and character of the neighborhood and advocating for the rights of long term residents to live and work in the area. While Chinatown has changed due to light rail expansion and the increased development interest it prompted, residents can be assured that CCED will provide them a voice in the development process.

Trust for Public Land

Trust for Public Land works to create greenspace in cities across the nation. The organization's Los Angeles office recently worked with the City and Watts community residents to transform an abandoned lot near the Metro Blue Line into community serving park space (Trust for Public Land, personal communication April 6, 2015). Development interest spurred by TOD can provide increased community amenities like greenspace in urban neighborhoods. The Trust for Public Land's efforts show that community driven advocacy can create these improvements in underinvested neighborhoods that need them most.

LA Voice

LA Voice was founded in the year 2000 and organizes to increase leadership capacity in Los Angeles working class communities (LA Voice). The organization is involved in a number of issues including housing and workers rights in rapidly changing Los Angeles neighborhoods (LA Voice, personal communication, April 10, 2015). The organization has also conducted community visioning exercises around Metro owned properties near the Metro Red Line. The organization's advocacy work has amplified the voices of low income residents so development and neighborhood improvements benefit all residents.

Key Interview Questions

How has Transit Oriented Development (TOD) impacted the study areas?

We asked questions about how TOD had impacted the study areas in question. Before proceeding to other interview questions, it was important to understand what changes due to TOD that the interviewees identified. This line of question provides an opportunity to better understand community experience through the eyes of those who live and work in the area. Assessing the perceived impacts on each study area enabled the team to compare the effects of TOD across geographic areas.

How effective have local communities been in controlling the outcomes of TOD?

The next set of questions pertains to how CBOs and agencies have influenced the outcomes of TOD in a geographic area. Our interview team was looking for both concrete examples of successful and unsuccessful campaigns or strategies to influence the results of TOD, as well as general issues that had arisen in specific areas that were experiencing TOD growth. In the end, the responses to this line of questioning form the basis for a set of recommendations to address ongoing concerns in the TOD process.

What is the relationship between CBOs and governmental agencies in the TOD process?

A key focus of study for the project is the amount of community input in the development of Metro's rail system. Ideally, there would be a high level of collaboration and coordination between the governmental agencies overseeing the construction of transit lines (and the subsequent urban growth patterns) and the local communities that experience these impacts. The research team was interested in understanding the degree of coordination (if any) between government agencies charged with the development of transit and the communities that they are ostensibly there to serve.

What more can be done to allow station area residents and community groups to influence the TOD process from conception, design, and realization?

Finally, our team was interested in what were the internal and external factors, such as staff availability or professional relationships that limited the effectiveness of CBOs and governmental agencies in impacting the TOD process. Governmental agencies are primarily responsible for the design and implementation of a transit system; CBOs can work through the public process or informal channels to minimize undesirable outcomes in the development.

Appendix O. Detailed Assessments for LA Ground-Truthing Case Studies

Chinatown Detailed Assessment

For the Chinatown case study, we surveyed 21 street block segments along the streets of Hill, Broadway, Spring, Alameda, Alpine, College, Llewellyn, Gin Ling, Mei Ling, and Sun Mun within the quarter-mile buffer from the station, and Grand and Cesar Chavez within the half-mile buffer (See Figure O.1). Additionally, we sampled 19 residential parcels and seven commercial parcels. Parcels observed included parcels on Stadium, Coronel, Bernard, Hill, Broadway, Yale, and Alpine (See Figure O.2). As mentioned above, our observed parcels had a 95% match with the assessor data in residential land use.

Our observations captured relatively little commercial change and only very early signs of residential gentrification. Most of the blocks surveyed were predominantly commercial, many (about 30%) with retail or mixed-use (about 21%). There was no new commercial construction visible in the surveyed blocks. About 80% of the commercial blocks had recent renovations; however, most of the renovations were minor. Only two blocks had signs of upscale landscaping, while we noticed "green" or upscale vehicles only in one block. We only observed one commercial "For Lease" sign. Similarly, in the seven commercial parcels surveyed, the buildings appeared as "average" while five parcels did not show any renovation, although two had newly constructed properties.

Chinatown, additionally, had the highest concentration of ethnic commercial presence of all the case study areas. About 50% of the blocks had indicators showing ethnic business and goods, and over 65% of commercial blocks (or 14 blocks) had non-English signs. Chinatown's commercial presence was comprised of primarily older, established businesses with very few indications of commercial gentrification (no new boutique stores, yoga studios, high-end grocery stores, artsy spaces, or the like). Over 70% of the commercial parcels surveyed appeared roughly the same in appearance to the surrounding neighborhood context, and none had upscale signage that looked out of place (e.g., appeals to a certain lifestyle or type of shopper). However, the area had the highest presence of specialty food shops of the case study areas, possibly targeting visitors and tourists.

Our observations differ from those of representatives from CBOs, who expressed concerns that a growing number of new neighborhood businesses are not catering to the needs of long-term Chinatown residents, such as culturally appropriate retail that meets the needs of the elderly, affordable food and retail, and in some cases, jobs. Representatives from CBOs indicated that new development and incoming retailers like Starbucks and Walmart are instead catering to new residents or more affluent commuters (Southeast Asian Community Alliance, SEACA, personal communication, February 4, 2015).

According to CBO representatives interviewed, business turnover and displacement has also led some long-term residents to leave their homes because they no longer feel a cultural and economic connection to Chinatown (SEACA, personal communication, February 4, 2015). With the increase in new development, the businesses that provide goods, services, and even jobs are getting displaced (SEACA, personal communication, February 4, 2015).

Our observations did capture some signs of residential gentrification, which coincided with CBO concerns and the findings of our gentrification model. We observed one block with new residential construction, one block that had properties with upscale landscaping, and two blocks that had upscale or green vehicles parked on the street (See Table AI.2 in Appendix I). About 57% of the surveyed blocks had residential renovations, which were mostly minor. These low numbers and percentages, however, are due to the fact that most blocks surveyed were commercial rather than residential – with the residential blocks surveyed being mostly along Grand and Cesar Chavez – since residential land uses were uncommon in the areas immediately adjacent to the Metro rail station.

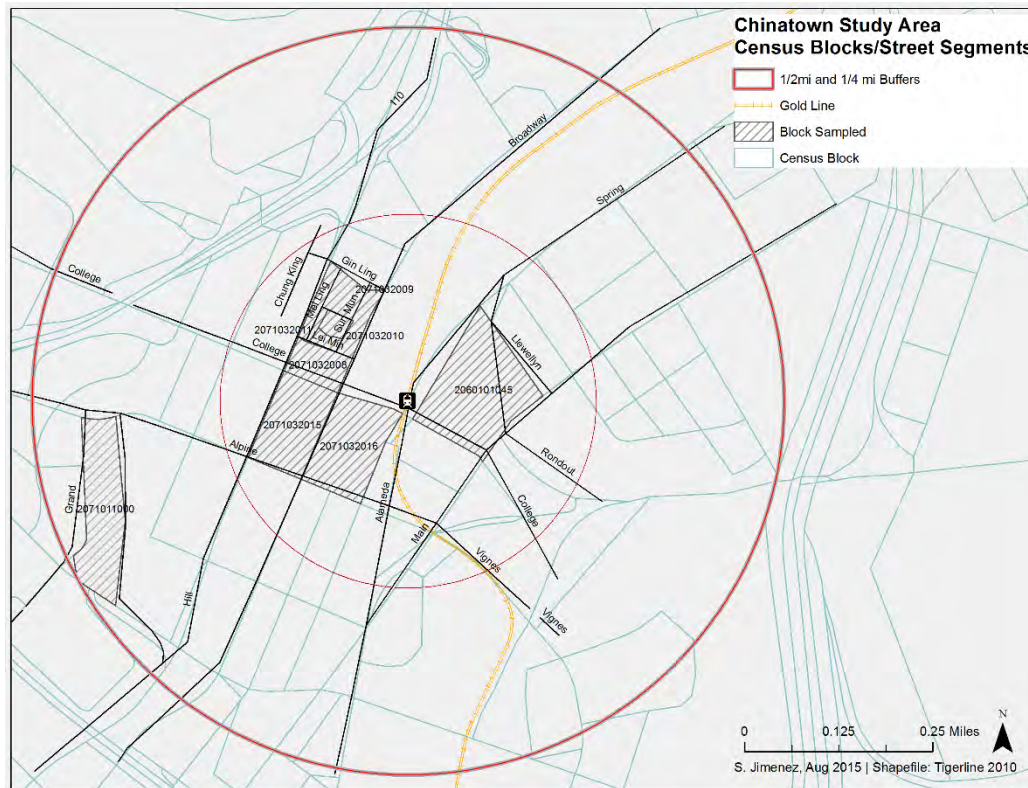


Figure 0.1: Blocks Surveyed for Chinatown Study Area

Of the residential parcels surveyed, eight were single-family, five were multi-family with less than five units, and four were multi-family with five or more units. Chinatown also had the highest prevalence of new construction on residential parcels. About 65% of the surveyed residential parcels appeared to have new construction, over twice the percentage for Watts and seven times the percentage for Hollywood, which may be attributed to Chinatown's proximity to Downtown. This may indicate a quickly growing residential segment of the Chinatown area. Additionally, about one-fourth of residential parcels surveyed had upscale landscaping and one-fourth were newly renovated.



Figure 0.2: Parcels Surveyed for Chinatown Study Area

A total of eight blocks had parking meters, two had residential permit parking, while three blocks had street or sidewalk improvements. Bus stop shelters and bike infrastructure were present on one block. Additionally, way finding signage and Chinatown banners were common. Chinese architecture, arches, and street art were also present. Although over 60% of the blocks observed did not have much pedestrian traffic, our observations captured a diverse population in the area, which included not only Asians but also Latinos and non-Hispanic whites.

In the recent decades, Chinatown has experienced change along the outskirts of the half-mile radius around the station, but not close to the station where most of the commercial parcels exist. Our observations captured some of the residential changes that have occurred along the outskirts. However, due to limited parcel sampling and the fact that some new developments are only forthcoming, we failed to pick up some of the changes that many community groups see and fear – such as the Grand Plaza development on Cesar Chavez Avenue or the newly proposed College Station development. Given the high number of renters in the area, CBOs worry that real estate speculation may force long-term, low-income renters out of the neighborhood.

Some affordable housing units are also threatened; Chinatown has had affordable senior housing since the 1980s but many of the affordable units have expired or are set to expire (Chinatown Community for Equitable Development, personal communication, April 15, 2015). As a result, according to CBO representatives, some affordable senior units are converting into market-rate units. This conversion is often initiated by landlords, who turn over the building and ask for higher rents when the affordability requirements expire. CBOs are concerned with how the conversion of affordable units into market-rate units may displace Chinatown's long-term residents. They believe that real estate developers see an opportunity to attract higher returns on their developments,

which may have negative effects for a neighborhood like Chinatown that has many low-income residents.

Strong relationships between CBOs and public agencies in TOD areas are necessary to develop plans and policies to encourage development that provides community benefits through equity provisions. In the Chinatown area, this discussion is mostly happening through the city planning department's Cornfield Arroyo Seco Specific Plan (CASP), which includes density bonuses to encourage the development of affordable housing units.

Hollywood/Western Detailed Assessment

For the Hollywood/Western area, we surveyed 20 block segments, which included blocks along Hollywood, Western, Saint Andrews, Serrano, Carlton, Russell, and Harvard within the quarter-mile buffer from the station, and streets such as Sunset, Kingsley, and Winona within the half-mile buffer (See Figure 0.3). Additionally, we sampled 46 residential parcels and two commercial parcels. Parcels observed were on Hobart, Sunset, Loma Linda, Serrano, Carlton, Harold, Harvard, Garfield, Oxford, Gramercy, and Western (See Figure 0.4). Our observed parcels in this neighborhood had a 93% match with assessor data in residential land use.

Our gentrification model shows that only the area southwest of the Metro station appears to have gentrified in the last decade, while the area to the southeast has undergone little development or change. Further, no tracts north of the Metro station appear to be eligible for gentrification. Our ground-truthing observations, however, capture more signs of gentrification than those shown in the model.



Figure 0.3: Blocks Surveyed for Hollywood/Western Study Area

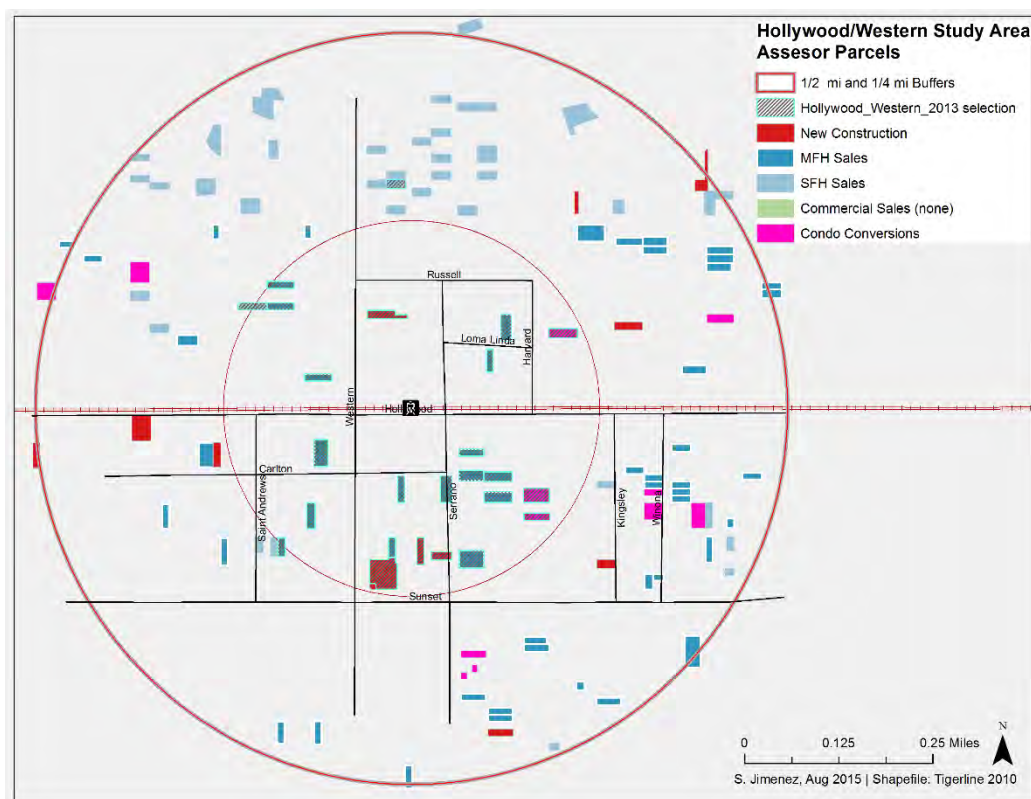


Figure 0.4: Parcels Surveyed for Hollywood/Western Study Area

Hollywood/Western showed clear signs of late-stage commercial and residential gentrification. Surrounding the station itself are primarily commercial businesses, mostly retail or mixed-use. Although Hollywood/Western is still dominated by small, older, well-established stores, it also has indications of commercial gentrification. This area had the highest percentage of new construction in the commercial block surveyed – about 15%. About 15% of the surveyed blocks had minor or moderate renovations, while only one block had properties with some upscale landscaping (patio furniture, plants, and decorative fencing).

The two commercial parcels observed had both multi-story new constructions, making them out of context from the surrounding parcels. Additionally, one block had a yoga studio and one a specialty food shop, and one multi-story use building housed a Starbucks, a Crossfit specialty gym, and many brand-named retail stores, indicating some stereotypical signs of gentrification. One-fourth of the blocks surveyed having some non-English signs and ethnic businesses. These included mostly signs in Thai, which is expected, given the presence of Thai Town. Yet, upon one visit, the Thai restaurants seemed to cater towards a diverse and younger crowd. One block also housed an ethnic institution (a Korean church). Block segment observations also indicated signs of ethnic presence such as posters, a painted utility box, and a mural commemorating the Armenian genocide.

Additionally, Hollywood/Western showed multiple signs of residential gentrification. About 20% of the blocks surveyed had new construction, which is the highest amongst the case study areas, and about 40% showed signs of moderate renovation. Half of the blocks observed had upscale landscaping, the most amongst the case studies, and 35% had upscale or green vehicles. Moreover, many blocks had signs indicating territoriality – six blocks had anti-trespassing signs, while six

other blocks had other signage such as “Property closed to the public”, “Security camera”, or “Reserved parking.”

Of the residential buildings, 9% were new, 27% renovated, and 36% with ongoing renovations. The vast majority were ranked as average (61%), or above average (22%). Only two (9%) buildings were lower end and out of place relative to the neighborhood scale and character. Many of the residential blocks also had “for rent” signs, including one that “Welcomed Section 8.”

Hollywood/Western has less public infrastructure than Chinatown, but the highest percentage for bike infrastructure (25% or 4 blocks). Hollywood/Western had more pedestrian activity than the other case-study neighborhoods. About 10% of blocks were perceived as busy in terms of pedestrian traffic, while 35% were moderately busy. Whites, Latinos, blacks, and Asians were all observed walking or biking in the area.

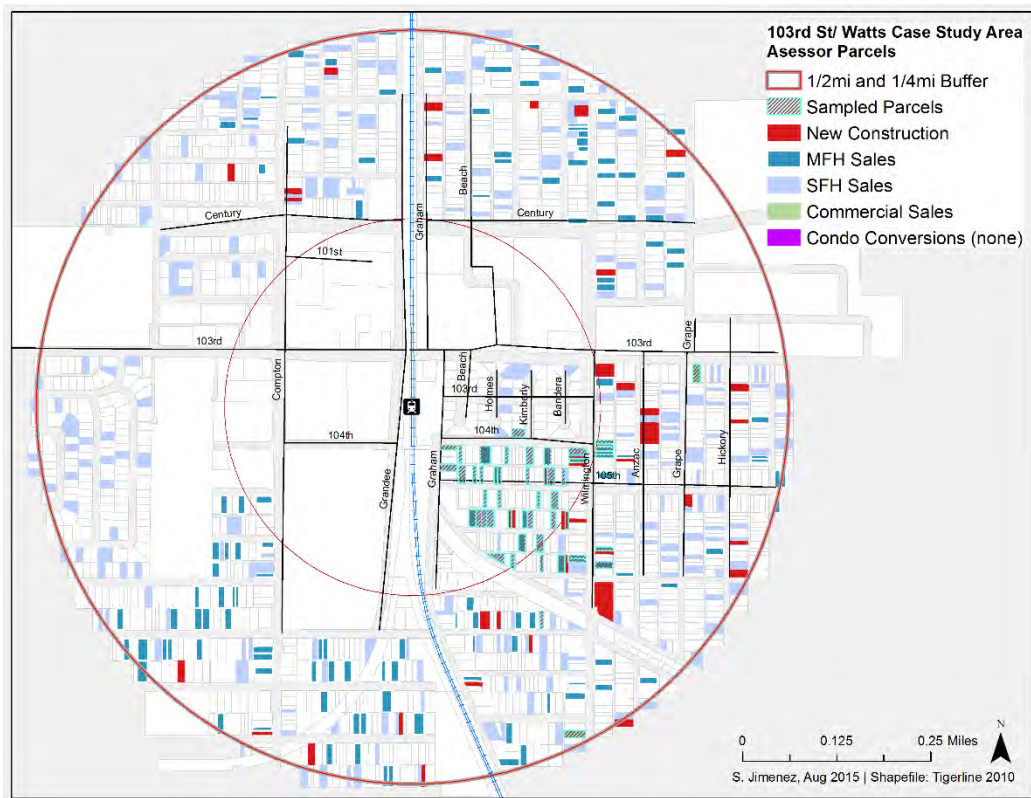
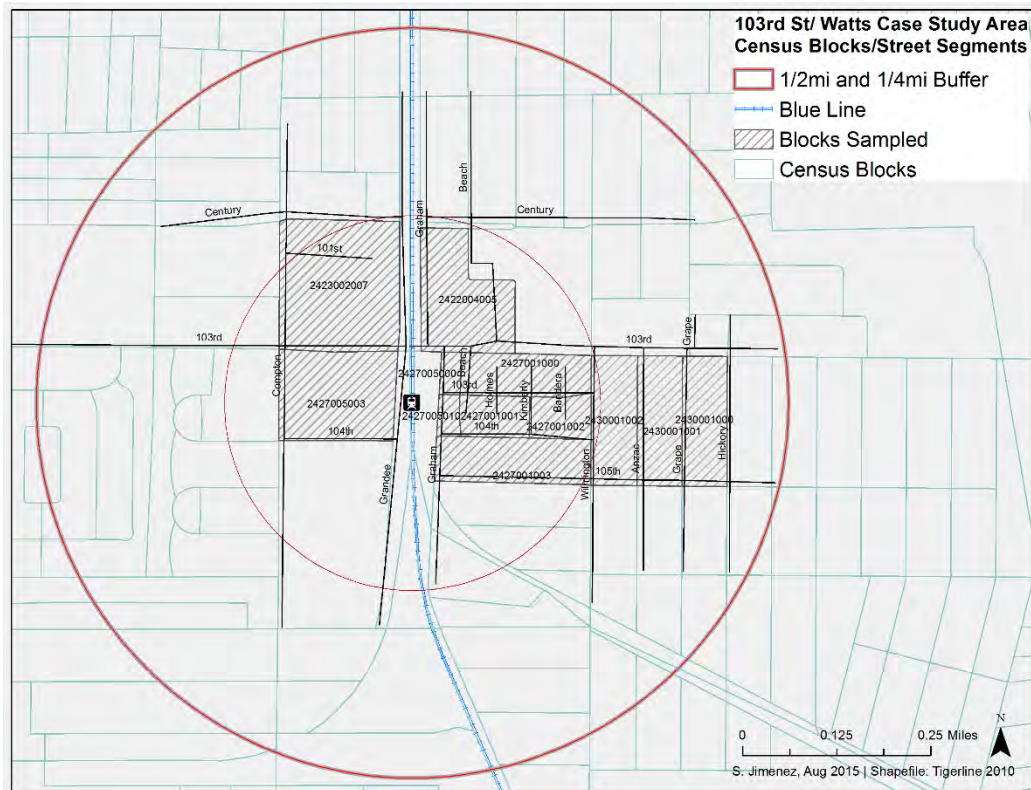
Representatives of community-based groups interviewed noted the residential gentrification that the area is experiencing. One organizer estimated that 30 percent of a Hollywood church congregation has moved to San Fernando Valley because of rising rents in Hollywood (LA Voice, personal communication, April 10, 2015).

The Hollywood/Western TOD area has a high potential for gentrification. However, the gentrification impact may be moderated by community and CBO intervention and the implementation of the Vermont/Western Transit Oriented District SNAP adopted in 2001. The plan mandates equitable development through its community benefit elements. For example, SNAP’s child care facility component requires mixed-use or commercial projects with 100,000 square feet or more of nonresidential floor area to include childcare facilities to accommodate the needs of employees.

Thai Community Development Center (Thai CDC) and East Hollywood Neighborhood Council, along with Metro are trying to form a partnership to create a small business incubator near the Hollywood/Western Station (personal communication, March 9, 2015). However, where CBOs are not actively involved in neighborhood councils, there is potential that they may be left out of the planning process.

103rd St./ Watts Towers Detailed Assessment

For 103rd St./Watts Towers, we surveyed about 31 block segments, which included blocks on Century, 103rd St, 104th, 105th, Compton, Grandee, Graham, Beach, Holmes, Kimberly, Bandera, Wilmington, Anzac, Grape, and Hickory (Figure 0.5). Additionally, we sampled 46 residential parcels and three commercial parcels (Figure 0.6). The observed parcels had 89% match with assessor data in residential land use.



Our model of gentrification shows that although 103rd St./Watts is eligible for gentrification in that it is a disadvantaged disinvested neighborhood, the area has little signs of development in the last decades. Our ground-truthing observations are consistent with this finding.

Although the oldest of the Metro rail stations in our study, it showed very few signs of commercial gentrification. Only about 6% of the surveyed block segments showed signs of new commercial construction with mostly minor, cosmetic renovations. The few newly constructed commercial properties housed mostly small mom-and-pop stores. There was only one block dominated by commercial and retail uses, the Martin Luther King Shopping Center; most of the businesses there appeared to cater to a lower-income demographic. Examples of retail establishments include Food 4 Less, Popeye's, Burger King, and small hair salons. Only one block had upscale landscaping or green vehicles (See Table AI.1 in Appendix I).

While commercial land uses were infrequently observed in Watts; we noticed a significant institutional presence, making up about 13% of the total observed land uses in the surveyed blocks. The largest institution is the Watts Health Center. Additionally, the surveyed area included the St. Lawrence of Brindisi Elementary School and St. Lawrence of Brindisi Church.

Residential development, on the other hand, did show some moderate signs of gentrification. A large proportion of the blocks surveyed were residential, about 40% single-family and 31% multi-family. About 9% of the blocks appeared to have new residential construction, mostly along Wilmington. Renovated homes were present on about 84% of the surveyed blocks. However, many renovations seemed to be minor and solely cosmetic. While there appears to have recently been a high amount of transactional activity in residential parcels, a change in ownership has only occasionally resulted in the improvement of a parcel's appearance.

Of the residential parcels, about 71% were single-family and the rest were multi-family containing between two and four units. In total, approximately a quarter of the residential units appeared to be newly constructed, and more than a third were either in the process of renovation or appeared to have been recently renovated. Additionally, roughly a fifth of the units appeared to be significantly more upscale than their surrounding units, while only two units were significantly downscale compared to their neighbors.

The 103rdSt./Watts Station had the most security signage compared to the other case study areas. Of the 31 blocks, two had neighborhood watch signs, five had anti-littering or graffiti signage, 12 had anti-trespassing signage, and 13 had other types of signs, such as "no parking," "security surveillance," and "beware of dog." Several houses also had bars on the windows, while the majority of houses had high fences or gates. The prominence of these characteristics indicated the need or desire for more safety in the area.

In regards to public infrastructure, seven blocks had pedestrian streetlights, six blocks had bike infrastructures, five blocks had bus stop shelters and street infrastructure, and three blocks had public trashcans. Thirteen of the blocks surveyed (42%) had sidewalk improvements. Trees and public murals were also present. However, the neighborhood also had signs of disorder such as alleyways and vacant lands serving as dumping grounds.

Our observations and model results echo the experience of community groups in the Watts neighborhood – confirming the lack of noticeable changes near the 103rd St./Watts Towers metro station. Not captured by the physical observations of the community or by the gentrification model,

however, is the day-to-day experience of some Watts residents. South Los Angeles CBOs have discussed many instances of illegal evictions and slum conditions in South Los Angeles (personal communication, April 16, 2015).

Since the area is gentrification-eligible but does not yet show major evidence of gentrification, proactive community-public partnerships, if formed early, may help prevent future displacement and achieve a more equitable development model. As TOD plans are developed for the area, community benefits should also be put in place through equity provisions. For example, one tool for potential collaboration is the Jordan Downs Urban Village Specific Plan, which has the goal to create high-quality transit areas, protect community resources, and provide equitable economic opportunities.¹¹ The Jordan Downs Urban Village Specific Plan aims to improve connectivity for the aging Jordan Downs public housing project, which is located a half-mile west of the rail station. This plan has the potential to transform Jordan Downs into a mixed-income development (City of Los Angeles, 2012).

¹¹ The specific plan is available online at: <http://cityplanning.lacity.org/staffrpt/initialrpts/CPC-2010-31.pdf>

Appendix P. Bay Area UrbanSim Models as Used in Plan Bay Area

This Appendix describes each of the models used in the Bay Area application of UrbanSim for the PlanBayArea project, and is intended as a more detailed reference for the base implementation for the current project. The changes in the preceding sections were applied to an updated version of the models as described below.

The sequence of the presentation of the models is organized approximately in the order of their execution within each simulated year, but in some cases they are grouped for clarity of exposition. All of the models operate as microsimulation models that update the state of individual agents and objects: households, businesses, parcels and buildings. The state of the simulation is updated by each model, and results are stored in annual steps from the base year of 2010 that the model uses as its initial conditions, to the end year of 2040 for each scenario that is simulated.

Business Transition Model

Objective

The Business Transition Model predicts new establishments being created within or moved to the region by businesses, or the loss of establishments in the region - either through closure of a business or relocation out of the region.

Employment is classified by the user into employment sectors based on aggregations of Standard Industrial Classification (SIC) codes, or more recently, North American Industry Classification (NAICS) codes. Typically sectors are defined based on the local economic structure. Aggregate forecasts of economic activity and sectoral employment are exogenous to UrbanSim, and are used as inputs to the model. The base year UrbanSim employment data for the MTC application were obtained from ABAG. The employment sectors adopted for this application are shown in Table AL.1. The Business Transition Model integrates exogenous forecasts of aggregate employment by sector with the UrbanSim database by computing the sectoral growth or decline from the preceding year, and either removing establishments from the database in sectors that are declining, or queuing establishments to be placed in the Business Location Choice Model for sectors that experience growth. If the user supplies only total employment control totals, rather than totals by sector, the sectoral distribution is assumed consistent with the current sectoral distribution. In cases of employment loss, the probability that an establishment will be removed is assumed proportional to the spatial distribution of establishments in the sector. The establishments that are removed vacate the space they were occupying, and this space becomes available to the pool of vacant space for other establishments to occupy in the location component of the model. This procedure keeps the accounting of land, structures, and occupants up to date. New establishments are not immediately assigned a location. Instead, new establishments are added to the database and assigned a null location, to be resolved by the Business Location Choice Model.

Algorithm

The model compares the total number of jobs by sector in the establishments table at the beginning of a simulation year, to the total number of jobs by sector specified by the user in the annual employment control totals for that year. If the control total value is higher, the model adds the

necessary number of establishments to the establishments table by sampling existing establishments of the same sector and duplicating them until enough jobs have been added. If the control totals indicate a declining job count for a sector then the appropriate number of establishments in the data are selected at random and removed. The role of this model is to keep the number of jobs in the establishments data in the simulation synchronized with aggregate expectations of employment in the region. In most current applications, control totals are separately specified for each sector and split by a proportion that is assumed to be home-based employment vs non-home-based employment. These two are handled by different model groups in the establishment location choice model.

Table P.1: Employment Sectors

Sector ID	Sector Description
1	Professional services
2	Finance, insurance, and real estate
3	Business services
4	Agriculture
5	Natural resources
6	Arts and recreation
7	Government
8	Other education
9	Logistics
10	Eating and drinking
11	Regional retail
12	Social services
13	Leasing
14	Heavy manufacturing
15	Health
16	Local retail
17	Transportation
18	Higher education
19	Utilities
20	Construction
21	Biotechnology
22	Light manufacturing
23	Information
24	Hotel
25	Tech manufacturing
26	Personal services
27	K-12 education
28	Unclassified

Configuration

The configuration of the Business Transition Model in the parcel model system is summarized in the following table:

Table P.2: Configuration of Business Transition Model

Element	Setting
Agent	Establishments
Dataset	Establishments
Model Structure	Rule Based

Data

The following tables are used in the Business Transition Model in the parcel version of UrbanSim.

Table P.3: Data Used by Business Transition Model

Table Name	Brief Description
annual_business_control_totals jobs	Annual aggregate control totals for employment by sector jobs (synthesized from ABAG zonal employment by sector)

Household Transition Model

Objective

The Household Transition Model (HTM) predicts new households migrating into the region, or the loss of households emigrating from the region.

The Household Transition Model accounts for changes in the distribution of households by type over time, using an algorithm analogous to that used in the Business Transition Model. In reality, these changes result from a complex set of social and demographic changes that include aging, household formation, divorce and household dissolution, mortality, birth of children, migration into and from the region, changes in household size, and changes in income, among others. The data (and theory) required to represent all of these components and their interactions adequately are complex, and although these behaviors have been recently implemented in UrbanSim they were not available for use within the time constraints of this project. In this application, the Household Transition Model, like the Business Transition Model described above, uses external control totals of population and households by type (the latter only if available) to provide a mechanism for the user to approximate the net results of these changes. Analysis by the user of local demographic trends may inform the construction of control totals with distributions of household size, age of head, and income. If only total population is provided in the control totals, the model assumes that the distribution of households by type remains static.

As in the business transition case, newly created households are added to a list of movers that will be located to submarkets by the Household Location Choice Model. Household removals, on the other hand, are accounted for by this model by removing those households from the housing stock,

and by properly accounting for the vacancies created by their departure. The household transition model is analogous in form to the business transition model described above. The primary household attributes stored on the household table in the database are shown in Table P.4. Income and persons are the most commonly used attributes to include in the control totals in order to be able to set household targets for income and household size distribution in future years.

Table P.4: Household Attributes

Characteristic	Description
Tenure	Rent or Own
Building Type	Single Family Detached, Single Family Duplex, Apartment, Townhouse, Group Quarters
Income	Annual Household Income
Persons	Total Persons in Household
Children	Number of Children (under 18) in Household
Race	Race of Head of Household
Workers	Number of Workers in Household
Vehicles	Number of Vehicles

Algorithm

The model compares the total number of households (by type) in the households table at the beginning of a simulation year, to the total number of households (by type) specified by the user in the annual household control totals for that year. If the control total value is higher, the model adds the necessary number of households to the household table by sampling existing households (of the same type) and duplicating them. If the control totals indicate a declining household count (by type) then the appropriate number of households in the data are selected at random and removed. The role of this model is to keep the household data in the simulation synchronized with aggregate expectations of population and households. Note that the model can be configured by the user's choice of specification of the annual control totals. If no household characteristics are included in the control totals, then the synchronization is done for the total number of households. Otherwise it is done by the categories present in the control totals.

Configuration

The configuration of the HTM in the parcel model system is summarized in the following table:

Table P.5: Configuration of Household Transition Model

Element	Setting
Agent	Household
Dataset	Household
Model Structure	Rule Based

Data

The following tables are used by the Household Transition Model in the parcel version of UrbanSim.

Table P.6: Data Used by Household Transition Model

Table Name	Brief Description
annual_household_control_totals	Annual aggregate control totals for households, optionally by type
households	Synthesized households
persons	Synthesized persons

Business Relocation Model

Objective

The Business Relocation Model predicts the relocation of establishments within the region each simulation year.

Employment relocation and location choices are made by firms. In the current version of UrbanSim, we use establishments as the units of analysis (specific sites/branches of a firm). The Business Relocation Model predicts the probability that establishments of each type will move from their current location or stay during a particular year. Similar to the economic transition model when handling job losses in declining sectors, the model assumes that the probability of moving varies by sector but not spatial characteristics. All placement of establishments is managed through the business location choice model.

As in the case of job losses predicted in the economic transition component, the application of this model requires subtracting jobs by sector from the buildings they currently occupy, and the updating of the accounting to make this space available as vacant space. These counts will be added to the unallocated new jobs by sector calculated in the economic transition model. The combination of new and moving jobs serve as a pool to be located in the employment location choice model. Vacancy of nonresidential space will be updated, making space available for allocation in the employment location choice model.

Since it is possible that the relative attractiveness of commercial space in other locations when compared with an establishment's current location may influence its decision to move, an alternative structure for the mobility model could use the marginal choice in a nested logit model with a conditional choice of location. In this way, the model would use information about the relative utility of alternative locations compared to the utility of the current location in predicting whether jobs will move. While this might be more theoretically appealing than the specification given, it is generally not supported by the data available for calibration. Instead, the mobility decision is treated as an independent choice, and the probabilities estimated by annual mobility rates directly observed over a recent period for each sector.

Algorithm

The Business Relocation Model is implemented as a cross-classification rate-based model, with a probability of moving by employment sector applied to each establishment, each simulation year. For example, if an establishment is in the retail sector, their probability of moving would be looked up by finding the retail sector entry in the `annual_business_relocation_rates` table. Let's assume the rate in the table is .25. This means there is a 25% chance the job will move in any given year, and 75% chance they will not move in that year. The model uses Monte Carlo Sampling to determine the outcome. It works by drawing a random number (from the uniform distribution, between 0 and 1), and comparing that random draw to the probability of moving for each household. So with our example establishment's probability of 0.75 that they will stay, if we draw a random number with a value higher than 0.75, we will predict that the job will move in that year.

The outcome of the model is implemented as follows. If an establishment is determined to be a mover because the random draw is greater than (1 - their move probability), then they are moved out of their current location. In practical terms, their `building_id`, which identifies where they are located, is simply reset to a null value. They remain in the jobs table but temporarily have no assignment to a location.

In the current application of the model in the Bay Area, the relocation rates for establishments was assumed to be zero, due to a combination of data limitations and time constraints to calibrate the model with non-zero relocation rates. This makes the location choices of businesses fixed once the establishment is assigned to a location.

Configuration

The configuration of the BRM is summarized in the following table:

Table P.7: Configuration of Business Relocation Model

Element	Setting
Agent	Establishment
Dataset	Establishment
Model Structure	Cross-classification rate-based Model

Data

The following tables are used in the Business Relocation Choice model:

Table P.8: Data Used by Employment Relocation Model

Table Name	Brief Description
<code>annual_business_relocation_rates</code>	Annual relocation rates for establishments by sector
<code>establishments</code>	establishments

Household Relocation Model

Objective

The Household Relocation Model predicts the relocation of households within the region each simulation year.

The Household Relocation Model is similar in form to the Employment Relocation Model described above. The same algorithm is used, but with rates or coefficients applicable to each household type. For households, mobility probabilities are based on the synthetic population from the MTC Travel Model. This reflects differential mobility rates for renters and owners, and households at different life stages.

Application of the Household Relocation Model requires subtracting mover households by type from the housing stock by building, and adding them to the pool of new households by type estimated in the Demographic Transition Model. The combination of new and moving households serves as a population of households to be located by the Household Location Choice Model. Housing vacancy is updated as movers are subtracted, making the housing available for occupation in the household location and housing type choice model.

An alternative approach configuration is to structure this as a choice model, and specify and estimate it using a combination of household and location characteristics. This could be linked with the location choice model, as a nested logit model. This was not possible to implement in this application due to limitations in the available household travel survey, which did not contain information on relocation of households from their previous residence to their current location.

Algorithm

The Household Relocation Model is implemented as a cross-classification rate-based model, with a probability of moving by age and income category applied to each household in the synthetic population, each simulation year. For example, if a household has head of age 31 and an income of 47,500, their probability of moving would be looked up by finding the interval within the age and income classes in the `annual_household_relocation_rates` table. Let's assume the rate in the table is .25. This means there is a 25% chance the household will move in any given year, and 75% chance they will not move in that year. The model uses Monte Carlo Sampling to determine the outcome. It works by drawing a random number (from the uniform distribution, between 0 and 1), and comparing that random draw to the probability of moving for each household. So with our example household's probability of 0.75 that they will stay, if we draw a random number with a value higher than 0.75, we will predict that the household will move in that year. The outcome of the model is implemented as follows. If a household is determined to be a mover because the random draw is greater than (1 - their move probability), then they are moved out of their current location. In practical terms, their `building_id`, which identifies where they are located, is simply reset to a null value. They remain in the household table but do not have a location.

Configuration

The configuration of the HRM is summarized in the following table:

Table P.9: Configuration of Household Relocation Model

Element	Setting
Agent	Household
Dataset	Household
Model Structure	Cross-classification rate-based Model

Data

The following tables are used in this model.

Table P.10: Data Used by Household Relocation Model

Table Name	Brief Description
annual_household_relocation_rates	Annual relocation rates for households by type
households	Synthesized households

Household Tenure Choice Model

Objective

The Household Tenure Choice Model predicts whether each household chooses to rent or own a housing unit each simulation year.

Algorithm

The Household Tenure Choice Model is structured as a choice model using a binary logit specification, and uses a combination of household characteristics to predict the relative probability of owning vs renting. A tenure outcome is predicted using Monte Carlo sampling as described previously, comparing a value drawn randomly from a uniform distribution to the probability of owning predicted by the binary logit model in order to assign a tenure status. Once a tenure is assigned, the household is active only in that side of the housing market: if they are determined to be a renter, then in the Household Location Choice Model they only consider rental housing units to locate in. Similarly for owner households, they only look at properties that are available for sale as owner-occupied units.

Configuration

The configuration of the HTCM is summarized in the following table:

Table P.11: Configuration of Household Tenure Choice Model

Element	Setting
Agent	Household
Dataset	Household
Model Structure	Binary Logit Model

Data

The following tables are used in this model.

Table P.12: Data Used by Household Tenure Choice Model

Table Name	Brief Description
households	Synthesized households

Business Location Choice Model

Objective

The Business Location Choice Model predicts the location choices of new or relocating establishments.

In this model, we predict the probability that an establishment that is either new (from the Business Transition Model), or has moved within the region (from the Business Relocation Model), will be located in a particular employment submarket. Submarkets are used as the basic geographic unit of analysis in the current model implementation. Each business has an attribute of space it needs based on the employment within the establishment, and this provides a simple accounting framework for space utilization within submarkets. The number of locations available for an establishment to locate within a submarket will depend mainly on the total square footage of nonresidential floorspace in buildings within the submarket, and on the density of the use of space (square feet per employee).

The model is specified as a multinomial logit model, with separate equations estimated for each employment sector. For both the business location and household location models, we take the stock of available space as fixed in the short run of the intra-year period of the simulation, and assume that locators are price takers. That is, a single locating establishment or household does not have enough market power to influence the transaction price, and must accept the current market price as given. However, the price is iteratively adjusted to account for market equilibrating tendencies as the aggregated demand across all agents increases in some submarkets and decreases in others. This topic is described in a later section on market price equilibration.

The variables included in the business location choice model are drawn from the literature in urban economics. We expect that accessibility to population, particularly high-income population, increases bids for retail and service businesses. We also expect that two forms of agglomeration economies influence location choices: localization economies and inter-industry linkages.

Localization economies represent positive externalities associated with locations that have other firms in the same industry nearby. The basis for the attraction may be some combination of a shared skilled labor pool, comparison shopping in the case of retail, co-location at a site with highly desirable characteristics, or other factors that cause the costs of production to decline as greater concentration of businesses in the industry occurs. The classic example of localization economies is Silicon Valley. Inter-industry linkages refer to agglomeration economies associated with location at a site that has greater access to businesses in strategically related, but different, industries. Examples include manufacturers locating near concentrations of suppliers in different industries, or distribution companies locating where they can readily service retail outlets.

One complication in measuring localization economies and inter-industry linkages is determining the relevant distance for agglomeration economies to influence location choices. At one level, agglomeration economies are likely to affect business location choices between states, or between metropolitan areas within a state. Within a single metropolitan area, we are concerned more with agglomeration economies at a scale relevant to the formation of employment centers. The influence of proximity to related employment may be measured using two scales: a regional scale effect using zone-to-zone accessibilities from the travel model, or highly localized accessibilities using queries of the area immediately around the given parcel. Most of the spatial queries used in the model are of the latter type, because the regional accessibility variables tend to be very highly correlated, and because agglomerations are expected to be very localized.

Age of buildings is included in the model to estimate the influence of age depreciation of commercial buildings, with the expectation that businesses prefer newer buildings and discount their bids for older ones. This reflects the deterioration of older buildings, changing architecture, and preferences, as is the case in residential housing. There is the possibility that significant renovation will make the actual year built less relevant, and we would expect that this would dampen the coefficient for age depreciation. We do not at this point attempt to model maintenance and renovation investments and the quality of buildings.

Density, the inverse of lot size, is included in the location choice model. We expect businesses, like households, to reveal different preferences for land based on their production functions and the role of amenities such as green space and parking area. As manufacturing production continues to shift to more horizontal, land-intensive technology, we expect the discounting for density to be relatively high. Retail, with its concentration in shopping strips and malls, still requires substantial surface land for parking, and is likely to discount bids less for density. We expect service firms to discount for density the least, since in the traditional urban economics models of bid-rent, service firms generally outbid other firms for sites with higher accessibility, land cost, and density.

We might expect that certain sectors, particularly retail, show some preference for locations near a major highway, and are willing to bid higher for those locations. Distance to a highway is measured in meters, using grid spatial queries. We also test for the residual influence of the classic monocentric model, measured by travel time to the CBD, after controlling for population access and agglomeration economies. We expect that, for most regions, the CBD accessibility influence will be insignificant or the reverse of that in the traditional monocentric model, after accounting for these other effects.

Estimation of the parameters of the model is based on a geocoded establishment file (matched to the parcel file to link employment by type to land use by type). A sample of geocoded establishments in each sector is used to estimate the coefficients of the location choice model. As

with the Household Location Choice Model, the application of the model produces demand by each employment type for building locations.

The independent variables used in the business location choice model can be grouped into the categories of real estate characteristics, regional accessibility, and urban-design scale effects as shown below:

- Real Estate Characteristics
 - Prices
 - Development type (land use mix, density)
- Regional accessibility
 - Access to population
 - Travel time to CBD, airport
- Urban design-scale
 - Proximity to highway, arterials
- Local agglomeration economies within and between sectors: center formation

Algorithm

Jobs to be located by this model are those that were added by the EmploymentTransitionModel or predicted to move by the EmploymentRelocationModel. The model selects all those jobs with no location, and identifies all available, vacant nonresidential space within the simulation year. Since the choice sets are generally too large, normally random sampling of alternatives is used to construct plausible sized choice sets. It then uses a Multinomial Logit Model structure to generate location choice probabilities across the choice set for each locating job. The location probabilities are used with Monte Carlo Sampling to make a determination for each job regarding which of the available locations they will choose. Once a job has chosen a location, that location is committed to the job (like a lease or purchase contract) and the space becomes unavailable for any other locating jobs, until such time as the occupying job is predicted to move.

In the current application, the Business Location Choice Model is run iteratively with a price adjustment component, to reflect a short-term price equilibration process.

Configuration

The configuration of the BLCM in the parcel model system is summarized in the following table:

Table P.13: Configuration of Employment Location Choice Model

Element	Setting
Agent	Establishment
Location Set	Employment submarkets - which are defined by jurisdiction, building type, and transit proximity.
Dependent Variable	Location of each establishment: <code>employment_submarket_id</code>
Model Type	Multinomial Logit Model
Estimation Method	Maximum Likelihood
Submodels	Sector - separate models are specified for groups of jobs by employment sector
Independent Variables	Attributes of submarkets: Price, density, accessibility, composition of households and employment

Data

The following tables are used by the Business Location Choice Model:

Table P.14: Data Used by Business Location Choice Model

Table Name	Brief Description
establishment	Establishments table with an inventory of employment
employment_sectors	Employment sectors, defined using NAICS or SIC classifications of industry
buildings	Buildings from which available non-residential sqft are evaluated for location
zones	Zones are used to compute density, social composition, and accessibility variables
travel_data	Skims from the travel model are used to compute accessibility variables

Household Location Choice Model

Objective

The Household Location Choice Model (HLCM) predicts the location choices of new or relocating renter and owner households.

In this model, as in the employment location model, we predict the probability that a household that is either new (from the transition component), or has decided to move within the region (from the household relocation model) and has determined whether to rent or own a unit (from the household tenure choice model), will choose a particular location defined by a residential submarket. As before, the form of the model is specified as multinomial logit, with random sampling of alternatives from the universe of submarkets with vacant housing.

For both the household location and business location models, we take the stock of available space as fixed in the short run of the intra-year period of the simulation, and assume that locators are price takers. That is, a single locating household does not have enough market power to influence the transaction price (or rent), and must accept the current market price as given. However, the price (or rent) is iteratively adjusted to account for market equilibrating tendencies as the aggregated demand across all agents increases in some submarkets and decreases in others. This topic is described in a later section on market price equilibration.

The model architecture allows location choice models to be estimated for households stratified by income level, the presence or absence of children, and other life cycle characteristics. Alternatively, these effects can be included in a single model estimation through interactions of the household characteristics with the characteristics of the alternative locations. The current implementation is based on the latter but is general enough to accommodate stratified estimation, for example by household income.

For the Bay Area application of the model, households are stratified by 4 income categories cross-classified with household size of 1, 2, 3 or more. Income and household size provide a strong basis

for differentiating among consumers with substantially different preferences and trade-offs in location choices.

We further differentiate households by their tenure choice, given the importance of this distinction for understanding the impacts of housing prices and rents on location choices. Predictions of tenure for each household are made by the Household Tenure Choice Model, discussed in Section 4.5.

The variables used in the model are drawn from the literature in urban economics, urban geography, and urban sociology. An initial feature of the model specification is the incorporation of the classical urban economic trade-off between transportation and land cost. This has been generalized to account not only for travel time to the classical monocentric center, the CBD, but also to more generalized access to employment opportunities and to shopping. These accessibilities to work and shopping are measured by weighting the opportunities at each destination zone with a composite utility of travel across all modes to the destination, based on the logsum from the mode choice travel model.

These measures of accessibility should negate the traditional pull of the CBD, and, for some population segments, potentially reverse it. In addition to these accessibility variables, we include in the model a net building density, to measure the input-substitution effect of land and capital. To the extent that land near high accessibility locations is bid up in price, we should expect that builders will substitute capital for land and build at higher densities. Consumers for whom land is a more important amenity will choose larger lot housing with less accessibility, and the converse should hold for households that value accessibility more than land, such as higher income childless households.

The age of housing is considered for two reasons. First, we should expect that housing depreciates with age, since the expected life of a building is finite, and a consistent stream of maintenance investments are required to slow the deterioration of the structure once it is built. Second, due to changing architectural styles, amenities, and tastes, we should expect that the wealthiest households prefer newer housing, all else being equal. The exception to this pattern is likely to be older, architecturally interesting, high quality housing in historically wealthy neighborhoods. The preference for these alternatives are accommodated through a combination of nonlinear or dummy variable treatment for this type of housing and neighborhood.

A related hypothesis from urban economics is that, since housing is considered a normal good, it has a positive income elasticity of demand. This implies that as incomes rise, households will spend a portion of the gains in income to purchase housing that is more expensive, and that provides more amenities (structural and neighborhood) than their prior dwelling. A similar hypothesis is articulated in urban sociology in which upward social mobility is associated with spatial proximity to higher status households. Both of these hypotheses predict that households of any given income level prefer, all else being equal, to locate in neighborhoods that have higher average incomes. (UrbanSim does not attempt to operationalize the concepts of social status or social assimilation, but does consider income in the location choice.)

The age hypothesis and the two income-related hypotheses are consistent with the housing filtering model, which explains the dynamic of new housing construction for wealthy households that sets in motion a chain of vacancies. The vacancy chain causes households to move into higher status neighborhoods than the ones they leave, and housing units to be successively occupied by lower and lower status occupants. At the end of the vacancy chain, in the least desirable housing stock and the least desirable neighborhoods, there can be insufficient demand to sustain the housing stock

and vacancies go unsatisfied, leading ultimately to housing abandonment. We include in the model an age depreciation variable, along with a neighborhood income composition set of variables, to collectively test the housing filtering and related hypotheses.

One of the features that households prefer is a compatible land use mix within the neighborhood. It is likely that residential land use, as a proxy for land uses that are compatible with residential use, positively influences housing bids. On the other hand, industrial land use, as a proxy for less desirable land use characteristics, would lower bids.

The model parameters are estimated using a random sample of alternative locations, which has been shown to provide consistent estimates of the coefficients. In application for forecasting, each locating household is modeled individually, and a sample of alternative cell locations is generated in proportion to the available (vacant) housing. Monte carlo simulation is used to select the specific alternative to be assigned to the household, and vacant and occupied housing units are updated in the cell.

The independent variables can be organized into the three categories of housing characteristics, regional accessibility, and urban-design scale effects as shown below.

- Housing Characteristics
 - Prices (interacted with income)
 - Development types (density, land use mix)
 - Housing age
- Regional accessibility
 - Job accessibility by auto-ownership group
 - Travel time to CBD and airport
- Urban design-scale (local accessibility)
 - Neighborhood land use mix and density
 - Neighborhood Employment

Algorithm

Households to be located by this model are those that were added by the HouseholdTransition-Model or predicted to move by the HouseholdRelocationModel. The model selects all those households of a specified tenure status (renter or owner) that need to find a housing unit, and identifies all available, vacant housing units within the simulation year that are of the appropriate tenure. Since the choice sets are generally too large, normally random sampling of alternatives is used to construct plausible sized choice sets. It then uses a Multinomial Logit Model structure to generate location choice probabilities across the choice set for each household. The location probabilities are used with Monte Carlo Sampling to make a determination for each household regarding which of the available locations they will choose. Once a household has chosen a location, that location is committed to the household (like a rental contract or closing on a purchase of a house) and the residential unit becomes unavailable for any other households, until such time as the occupying household is predicted to move.

Configuration

The configuration of the Household Location Choice Model is summarized in the following table:

Table P.15: Configuration of Household Location Choice Model

Element	Setting
Agent	Job
Location Set	Residential submarkets - which are defined by building type, school district, tenure, and transit proximity
Dependent Variable	Location of each household: submarket_id
Model Type	Multinomial Logit Model
Estimation Method	Maximum Likelihood
Submodels	Separate models can be specified for groups of households
Independent Variables	Attributes of households interacted with attributes of submarkets

Data

The following tables are used by the Household Location Choice Model.

Table P.16: Data Used by Household Location Choice Model

Table Name	Brief Description
households	Synthetic households table
buildings	Buildings from which available residential units are evaluated for location
zones	Zones are used to compute density, social composition, and accessibility variables
travel_data	Skims from the travel model are used to compute accessibility variables

Real Estate Price Model

Objective

The Real Estate Price Model (REPM) predicts the price per unit of each building. For residential units, the sale price is estimated for owner units, and the rent is estimated for rental units.

UrbanSim uses real estate prices as the indicator of the match between demand and supply of land at different locations and with different land use types, and of the relative market valuations for attributes of housing, nonresidential space, and location. This role is important to the rationing of land and buildings to consumers based on preferences and ability to pay, as a reflection of the operation of actual real estate markets. Since prices enter the location choice utility functions for jobs and households, an adjustment in prices will alter location preferences. All else being equal, this will in turn cause higher price alternatives to become more likely to be chosen by occupants who have lower price elasticity of demand. Similarly, any adjustment in land prices alters the preferences of developers to build new construction by type of space, and the density of the construction.

We make the following assumptions:

1. Households, businesses, and developers are all price-takers individually, and market adjustments are made by the market in response to aggregate demand and supply relationships.
2. Location preferences and demand-supply imbalances are capitalized into land values. Building value reflects building replacement costs only, and can include variations in development costs due to terrain, environmental constraints or development policy.

Following on these assumptions and the best available theory regarding real estate price formation, we begin with a reduced-form hedonic regression model to establish the initial price and rent estimates based on structural and locational attributes, and combine this with a second step that incorporates short-term (within a year) market equilibrating tendencies.

Hedonic Price Regression

Real estate prices are modeled using a hedonic regression of the log-transformed property value per square foot on attributes of the parcel and its environment, including land use mix, density of development, proximity of highways and other infrastructure, land use plan or zoning constraints, and neighborhood effects. The hedonic regression may be estimated from sales transactions if there are sufficient transactions on all property types, and if there is sufficient information on the lot and its location. An alternative is to use tax assessor records on land values, which are part of the database typically assembled to implement the model. Although assessor records may contain biases in their assessment, they do provide virtually complete coverage of the land (with notable exceptions and gaps for exempt or publicly owned property).

The hedonic regression equation encapsulates interactions between market demand and supply, revealing an envelope of implicit valuations for location and structural characteristics. Prices are updated by UrbanSim annually, after all construction and market activity is completed. These end of year prices are then used as the values of reference for market activities in the subsequent year. The independent variables influencing land prices can be organized into site characteristics, regional accessibility, and urban-design scale effects, as shown below:

- Site characteristics Development type
 - Land use plan
 - Environmental constraints
- Regional accessibility
 - Access to population and employment
- Urban design-scale
 - Land use mix and density
 - Proximity to highway and arterials

Algorithm

The Real Estate Price Model uses a hedonic regression structure, which is a multiple regression, estimated using Ordinary Least Squares (OLS), normally with the price specified as a log of price.

Configuration

The configuration of the REPM in the parcel model system is summarized in the following table:

Table P.17: Configuration of Real Estate Price Model

Element	Setting
Dataset	Buildings
Dependent Variable	Log of Price Per Unit (per housing unit for residential, per square foot for non-residential buildings)
Model Type	Regression
Submodels	Separate models are specified for each type of building
Independent Variables	Constant, and attributes of building: density, accessibility, zonal composition of households and employment

Data

These tables are used by the Real Estate Price Model:

Table P.18: Data Used by Real Estate Price Model

Table Name	Brief Description
buildings	Individual buildings located on parcels (can be many per parcel)
residential_units	Individual residential units located within a building
zones	Zones used in the travel model, for accessibility and density variables
travel_data	Zone-to-zone skims from the travel model, for accessibility variables
households	Household data, for socioeconomic and density variables
jobs	Employment data, for accessibility and density variables

Market Price Equilibration

Once initial market prices are estimated within a simulation year...

Real Estate Developer Model

Objective

The Real Estate Developer Model simulates the location, type and density of real estate development, conversion and re-development events at the level of specific parcels. The design draws partly on the parcel-level real estate development model created for the Puget Sound, which generates development proposals based on pre-defined templates. It generalizes the concept of templates to allow the developer model to configure multiple parameters of development projects in order to maximize profitability of development outcomes, subject to local physical, regulatory and market contexts.

Algorithm

This model is a process for evaluating a proforma for each building type allowed by zoning which should indicate the profitability of a development given a set of inputs which specify the context described above.

The proforma can be conceptualized as a spreadsheet implemented in Python code which performs cash flow analysis with standard financial discounting of cash flows. In this case, the developer model optimizes the building form so that it creates the building type and size which result in the greatest profitability (NPV) for each parcel.

The term developer model usually refers to this "outer loop" which optimizes the building form while the "pro forma" actually computes profitability based on cash flows given a specific set of inputs.

The code for the developer model is found in `urbansim_parcel/proposal.developer_model.py` is the controlling function for this module - `bform.py` stores the building form currently used, `proforma.py` does the cash flow accounting, and `devmdl_optimize.py` performs the optimization.

Below is the complete set of inputs - the first section is the set of modeled inputs (i.e. output from another model) and the second section are exogenous inputs which are basic attributes of the parcel. The output of the model is simple: a single net present value and the building type and size of the building which results in the specified optimized NPV.

For this application, the developer model runs each simulated year on all empty parcels, on all parcels within a PDA, on parcels within 800m of Caltrain and BART, and a sampled portion of the other parcels to capture redevelopment of parcels.

For redevelopment, demolition cost is computed through one of the following: the value of residential owner housing, a simple multiplier for residential rental housing, the price estimated for nonresidential sqft, and a land price based on the value of nearby building prices.

Policies enter the developer model by the zoning (primarily by allowed FAR and building types), and also with a parcel subsidy/fee that is specified for each parcel.

The Role of Accessibility

Accessibility is a very important influence in urban space, and it similarly plays an important role in UrbanSim. Almost all models in UrbanSim consider the effects of accessibility. But unlike the monocentric or spatial interaction models, in which the choice of workplace is exogenous and residential locations are chosen principally on the basis of commute to the city center or to a predetermined workplace, we deal with accessibility in a more general framework. Accessibility is considered a normal good, like other positive attributes of housing, which consumers place a positive economic value on. We therefore expect that consumers value access to workplaces and shopping opportunities, among the many other attributes they consider in their housing preferences. However, not all households respond to accessibility in the same way. Retired persons would be less influenced by accessibility to job opportunities than would working age households, for instance.

We operationalize the concept of accessibility for a given location as the distribution of opportunities weighted by the travel impedance, or alternatively the utility of travel to those destinations. A number of alternative accessibility measures have been developed in UrbanSim. The utility of travel is measured as the composite utility across all modes of travel for each zone pair, obtained as the logsum of the mode choice for each origin-destination pair. We will evaluate alternative accessibility measures during model estimation and make a final decision on which measures to use based on those results.

The accessibility model reads the logsum matrix from the travel model and the land use distribution for a given year, and creates accessibility indices for use in the household and business location choice models. The general framework is to summarize the accessibility from each zone to various activities for which accessibility is considered important in household or business location choice.

Since UrbanSim operates annually, but travel model updates are likely to be executed for two to three of the years within the forecasting horizon, travel utilities remain constant from one travel model run until they are replaced by the next travel model result. Although travel utilities remain constant, the activity distribution in these accessibility indices is updated annually, so that the accessibility indices change from one year to the next to reflect the evolving spatial distribution of activities.

Table P.19: Data Used by Real Estate Developer Model

Variable Name	Brief Description
PRICES	
single family	Price estimate for single-family housing
multi family	Price estimate for multi-family housing
rent single family	Rent estimate for single-family housing
rent multi family	Rent estimate for multi-family housing
office	Rent estimate for the office building type
retail	Rent estimate for the retail building type
industrial	Rent estimate for the industrial building type
ABSORPTION	
sales absorption	The absorption rate for sales units by building type
sales vacancy	The vacancy rate for sales units by building type
rent absorption	The absorption rate for rental units by building type
rent vacancy rates	The vacancy rate for rental units by building type
SIZES	
average lot size	Typical lot size in the zone for this parcel
sf unit size	Typical single-family unit size in the zone for this parcel
mf unit size	Typical multi-family unit size in the zone for this parcel
ZONING	
building types	Allowable building types for this parcel
FAR	Floor area ratio allowed for this parcel
height	Height limits for this parcel
max_dua	Max dwelling units for this parcel
POLICIES	
ISR	Whether to apply indirect source rule. ISR subsidies are user-specified
unit subsidy	User-specified per-unit subsidies
per sqft subsidy	User-specified per-unit subsidies for non-residential square feet

User-Specified Events

Given our current understanding, no model will be able to simulate accurately the timing, location and nature of major events such as a major corporate relocation into or out of a metropolitan area, or a major development project such as a regional shopping mall. In addition, major policy events, such as a change in the land use plan or in an Urban Growth Boundary, are outside the range of predictions of our simulation. (At least in its current form, UrbanSim is intended as a tool to aid planning and civic deliberation, not as a tool to model the behavior of voters or governments. We want it to be used to say "if you adopt the following policy, here are the likely consequences," but not to say "UrbanSim predicts that in 5 years the county will adopt the following policy.")

However, planners and decision-makers often have information about precisely these kinds of major events, and there is a need to integrate such information into the use of the model system. It is useful, for example, to explore the potential effects of a planned corporate relocation by introducing user-specified events to reflect the construction of the corporate building, and the relocation into the region (and to the specific site) of a substantial number of jobs, and examine the cumulative or secondary effects of the relocation on further residential and employment location and real estate development choices. Inability to represent such events, in the presence of knowledge about developments that may be 'in the pipeline,' amounts to less than full use of the available information about the future, and could undermine the validity and credibility of the planning process. For these reasons, support for three kinds of events has been incorporated into the system: development events, employment events, and policy events.

Appendix Q. SCAG PECAS Estimated Aggregated TOD Impacts

Overall Consumer Surplus Measures

The integration of economic modelling with random utility modelling in the PECAS formulation allows the calculation of composite utility measures that are consistent with Consumer Surplus (Producer Surplus) measures, which is the difference of the willingness to pay to the actual price paid for commodities. If a household pays \$1000 per month for their housing, while it is affordable and willing to pay \$1500, the household gains a surplus of \$500. These measures take into account households' and industries' tradeoffs between transportation, space/housing, technology/lifestyle, with error terms representing the advantages of variety and choice options (the *raison d'être* of large cities), with endogenous prices serving to balance supply and demand spatially.

In many modelling frameworks, the competing metrics of transportation services, land affordability, access to services and labor force mobility must be tabulated separately, and combined with care not to double-count into a measure of overall scenario performance. The PECAS AA module is designed to contain a complete representation of the spatial economy within a consistent theoretical framework, and, therefore, the relative tradeoffs between different elements of travel, location, land use, etc., are included in PECAS. This ability to combine the analysis is relevant in this study since gains in one dimension (e.g. better transit service) can be analyzed together with losses in other dimensions (e.g. less affordable housing). See (J.E. Abraham and Hunt 2007) for a detailed description of the comprehensive presentation of the economic system and its use for scenario comparison.

Benefits are calculated by comparing the SCAG PECAS version of “with” the estimated TOD-related parameters, *SD10*, against the *SDBU*, the version “without” parameters. The gains in consumer surplus due to the calibrated change in TOD desirability are shown in Table Q.1. The observed target displacement of low income households, changes in median income, and changes in rent in around TOD zones was achieved through changes in TOD attractiveness that caused a general increase in welfare of all types of households in the model. This is further investigated spatially in the following sections.

Net Rent Change

The AA module in PECAS is comprehensive in that it represents all of the transactions that occur in the economy, with both parties of a transaction - buyer and seller - represented. However, the landlords (and other property owners), and developers, are not represented in the AA module since they are normally modelled behaviorally in the SD module. When rents increase, there is a dis-benefit to the payers of rent (tenants), but it is a benefit to the receivers of rent (landlords or profits for developers).

The benefit to landlords/developers is calculated separately, as the net change in rent received, and is shown in Table Q.1 and Figure Q.1, separated into the housing types in the model. A decrease in the total rent charged for low density (single family) housing is apparent, and there is an increase in the rent charged for high-rise space.

The total benefit is \$1.647 billion, and it does not include any rent leakage to absentee landlords. In other words, the owner-occupied dwellings are represented as if they are rented to the owner household, so increases in owner-occupied home value are included as a mitigating dis-benefit in the consumer surplus measures of Table Q.1, and a corresponding benefit.

Table Q.1: Annual Gains and Losses due to Displacement

Activity		Consumer surplus change	Benefit per Household
Households	INC0010 2 or less	\$184.9 M	\$260
	INC0010 3 or more	\$39.8 M	\$342
	INC1025 2 or less	\$131.6 M	\$272
	INC1025 3 or more	\$110.1 M	\$307
	INC2550 2 or less	\$220.4 M	\$285
	INC2550 3 or more	\$236.1 M	\$300
	INC5075 2 or less	\$135.2 M	\$321
	INC5075 3 or more	\$177.8 M	\$341
	INC75100 2 or less	\$72.7 M	\$372
	INC75100 3 or more	\$119.0 M	\$387
	INC100150 2 or less	\$69.5 M	\$306
	INC100150 3 or more	\$115.2 M	\$352
	INC150m 2 or less	\$67.4 M	\$272
	INC150m 3 or more	\$81.7 M	\$286
Business	Office	\$1.4 M	
	Other	\$9.5 M	
	Goods	\$20.5 M	
	Services	\$30.4 M	
	Exporters	-\$0.2 M	
	Importers	-\$27.8 M	

Table Q. 2: Aggregate Rent Change

Space types	Rent Change
VL Luxury	-6.6 M
VL Economy	-1.5 M
L Luxury	-111.2 M
L Economy	-78.5 M
MD Separate Entrance	-1.3 M
MD Shared Entrance	-0.5 M
Higher Density	-0.8 M
High-rise	41.3 M
Urban MH	11.1 M



Figure Q.1: Aggregate Rent Change (visual representation of previous table)

Benefits Categorized by Commodity

A portion of the consumer surplus measures from the previous section is due to the changes of interaction between buyers and sellers. In the PECAS AA, the most frequently updated choice in its calculation process is the economic interactions between buyers and sellers, with one party usually travelling (e.g. to work, to school) and paying the transport cost. Figure Q shows the benefits and dis-benefits due to transactions. It is shown that much of the benefit is due to lower prices paid for low density single family dwellings (ResType3 and ResType4).

Notably, there are dis-benefits due to the transport costs of acquiring some household services including Retail, Restaurant, Personal Services, Education and Amusements. It is worth noting that *the zone-to-zone costs of transportation* were not changed in this analysis, and the same zone-to-zone travel time and cost matrix was used, while the attractiveness of TODs was instead simulated via a change in zonal attractiveness. Therefore, increases in transportation costs in Figure Q represent further distances travelled to certain types of personal services when households cluster closer to TODs. The current availability of retail service type space in TOD zones does not seem to be adequate to allow services to also cluster in TODs. It is important to allow for the development of non-residential space in adequate quantity to allow services to follow changes in household locations.

Spatial Benefit Measures

The impact of displacement on low income groups can better be understood through spatial maps. Figure Q.2 shows the benefit measures for the lowest income households. The outline color of the zone shows the downtown TOD and non-downtown TOD zones, while the interior coloring of the zones shows the estimated aggregate benefits for the household category.

Low income households are seen to be receiving benefits in the non-downtown TODs, with a substantially smaller negative impact in the downtown TODs. Outside of the TODs, low income households are receiving a small benefit.

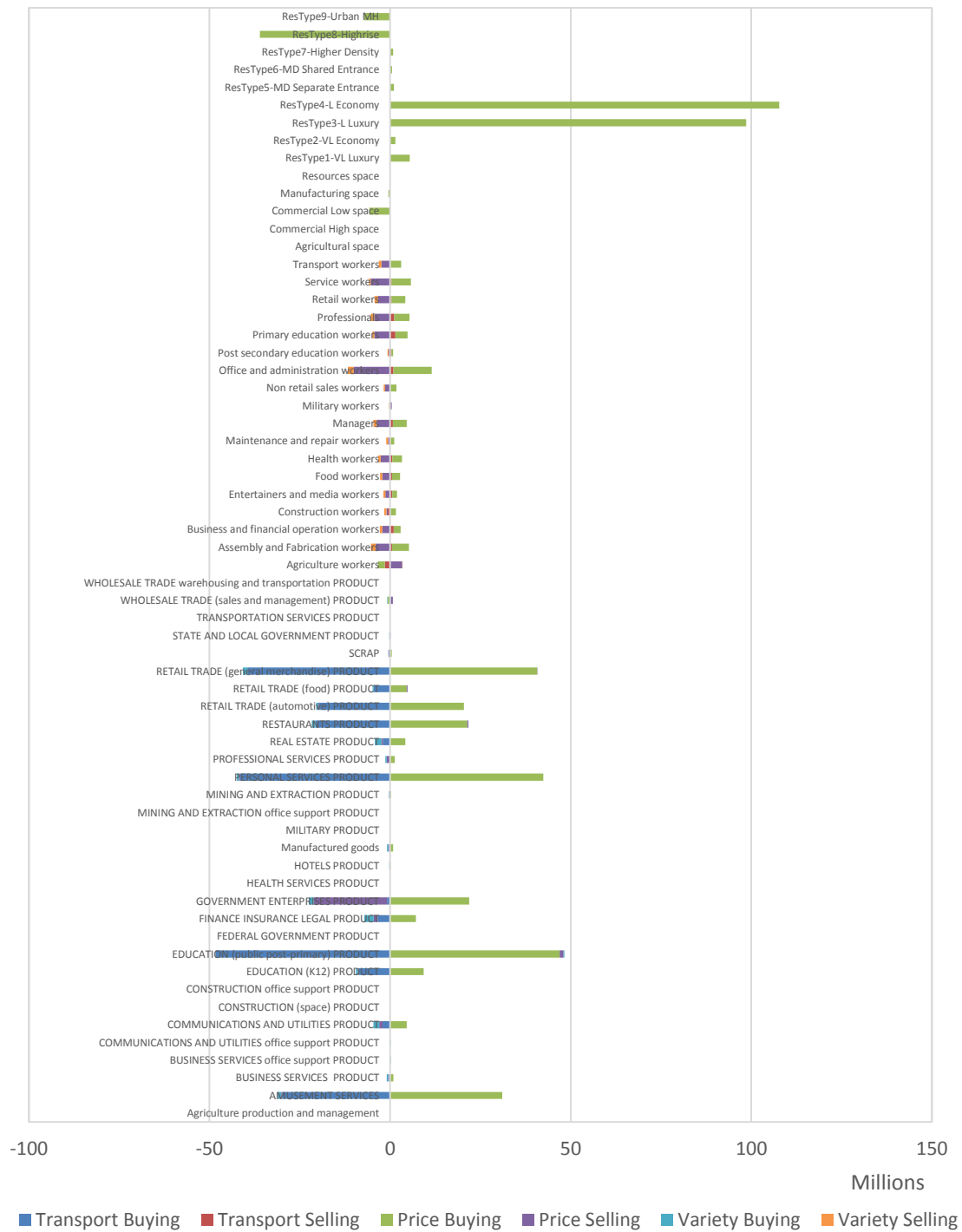


Figure Q.2: Benefits and Dis-benefits Due to Transactions

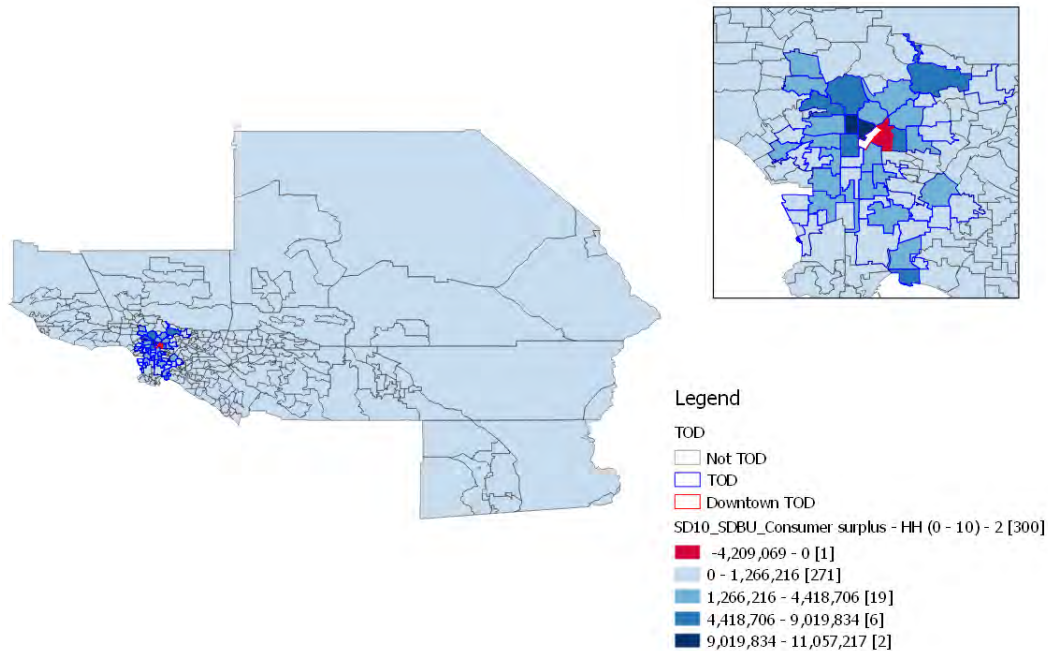


Figure Q.2: Benefit measures for Households with \$0 - \$10k income and 2 or less

Figure Q.4 shows the aggregate benefits to households in the 100-150k income group of size 3 or more. The aggregate benefits are smaller relative to that of the low income group and much of the benefit occurs in suburban zones. Even though the portion of wealthy people increases in the TOD zones in the scenario, these larger households (many with children) in the second highest income category are not generating most of their benefits from TOD zones. Rather, their benefits are predominantly due to effects in non-TOD zones, for instance slightly lower rents in the rest of the region could be benefitting these wealthier suburban households.

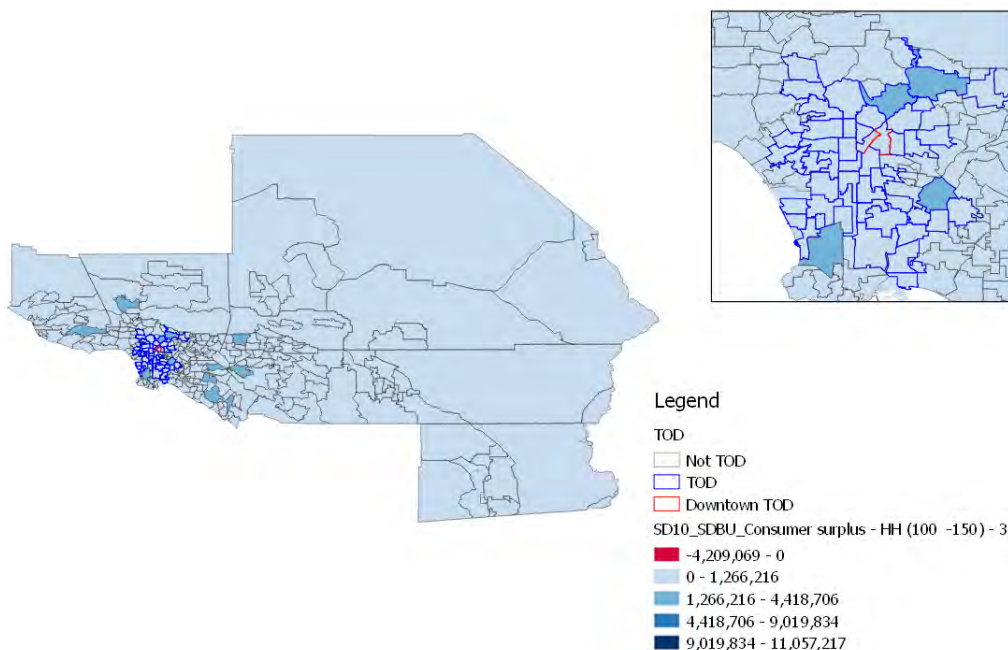


Figure Q.4: Benefits to households in \$100K - \$150k income and 3 or more

Housing Consumption Changes

The PECAS model represents housing choices, with flexibility in choice of dwelling type, the quantity of housing (measured in square feet) and the location of housing. Figure shows the changes in the amount of housing in square feet consumed by each household category with the scenario, in the TOD zones. There is an increase in space use associated with higher numbers of households in the TOD zones, with most of the increased use occurring in the Low Density Economy category (ResType4).

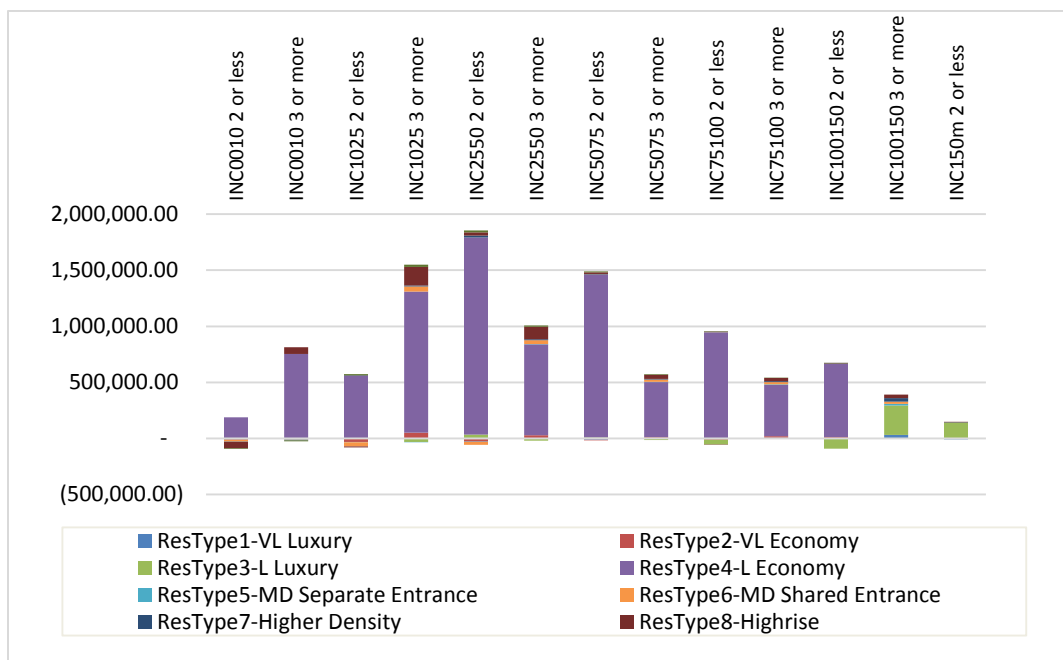


Figure Q.5: Change in Consumption of Housing in TOD zones (sq. ft.)

Figure shows the region-wide change in housing consumption. The lower income categories of households end up using less space overall, since they squeeze into the single family dwelling space dominant around the TOD zones. The higher income households use more space overall. The pattern of changes in high-rise space consumption indicates a displacement, with higher income households consuming more high-rise space, and thus lower income households consuming less space per household.

Figure shows the number of households in each space type in the TOD zones in each scenario, and Figure shows its changes. Households are moving predominantly into low density economy space and high-rise dwellings in these zones. This is a partial reflection of the existing housing stock in these zones. Households who prefer to move into TOD zones in the SD10 scenario will consume the existing types of space in TOD zones, which are predominantly low density (single family) “economy” dwellings.

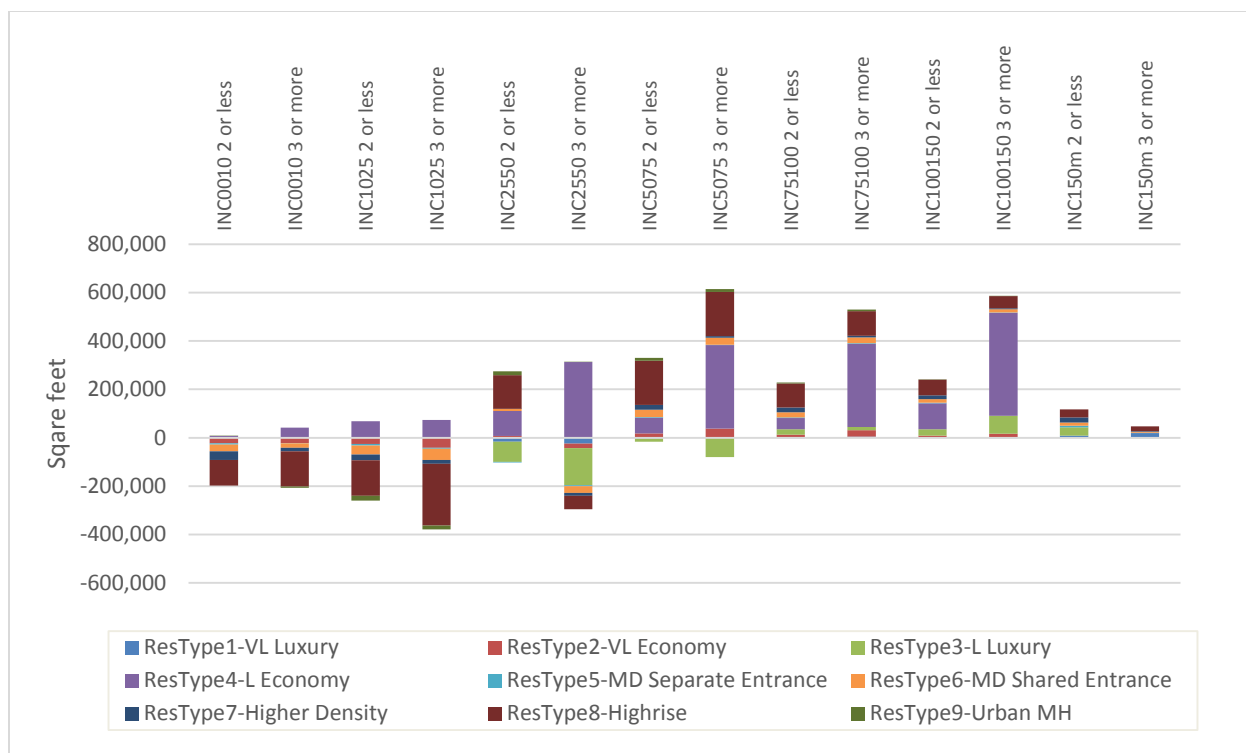


Figure Q.6: Change in Consumption of Housing in Region (sq. ft.)

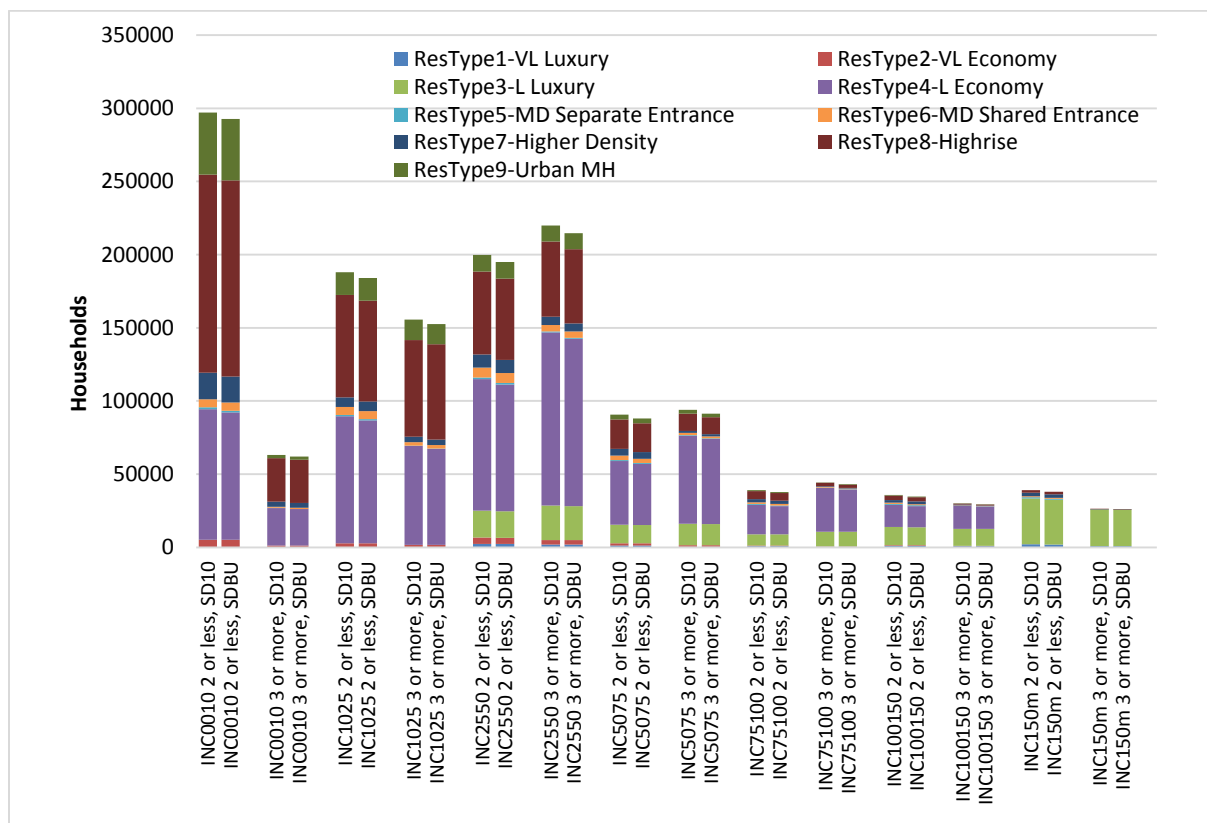


Figure Q.7: Number of Households in Each Housing Type in Each Scenario, in the TOD Zones

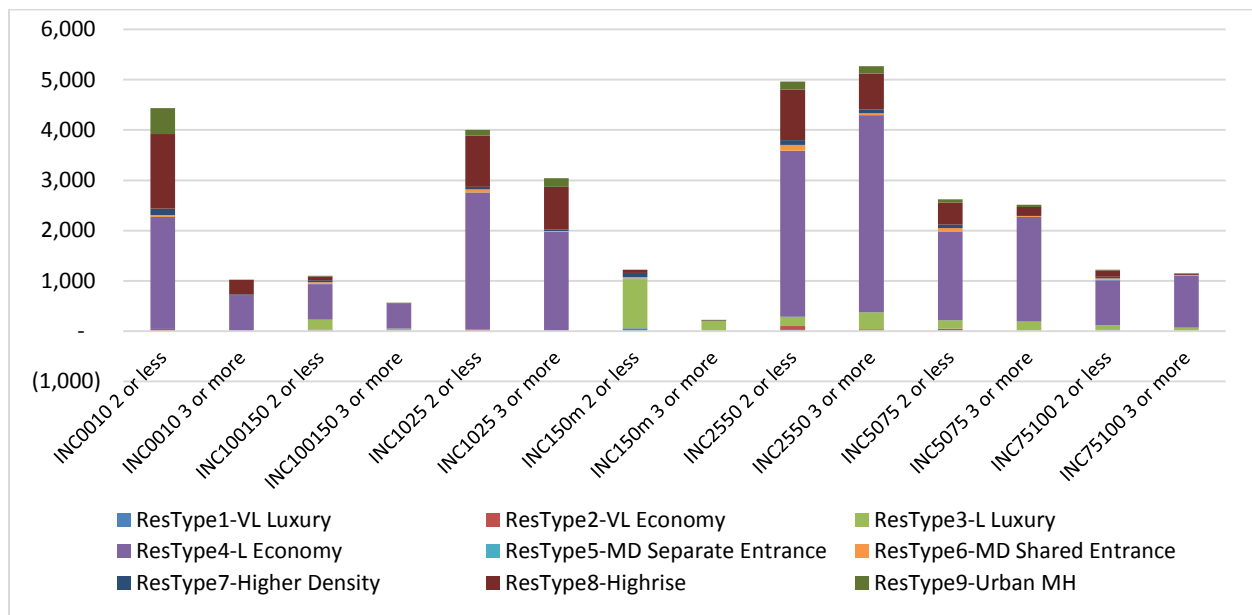


Figure Q.8: Shift in housing type in TOD zones

Figure shows the changes in the number of households in different types of space in the entire region. When households move to TOD zones in this scenario, most households choose the same type of housing that they were choosing in their former zones. A dominant shift is the move away from “luxury” single family dwellings (representing the larger dwellings) into high-rise and “economy” single family dwellings, representing the more modest single family dwellings that dominate the current stock of housing in the TOD zones.

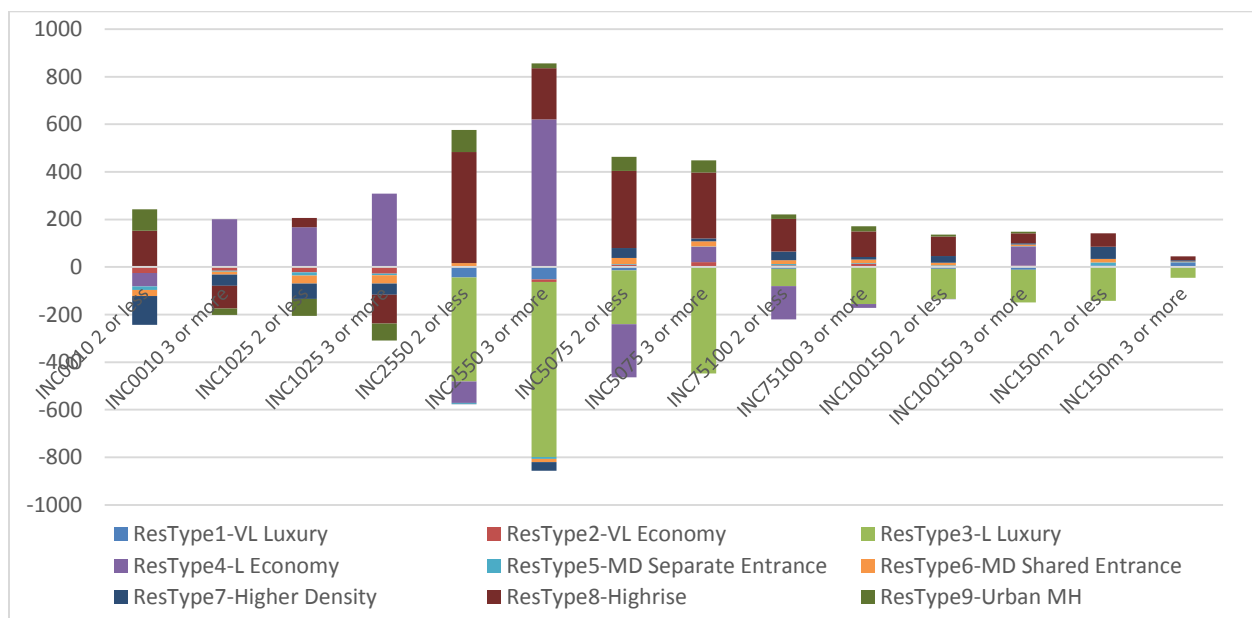


Figure Q.9: Shift in housing type region-wide

Appendix R. In- and Out- Migration Regression Results

We initially ran regressions for both in and out migration rates including an extensive list of control variables. Table R.1 presents the regression results for both regions. The model shows that once we control for all other observed factors, TODs, specifically Downtown TOD, seem to dampen out-migration (a negative coefficient) in Los Angeles. This indicates that fewer people are moving out. Although the direction of the coefficient is the same for the Bay Area, the relationship was not significant. This may have to do with how Downtown TOD was defined, as being any TOD within the city boundaries of San Francisco, San Jose, and Oakland, which encompassed nearly half of all TODs in the region. While the model does produce a positive coefficient on in-migration (indicating that people are moving in), for both TOD variables the value is not statistically significant in Los Angeles. In the Bay Area, in-migration was positively correlated with Downtown TODs, although it was not statistically significant. On the other hand, TODs appear to dampen in-migration outside of the three main cities. One of the problems with this larger model is that many of the variables are collinear, producing problems of multi-collinearity and endogeneity.

**Table R.1: In- and Out-Migration, Multivariate Regressions,
LA County and SF Bay Area 2009-13**

	In-Migration		Out-Migration	
	Los Angeles	Bay Area	Los Angeles	Bay Area
Intercept	2.930051 ***	0.0894008 *	2.120327 **	-0.11876 *
Median Age	-0.00339 ***	-0.0030345 ***	-0.00237 ***	0.00323 ***
Percentage of the Population Who are Female	-0.00065 **	0.0139567	-0.00019	-0.08772 *
Percentage of Population Between 25 and 35	0.000842 ***	0.1274436 ***	0.000678	-0.10029 **
Percentage of the Population 65 Years & Over	0.000166	0.0580711 *	-0.00105 **	-0.00527
Percent Currently Enrolled in College	0.000789 ***	0.1834657 ***	0.000713 ***	-0.11993 ***
Percent non-Hispanic black	-0.00006	0.0057104	-0.00015	0.01332
Percent Asian	0.000191 *	-0.0119541	0.000294 *	0.01703
Percent Hispanic or Latino	-0.00062 ***	-0.053071 ***	-0.00049 ***	0.06869 ***
Percent of the Population in Poverty	0.001105 ***	0.0892205 ***	0.000875 ***	-0.03032
Percent Renters	0.000951 ***	0.1125053 ***	0.000876 ***	-0.09859 ***
Percent Vacancy	0.00032	0.0047989	0.00086 ***	-0.06506 **
Percent of Renters That are Housing Burdened	0.000213 **	0.0331735 **	0.000164	-0.01575
Percent of Households With Children	-0.00018	0.0032998	-0.00076 ***	0.05627 *
Percent Female Headed Households	-0.00021		-0.0001	
Median Household Income (/10,000)	0.006448 **	0.0002876	0.000461	0.0047
Median Household Income Squared	-0.00021 **	0.0001503 *	0.000011	-0.00032 ***
20/80 Ratio (Household Income) ¹	-0.01486	0.0763761 ***	-0.01853	-0.08849 ***
Percent of Population Who are Foreign-Born	-0.00095 ***	-0.0818435 ***	-0.00103 ***	0.04187
Percent of Available Section 8 Units	-0.0005	0.0669784	-0.00052	-0.0436
Percentage of LIHTC Units	-0.00003	-0.0336884 *	-0.00032	0.05858 **
Percentage of Public Housing Units	-0.00037	-0.0948952 ***	-0.00131 ***	0.1004 **
Jobs to Household Ratio (LEHD, 2011)	0.000992 **	0.0004233	0.000261	-0.00028
Percent of the Population in Group Quarters	0.00264 ***	0.3606687 ***	0.002332 ***	-0.38737 ***
Percent of Residential Structures With 20 or More Units	0.000866 ***	0.1003296 ***	0.000619 ***	-0.08144 ***
Percent of Residential Buildings Built Pre 1950	-0.00006	-0.0171072 ***	-0.0001	0.02137 **
Tracts Within a Mile of the Beach	0.013456 ***		0.003896	
Tracts Located on Hilly Areas	0.007143 *		0.004643	
Percent of Affordable Rental Units	-0.00038 ***	-0.0018706	-0.00033 **	0.01037
Area With Rent Regulation	-0.00635 **	-0.0034646	-0.00727 *	0.00345
Percent Open Space ²	-0.00003	-6.15E-07	-0.00001	8.94E-07
Tracts in North LA County	0.010927 *		0.001999	
CalEnviro Pollution Score	0.000017		0.00021	
Change in Median Gross Rent (06-10 - 09-13)	-0.01203	-0.0030426	-0.03363 ***	0.014 ***
Change in Median Home Value (06-10 - 09-13)	2.731555 ***	-0.0197218 **	1.908278 *	0.03138 ***
Joint Development Project	-0.01821 ***		-0.01318	
Downtown TOD ³	0.012943	0.0033894	-0.07127 ***	-0.00666
Other TOD Neighborhood	0.000033	-0.006383 **	-0.00104	0.0073
Adjusted R-Squared	0.56236	0.5939	0.38797	0.4317
n	2,224	1545	2,224	1545

*** P<.01, ** p<.05, *p<.10

¹ The entropy index was used for the Bay Area, which measures the degree of income inequality

² Open space density (per 1,000 population) was used for the Bay Area

³ For the Bay Area, Downtown TODs were considered any TODs (within <1/2 mile of a rail station) in SF, San Jose, and Oakland

Source: 2006-10, 2009-13 ACS

Tabulations by C.Pech & P. Ong, May 2015, M. Zuk Aug 2015

Appendix S. Average Daily VMT by Income and Rail Access

Table S.1: Statewide average daily household VMT by income and rail access, NHTS 2009, and CHTS 2010-2012

NHTS 2009							
	Near Rail		Away Rail		VMT difference		t-test
Income categories	VMT	N	VMT	N	% of VMT difference	Absolute VMT difference	
<\$50k	32.6	411	40.5	7,958	19.57%	7.92	3.08
\$50k-\$75k	49.4	115	60.4	3,116	18.14%	10.95	3.04
\$75k - \$100k	47.4	90	71.9	2,577	34.10%	24.53	5.76
>\$100k	60.5	159	80.4	5,244	24.69%	19.85	5.97
Did not report		72		1,483			
Total	41.9	847	58.0	20,378	27.88%	16.18	9.84
CHTS 2010-2012							
	Near Rail		Away Rail		VMT difference		t-test
Income categories	VMT	N	VMT	N	% of VMT difference	Absolute VMT difference	
<\$50k	16.6	882	28.6	13,481	42.08%	12.04	9.75
\$50k-\$75k	29.3	358	44.6	6,544	34.41%	15.36	4.66
\$75k - \$100k	29.6	287	50.4	5,581	41.31%	20.81	6.63
>\$100k	35.3	693	59.1	10,964	40.23%	23.78	13.06
Did not report		197		3,444			
Total	26.1	2,417	43.5	40,014	40.11%	17.46	18.16

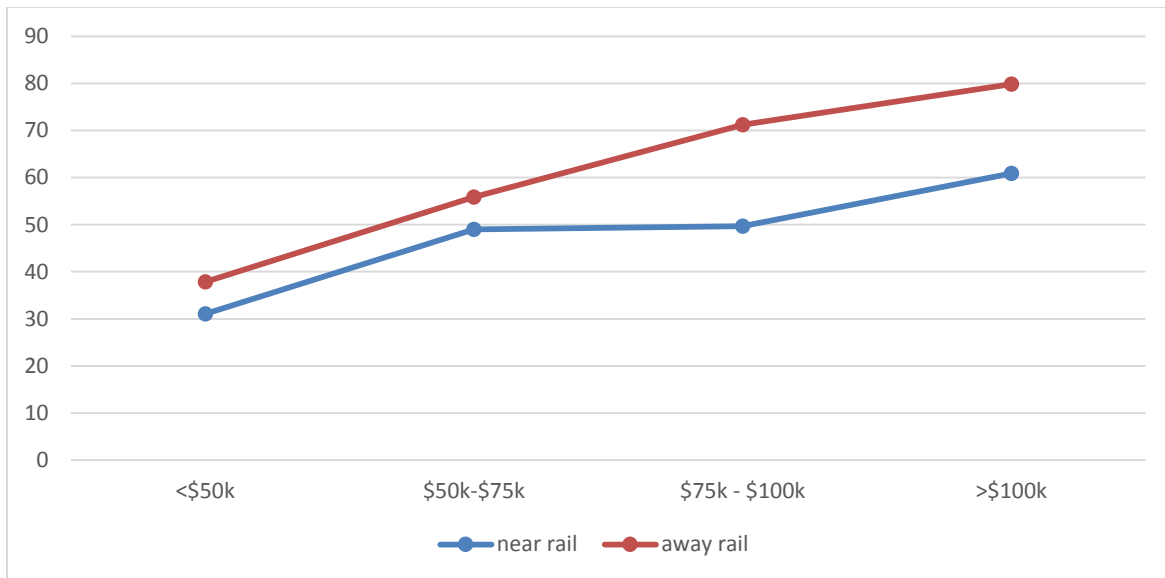


Figure S.1: Statewide average daily household VMT by income and rail access (NHTS 2009 data)

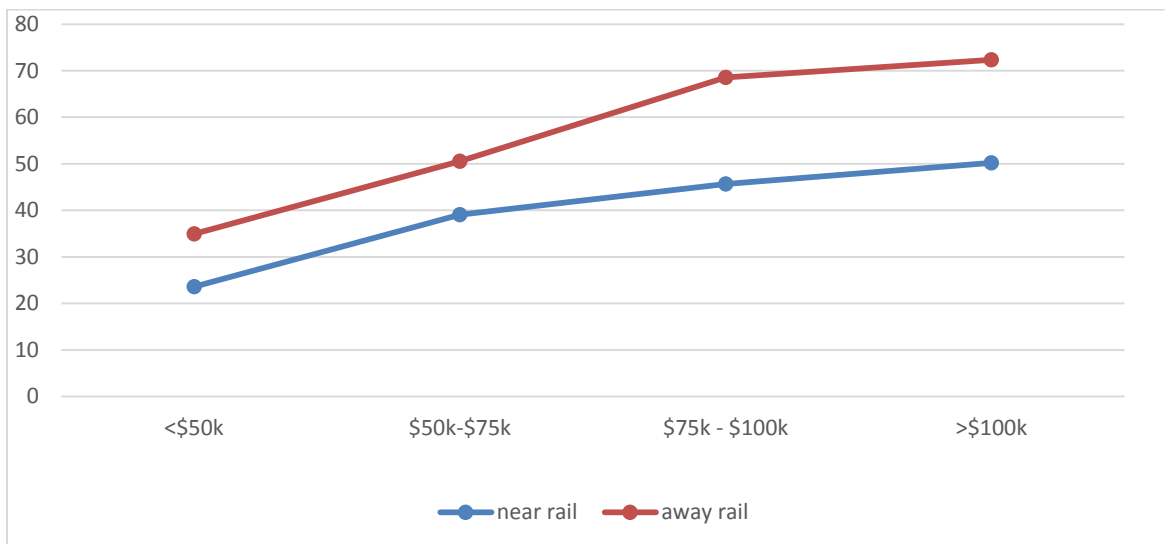


Figure S.2: Statewide average daily household VMT by income and rail access (CHTS data)

Table S.2 Average daily household VMT by income category and rail access, San Francisco Bay Area only, NHTS 2009, and CHTS 2010-2012

NHTS 2009							
	Near Rail		Away Rail		VMT difference		t-test
Income categories	VMT	N	VMT	N	% of VMT difference	Absolute VMT difference	
<\$50k	23.58	147	34.95	1,134	32.53%	11.37	4.12
\$50k-\$75k	39.04	63	50.52	636	22.72%	11.48	3.07
\$75k - \$100k	45.67	58	68.56	538	33.39%	22.89	4.18
>\$100k	50.22	99	72.34	1,311	30.58%	22.12	6.59
Total	36.91	367	56.23	3619	34.36%	19.32	10.04
CHTS 2010-2012							
	Near Rail		Away Rail		VMT difference		t-test
Income categories	VMT	N	VMT	N	% of VMT difference	Absolute VMT difference	
<\$50k	14.17	391	26.78	1,716	47.09%	12.61	7.13
\$50k-\$75k	22.69	244	36.67	1,234	38.12%	13.98	3.44
\$75k - \$100k	24.18	227	44.09	1,240	45.16%	19.91	6.81
>\$100k	31.85	564	54.42	3,635	41.47%	22.57	11.56
Total	23.36	1,426	38.31	7,825	39.02%	14.95	15.64

¹ This is insignificant.

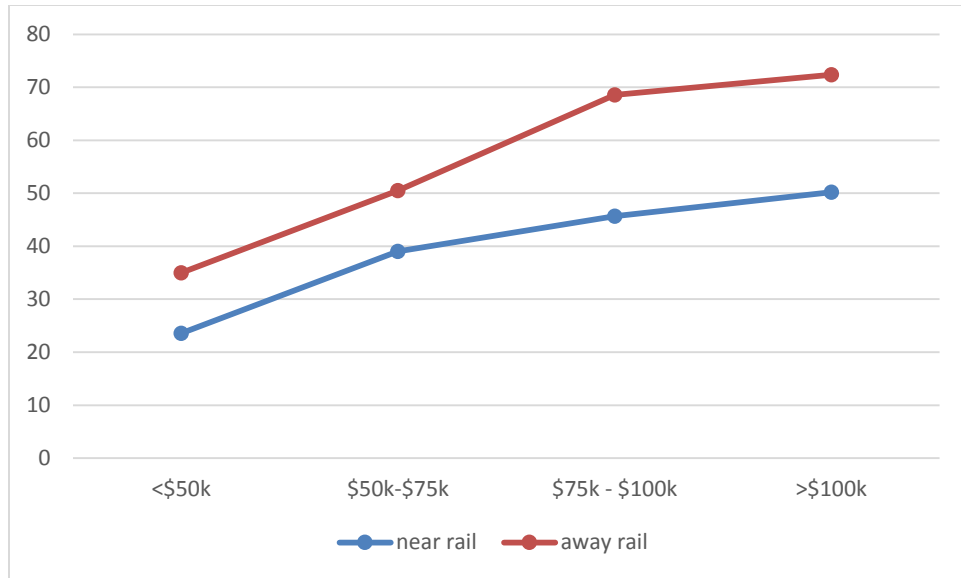


Figure S.3: Average daily household VMT by income and rail access, SF Bay Area only (NHTS data)

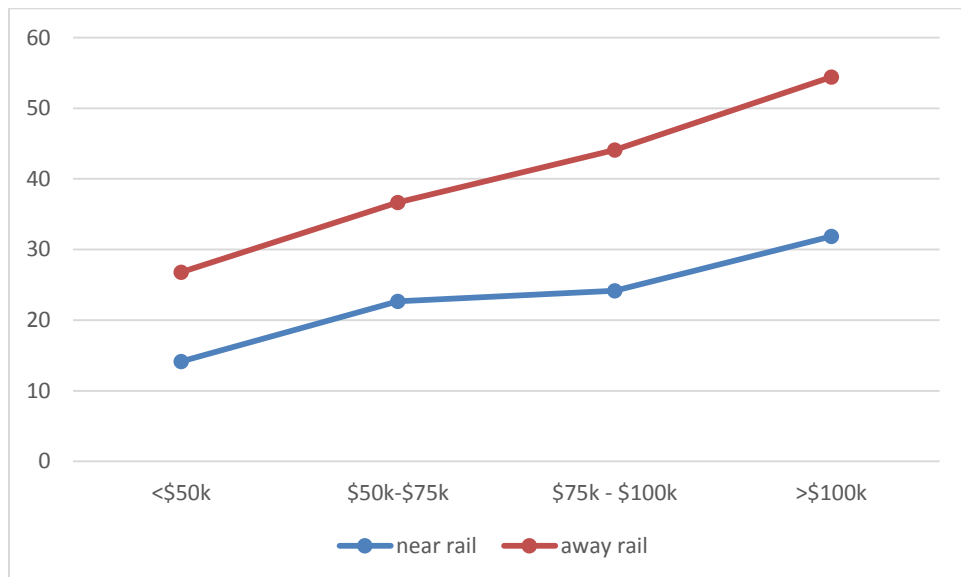


Figure S.4: Average daily household VMT by income and rail access, SF Bay Area only (CHTS data)

Table S.3: Average daily household VMT by income category and rail access, Los Angeles region only, NHTS 2009, and CHTS 2010-2012

NHTS 2009							
	Near Rail		Away Rail		VMT difference		t-test
Income categories	VMT	N	VMT	N	% of VMT difference	Absolute VMT difference	
<\$50k	28.06	117	38.53	2,677	27.17%	10.47	2.71
\$50k-\$75k	63.71	26	58.8	1,186	-8.35%	-4.91	(-0.44) ¹
\$75k - \$100k	50.12	10	74.36	925	32.60%	24.24	2.05
>\$100k	65.29	15	82.38	1,660	20.75%	17.09	2.32
Total	38.05	168	59	6,448	35.17%	20.64	5.85
CHTS 2010-2012							
	Near Rail		Away Rail		VMT difference		t-test
Income categories	VMT	N	VMT	N	% of VMT difference	Absolute VMT difference	
<\$50k	18.04	355	27.15	4,188	33.55%	9.11	4.75
\$50k-\$75k	38.28	105	39.78	2,130	3.77%	1.5	(0.23) ¹
\$75k - \$100k	35.25	74	46.27	1,951	23.82%	11.02	2.62
>\$100k	47.15	97	56.22	3,969	16.13%	9.07	(1.44) ¹
Total	26.57	631	34.58	12,238	23.16%	8.01	7.23

¹ This is insignificant

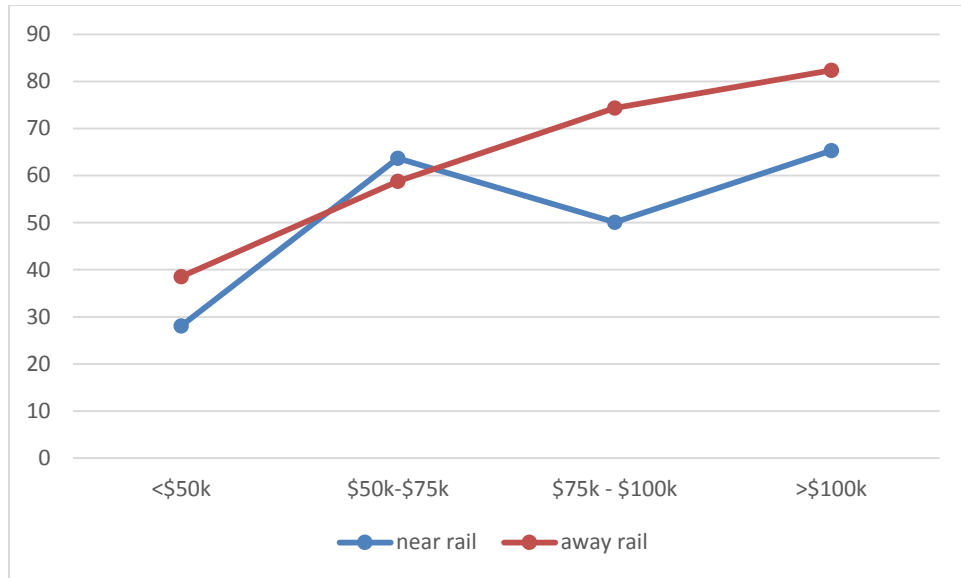


Figure S.5: Average daily household VMT by income and rail access, LA Region only (NHTS data)

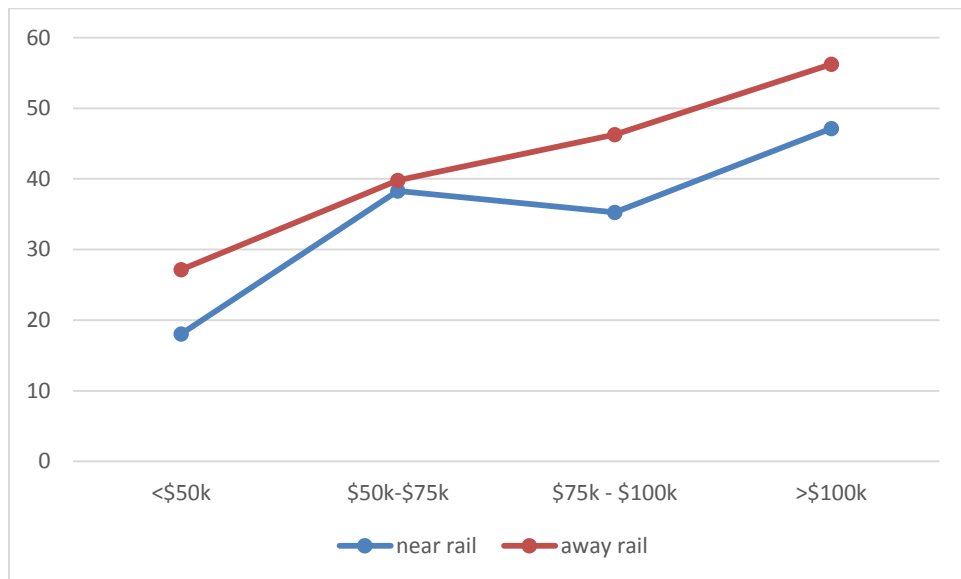


Figure S.6: Average daily household VMT by income and rail access, LA region only (CHTS data)

Table S.4: Average VMT for different mover's profiles, by income category

Recent mover (last 5 years) VMT by mover profile and income	\$0 to \$49,999		\$50,000 to \$99,999		\$100,000+		NA		Total N ³	Average VMT
	N	Avg VMT ¹	N	Avg VMT	N	Avg VMT	N	Avg VMT		
Away to Near ²	1,050	30	697	46	703	54	153	33	2,603	41
Away to Away	1,122	32	892	53	680	61	162	41	2,856	46
Near to Near	121	13	108	26	120	32	15	35	364	24
Near to Away	22	28	12	24	18	43	3	66	55	34
Total	2,315		1,709		1,521		333		5,878	

¹ Daily VMT aggregated to the household level, "complete households" only.

² Previous residential location defined at the zip code level.

"Near" is defined as having a rail station in the home zip code area.

³ 16% of households in the CHTS data moved in the previous five years. Previous address locations outside of California are excluded.

Table S.5: Predicted change in VMT for a stylized one-to-one displacement scenario

Change of low-income households in TOD area				-1000	
Change of high-income households in TOD area				1000	
		Uncontrolled Descriptive analysis		Tobit ^{1, 2}	
		NHTS	CHTS	NHTS	CHTS
Before displacement	Average VMT for low-income households living near rail ²	34.61	15.61	22.7	2.5
	Average VMT for high-income households living away from rail	79.92	51.36	121.2	68.6
	Aggregate	114,530.0	66,970.0	143,900.0	71,100.0
After displacement	Average VMT for low-income households living away from rail	39.09	23.86	42.6	19.5
	Average VMT for high-income households living near rail	67.75	34.21	69.4	51.6
	Aggregate	106,840.0	58,070.0	112,000.0	71,100.0
% changes of aggregated VMT		-6.71%	-13.29%	-22.17%	0.00%

¹ Each VMT estimate comes from multiplying regression coefficients by the household income value along with average values for all other dependent variables included in the model.

² Some of the values predicted by the Tobit model could be small, due to this prediction is based on the average number for each parameter and is only for hypothetical scenarios. Therefore only the differences in VMT between before and after displacement is essential in explaining the net VMT impact of displacement.

Table S.6: Predicted VMT change for a stylized one-to-two displacement scenario

Change of low-income households in TOD area				-1000	
Change of high-income households in TOD area				500	
		Uncontrolled Descriptive analysis		Tobit	
		NHTS	CHTS	NHTS	CHTS
Before displacement	Average VMT for low-income households living near rail ²	34.61	15.61	22.7	2.5
	Average VMT for high-income households living away from rail	79.92	51.36	121.2	68.6
	Aggregate	74,570.0	41,290.0	83,300.0	36,800.0
After displacement	Average VMT for low-income households living away from rail	39.09	23.86	42.6	19.5
	Average VMT for high-income households living near rail	67.75	34.21	69.4	51.6
	Aggregate	72,965.0	40,965.0	77,300.0	45,300.0
% changes of aggregated VMT		-2.15%	-0.79%	-7.20%	23.10%

Table S.7: County median incomes and low-income threshold definitions

	1990	2000	2013
Median Household Income (2013 dollars)			
Los Angeles	\$63,423	\$58,982	\$55,909
Santa Clara	\$90,456	\$100,352	\$91,702
San Francisco	\$62,818	\$74,548	\$75,604
Median Household Income (2010 dollars)			
Los Angeles	\$59,618	\$55,443	\$52,554
Santa Clara	\$85,029	\$94,331	\$86,200
San Francisco	\$59,049	\$70,075	\$71,068
80% of Median Household Income (2010 dollars)			
Los Angeles	\$47,694	\$44,354	\$42,044
Santa Clara	\$68,023	\$75,465	\$68,960
San Francisco	\$47,239	\$56,060	\$56,854

Source: ACS 2009-2013; <http://data.bls.gov/cgi-bin/cpicalc.pl> to adjust 2013 dollars to 2010 dollars.

Appendix T. Anti-Displacement Strategies and Sources

Displacement Protection Policies

- **Just Cause Eviction:** Just cause eviction statutes are laws that protect tenants from eviction for an improper reason. Cities or states that have just cause eviction statutes allow landlords or owners to evict a tenant only for certain reasons, such as failure to pay rent or for violation of the lease terms.
- **Rent Stabilization (or rent control) (RSO):** The purpose of Rent Stabilization ordinances is to protect tenants from excessive rent increases, while at the same time allowing landlords a reasonable return on their investments (Los Angeles Municipal Code, Chapter XV). Such ordinances regulate the percentage of annual rent increase, but may allow rent to be reset at market-rate upon vacancy. Residential rental units covered by the RSO exclude single-family dwellings and exempt affordable housing units (ex. Section 8). RSO applies to the properties within the jurisdiction that were built prior to the policy implementation. In the City of Los Angeles for example the RSO applies to properties built prior to October 1, 1978.
- **Rent Mediation (or rent review boards):** Mediation helps the tenant and landlord reach a voluntary agreement on how to settle issues related to rent increases. The mediator normally does not make a binding decision in the case. In some jurisdictions all rent increases must also include a notice to the tenant of their right to mediation, and a tenant can file a mediation petition with the jurisdiction.
- **Preservation of Mobile Homes, part of the Rent Stabilization Ordinance:** Rent stabilization ordinances applicable to mobile homes, which are viewed as a source of affordable housing.
- **Single Room Occupancy (SRO) Preservation Ordinance:** Rent stabilization ordinances applicable to properties designated as “single room occupancy.”
- **Condominium Conversion Ordinance:** Many cities have enacted condominium conversion ordinances that impose substantive restrictions on the ability to convert apartment units into condominiums, such as prohibiting conversions unless the city or regional vacancy rate is above a certain fixed amount or requiring that a certain number of units must be sold to persons of very low, low and moderate incomes. The purpose of such ordinances is to protect the supply of rental housing.
- **Foreclosure Assistance:** local programs that assist residents with foreclosure.
- **First Source Hiring Ordinances:** Such ordinances ensure that city residents are given priority for new jobs created by municipal financing and development programs.

Affordable Housing Policies

- **Housing Development Impact Fee (or Jobs-Housing Linkage Fee):** A per square foot or per unit development fee levied on market rate residential development that is used to develop or preserve affordable housing. In-lieu fees are different from impact fees and are not as flexible because they relate only to required dedications where they can be appropriately used. Impact fees can be applied before new development is started or completed, which may allow costs to be transferred to future residents in the area. Finally, impact fees can be implemented earlier than in lieu fees so that the capital need matches the need for services (Juergensmeyer and Roberts 2013). A jobs-housing linkage is assessed on developments that will create low-wage jobs and require affordable housing for those workers.
- **Commercial Development Impact (or Linkage) Fee:** A per square foot development fee levied on non-residential development that is used to develop or preserve affordable housing.

- Affordable Housing Trust Fund: creates affordable rental housing for low and very low-income households by making long-term loans for new construction or for the rehabilitation of existing residential structures through a competitive process (L.A. Housing and Community Investment Department 2014).
- Inclusionary Zoning/Below Market Rate Housing: When a jurisdiction requires a certain percentage of housing units in market-rate developments to be affordably priced to income-specified households. In-Lieu Fees allow a developer to “buy out” of an inclusionary housing obligation. This may seem to defeat the purpose of inclusionary zoning, but the revenue from these fees is used to develop affordable units off-site.
- Local Density Bonus Ordinance: Additional density allowance given in return for affordable housing. The local density bonus is in addition to mandated State requirements.
- Community Land Trusts: Community land trusts are nonprofit, community-based organizations whose mission is to provide affordable housing in perpetuity by owning land and leasing it to those who live in houses built on that land.

Sources used to create the list of anti-displacement strategies

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Appendix U. Policies Adopted by each Los Angeles County City

Policy	#	%	Jurisdictions
Condo Conversion Regulations	24	27%	Agoura Hills, Beverly Hills, Burbank, Calabasas, Culver City, Diamond Bar, Glendale, Hermosa Beach, Huntington Beach, Inglewood, La Canada Flintridge, La Mirada, La Verne, Lakewood, Lawndale, Long Beach, LA City, Manhattan Beach, Pasadena, San Gabriel, Santa Monica, Sierra Madre, West Hollywood
Preservation of Mobile Homes	16	18%	Azusa, Calabasas, Carson, Gardena, Hawthorne, La Verne, Lakewood, LA City, LA County, Malibu, Palmdale, Paramount, Pomona, Santa Clarita, Santa Monica, West Covina
Inclusionary Zoning/ In-Lieu Fees	16	18%	Agoura Hills, Artesia, Calabasas, Claremont, Duarte, Glendale, Huntington Beach, La Verne, Long Beach, Malibu, Monrovia, Pasadena, Rancho Palos Verdes, San Fernando, Santa Monica, West Hollywood
Affordable Housing Trust Fund	7	8%	Calabasas, L.A. City, L.A. County, Long Beach, Pasadena, Santa Monica, West Hollywood
Local Density Bonus	7	8%	Alhambra, Arcadia, Beverly Hills, Downey, LA City, South Pasadena, West Covina
Just Cause	5	6%	Beverly Hills, Glendale, LA City, Santa Monica, West Hollywood
Rent Stabilization/Control	4	4%	Beverly Hills, LA City, Santa Monica, West Hollywood
SRO Preservation	4	4%	Cudahy, Huntington Beach, LA City, Pasadena
Commercial Development Impact Fee	3	3%	Calabasas, LA City (certain areas), West Hollywood
Housing Development Impact Fee	3	3%	La Verne, Pasadena, Rancho Palos Verdes
Rent Mediation	2	2%	Culver City, Gardena
Foreclosure Assistance	2	1%	Lancaster, L.A. County
Community Land Trusts	1	1%	City of Los Angeles
First Source Hiring Ordinance	1	1%	City of Los Angeles

Appendix V. Challenges facing Inclusionary Zoning

A 2013 Center for Housing Policy brief outlined the key challenges affecting policies going forward as follows (Hickey 2013):

1. *The Growing Difficulty of Applying Inclusionary Housing to Rental Properties*

Jurisdictions in California have generally responded in one of three ways to prohibitions on inclusionary rental units:

- a. **No longer applying inclusionary requirements to rental developments.** This appears to be the case for a majority of California jurisdictions with existing inclusionary policies.
- b. **Applying rental requirements only to developers that request some form of “assistance,” such as zoning modifications or upzoning.** In this case, the municipality conditions its assistance on voluntary compliance with inclusionary rental requirements. This approach is less impactful in places that have recently upzoned desirable development areas — since developers no longer need special approval for higher density — and in places that have made attractive zoning terms available “by right.”
- c. **Shifting to a fee-based policy (sometimes with the option to waive out of the fee by providing units).** Rather than require inclusionary units to be built as part of new market-rate developments, several jurisdictions are instead assessing an affordable housing fee on new rental development. Some jurisdictions offer developers the option to produce units on site as an alternative to paying the fee — in essence, the opposite of a traditional inclusionary zoning policy with the option to pay a fee in lieu of including affordable units.

2. *The Elimination of Redevelopment in California Undermined Many Inclusionary Housing Policies*

This decision led many jurisdictions in the state to stop enforcing inclusionary policies that were applied only to local redevelopment areas, while significantly decreasing funds for the staff who administer inclusionary housing programs in many municipalities.

3. *New Inclusionary Housing Policies Have Become Harder to Pass*

While most inclusionary policies remain on the books, the market decline has made it more difficult for advocates promoting inclusionary housing to pass new policies — particularly in areas that are not experiencing major upzoning or new transit investments.

4. *It May Get Harder to Support Inclusion Through In-Lieu Fees*

Most communities with inclusionary housing policies allow developers the option of satisfying their inclusionary requirements by paying an in-lieu fee. Often, the in-lieu fee is set low enough that developers prefer to pay the fee rather than produce the inclusionary units themselves.

The primary issue with an overreliance on in-lieu fees is that it can work against the goal of creating inclusive communities, particularly if fees are used to support affordable housing outside the area where new market-rate development is occurring.

A second challenge is that in-lieu fees are sometimes set too low to produce an equal number of affordable units elsewhere in the community — regardless of the setting (Hickey 2013, 12).

A third issue is that some communities lack local, affordable housing developers with the capacity to use fee revenues to produce new affordable homes.

West Bay Law
Law Office of J. Scott Weaver

April 17, 2017

President London Breed and San Francisco Board of Supervisors
San Francisco City Hall
1 Dr Carlton B Goodlett Pl #244
San Francisco, CA 94102

**Re: Re: Case No. 2014-000601 CUA, 2014-000601ENX- 2675 Folsom Street
Appeal of the September 22, 2016 Planning Commission Decisions.
Evaluation of Historical Resources with a Latino Historical Context.**

Dear Supervisor Breed,

This is one of two submissions made today, April 17, 2017 pertaining to the Appeal of the project at 2675 Folsom Street. This submission pertains to the need for Evaluation of Historical Resources with a Latino Historical Context.

The Calle 24 Latino Cultural District Council requests that the Board consider the proposed project in the context of its location within the Calle 24 Latino Cultural District (LCD). and the history connected with the site, the immediate neighborhood and the LCD as a whole. The Planning Department's historic evaluation is inadequate and inaccurate in that it does not discuss the project's connection to the people, places and events of significance within a Latino Historical context. Further, there was no evaluation of the mural at the property, its significance, and its connection to the web of murals that represent Latino culture, arts, and history. A Latino Historical Context Statement, one that would guide us in evaluating historic resources in the LCD is long overdue. Such a statement is currently in process.

It is undeniable that the LCD qualifies as a historic resource under CEQA. A historical resource is defined as any object, building, structure, site, area, place, record, or manuscript that: . . . b) Meets any of the following criteria: (1) Is associated with events that have made a significant contribution to the broad patterns of California's history and cultural heritage; (or) (2) Is associated with the lives of persons important in our past; . . . (14 CCR 15064.5(a)(3)). In establishing the LCD, this Board of Supervisors has recognized historic achievements of the district that were previously unacknowledged.

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The resolution establishing the LCD (Attachment 1) referenced the following:

- a) Its “significant role in the history of San Francisco.” (P 2: L7-8)
- b) Its place as a gateway for those fleeing poverty and oppression. (P 2: L 9 to P 3: L23)
- c) Its central role in the “Chicano Movement, its art and culture, and labor and community organizing to battle war and poverty.” (P 4: L1-3)
- d) Contributions by its numerous community and political organizations. (P4:10-P5:6)
- e) Recognition of its unique and varied small businesses (P5: L7-17)
- f) Its world-famous murals (P 5: L 18 to P 6: L 17)
- g) Its annual festivals and events (P 6: 18-22)
- h) Its place as the birthplace of Latin Rock, its low-rider culture, and as a meeting place for significant political organizations and events. (P 6: L23 to P7: L17)

The accompanying letter from the San Francisco Latino Historical Society letter describes additional of the people, places and events that would qualify the LCD as a Historic District (See Attachment 2). These include:

- a) The Calle 24 Corridor as a center of Latino Cultural Arts,
- b) The 23rd Street Corridor where several important non-profit organizations were established,
- c) The Latino Labor Movement,
- d) United Farmworkers Support. The UFW agreement was signed at the Good Samaritan’s Settlement House on Potrero at 24th Street,
- e) 22nd and Folsom Streets as a port of entry for Nicaraguan and Salvadorian refugees seeking asylum in the 1970’s,
- f) The numerous political movements that centered in the Mission.

The LCD was and is at the center of the Chicano/Latino cultural and political renaissance described above that started in the last half of the 20th Century. The people, places and events that this renaissance entails merits consideration of the LCD as a Historic District. A first step in this direction is to view projects in their Latino Historical Context and, at a minimum, require such projects to be reflective of the culture and history of the LCD.

Analysis should be done to better understand how the proposed 117 unit project would coexist in the LCD and the neighborhood context as a whole. Does the proposed design appropriately respond to the LCD or does it have the potential to compromise it? In addition, we note that numerous large, market-rate residential developments (of similar architectural scale and expression) have been approved or are being considered. Yet there has been no analysis of the **cumulative impact** of these projects within the context of Latino History in the LCD.

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An earlier *Historic Context Statement for San Francisco's Mission District* (2007) reinforced the need for this analysis for the entire Mission District. At page 92 (Attachment 3) the report states: "Nonetheless, it may be suggested that a recent cultural theme of significance in the Mission is that of women's culture, linked to both Latino and lesbian roots. . . . Also, the public mural phenomenon of political and artistic expressions layered upon the built environment has generated a vast array of visual spaces and vistas that merit evaluation for cultural significance." (full report may be found at <http://ohp.parks.ca.gov/pages/1054/files/mission%20district%20nov07.pdf>)

To address this deficiency, the San Francisco Latino Historical Society, in conjunction with the San Francisco Heritage, are years into the process of developing a Latino Historical Context statement. <http://www.verplanckconsulting.com/latino-citywide-historic-context.html> and <https://www.sfheritage.org/cultural-heritage/latino-heritage/> This effort is nearing completion of its research phase. A first draft should be completed before the end of the year and a final version completed by May of 2018. (See Attachment 2)

The project also contains a 5 foot by 30 foot mural commemorating the 40th anniversary of the Jamestown Community Center called "I Feel Safe," *Me Siento Segura*. The mural faces Cesar Chavez Elementary School and is seen daily by school children and visitors to the adjacent Parque de los Ninos. The mural is part of a 400 mural cultural web that ties in with the life of the LCD. The issue of the preservation or destruction of this mural is one that should be carefully considered, and considered in light of its place within the Calle 24 Latino Cultural District. The Department failed to engage in any deliberative process on this issue.

While there has been evaluation of the project site from the standpoint of architectural significance, the history of the neighborhood and LCD has not been evaluated at all for cultural or historic significance. The Department's evaluation (Attachment 4) consisted of a one page CPE checklist, a Planning Team Review, and reference to the project sponsor-commissioned Page & Turnbull Report. These documents make scant reference to the muralist movement and no mention of the LCD, nor do they reference any of the history spelled out in the Board's Resolution or described by the SF Latino Historical Society. As stated in the attached letter by the Founding Members of the San Francisco Latino Historical Society, the Department's report and that of Page & Turnbull "culturally insensitive" and "in error." The City has failed to adequately assess the cultural and historic importance of the project, the immediate area of the project, and the LCD as a whole. As such, it has not met its obligations under CEQA with respect to its Historic Resources.

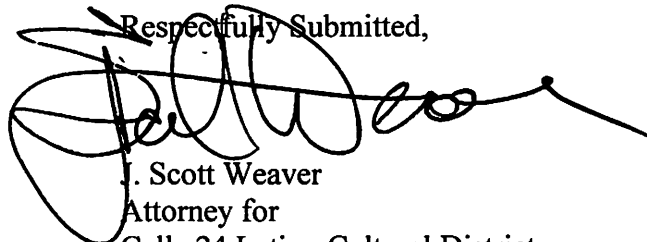
As stated above, a historic resource exists if it Meets any of the following criteria: (1) Is associated with events that have made a significant contribution to the broad patterns of

Hon. London Breed, President
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California's history and cultural heritage; (or) (2) Is associated with the lives of persons important in our past; . . . (14 CCR 15064.5(a)(3)).

Ample evidence exists to support a fair argument that any historic resource assessment should include a Latino Historical Context. The people, places and events described above, in the attachments, and that will be described in testimony at the hearing, support the need to evaluate the proposed project in light of its Latino Historical Context. This is, after all the Calle 24 Latino Cultural District.

The rich history of the Calle 24 Latino Cultural District, renders it an asset whose history should be both acknowledged and clearly understood before proceeding with a project that would disrupt the cultural and historic fabric that exists in the District and the immediate neighborhood. We are therefore requesting that the project be sent back to Planning with instructions to evaluate the historical resources affected by the proposed project within the context of Latino, both individually and cumulatively, based history in the area and in the Calle 24 Latino Cultural District. The evaluation should be done in consultation with experts on Latino History in San Francisco and should include appropriate mitigation measures.

Respectfully Submitted,

J. Scott Weaver
Attorney for
Calle 24 Latino Cultural District

JSW:sme

ATTACHMENT 1

ATTACHMENT 1

ATTACHMENT 1

1 [Establishing the Calle 24 ("Veinticuatro") Latino Cultural District in San Francisco]

2
3 **Resolution establishing the Calle 24 ("Veinticuatro") Latino Cultural District in San**
4 **Francisco.**

5
6 WHEREAS, The Calle 24 Latino Cultural District memorializes a place whose richness
7 of culture, history and entrepreneurship is unrivaled in San Francisco; and

8 WHEREAS, The Calle 24 ("Veinticuatro") Latino Cultural District has deep Latino roots
9 that are embedded within the institutions, businesses, events and experiences of the Latino
10 community living there; and

11 WHEREAS, Because of numerous historic, social and economic events, the Mission
12 District has become the center of a highly concentrated Latino residential population, as well
13 as a cultural center for Latino businesses; and

14 WHEREAS, The boundary of the Calle 24 ("Veinticuatro") Latino Cultural District shall
15 be the area bound by Mission Street to the West, Potrero Street to the East, 22nd Street to the
16 North and Cesar Chavez Street to the South, including the 24th Street commercial corridor
17 from Bartlett Street to Potrero Avenue. Additionally, the Calle 24 ("Veinticuatro") Latino
18 Cultural District shall include La Raza Park (also known as Potrero del Sol Park), Precita Park
19 and the Mission Cultural Center because of the community and cultural significance
20 associated with these places; and

21 WHEREAS, Calle 24 ("Veinticuatro") Latino Cultural District's boundary demarcates the
22 area with the greatest concentration of Latino cultural landmarks, businesses, institutions,
23 festivals and festival routes; and

1 WHEREAS, The Latino population in the Mission, and in the Calle 24 ("Veinticuatro")
2 Latino Cultural District, represents a culturally diverse population with roots from across the
3 Americas; and

4 WHEREAS, According to 2012 Census data, within the Calle 24 ("Veinticuatro") Latino
5 Cultural District, 49% of the population self-identified as Latino; 38% identified as foreign-born
6 and 16% identified as linguistically isolated; and

7 WHEREAS, The Calle 24 ("Veinticuatro") Latino Cultural District plays a significant role
8 in the history of San Francisco; and

9 WHEREAS, San Francisco has for centuries attracted people seeking refuge from war,
10 upheaval and poverty in their home countries; and

11 WHEREAS, The immigrant experience remains an integral part of California and San
12 Francisco's history, cultural richness and economic vibrancy; and

13 WHEREAS, From 1821 to 1848, the Mexican Republic controlled San Francisco and
14 the city was home to the Mexican governorship and many Mexican families; and

15 WHEREAS, Beginning in 1833, the Mexican government began to secularize mission
16 lands and distributed over 500 land grants to prominent families throughout California –
17 known as "Californios" – in an effort to encourage agricultural development; and

18 WHEREAS, Mexican land grants, such as Mission Dolores, Rancho Rincon de las
19 Salinas, and Potrero Viejo, include the geographic area that is now home to San Francisco's
20 Mission District and have directly influenced the Calle 24 ("Veinticuatro") Latino Cultural
21 District; and

22 WHEREAS, The Treaty of Guadalupe Hidalgo, ratified in 1848 ending the Mexican
23 American War, guaranteed Mexicans living in the ceded territory – including what would
24 become the State of California – full political rights, but such rights were often ignored,
25 resulting in the slow dissolution of lands owned by Californios; and

1 WHEREAS, San Francisco experienced several waves of immigration in the late
2 1800s, including massive migration from Mexico, Chile and Peru as well as migration from
3 Latin America during the Gold Rush; and

4 WHEREAS, Puerto Rican migration to San Francisco began in the 1850s and
5 increased in the early 1900s when Puerto Ricans relocated to California by way of Hawaii;
6 and

7 WHEREAS, San Francisco served as a refuge for Sonorans fleeing violence and
8 upheaval in their home country due to the Mexican Revolution of 1910; and

9 WHEREAS, Beginning in the 1930s, Mexican and Latin American families began
10 settling in the Mission District, building on the roots that had already been established nearly a
11 century before; and

12 WHEREAS, After World War II, the Mission District became the primary destination for
13 new arrivals from all regions of Latin America including Central America, Mexico, Venezuela,
14 Colombia, Ecuador, Peru, Brazil, Paraguay, Uruguay, Chile, Argentina, Cuba, Dominican
15 Republic, and Puerto Rico; and

16 WHEREAS, Throughout the 1970s and 1980s, Central American countries
17 experienced major political conflict and families fleeing from conflict immigrated to San
18 Francisco, greatly contributing to the Latino identity of the Mission District and the Calle 24
19 ("Veinticuatro") Latino Cultural District; and

20 WHEREAS, In 1989, in response to the increased immigrant populations, the City and
21 County of San Francisco adopted a Sanctuary Ordinance that prohibits its employees from
22 aiding Immigration and Customs Enforcement (ICE) with immigration investigations or arrests,
23 unless mandated by federal or state law or a warrant; and

24 WHEREAS, Chicano and Latino activism, arts, commerce, and culture have centered
25 in the Calle 24 ("Veinticuatro") Latino Cultural District since the 1940s; and

1 WHEREAS, The Mission District and Calle 24 ("Veinticuatro") were central to the
2 Chicano Movement – its art, music, and culture, as well as labor and community organizing to
3 battle the war on poverty; and

4 WHEREAS, Many of the Latino community-based organizations established within the
5 Calle 24 ("Veinticuatro") Latino Cultural District during 1960s and 1970s were an outgrowth of
6 social justice organizing; and

7 WHEREAS, Much of what makes the Calle 24 ("Veinticuatro") Latino Cultural District a
8 culturally-rich and recognizable place are the Latino businesses and community-based
9 organizations located along 24th Street; and

10 WHEREAS, Latino-based organizations were established on 24th Street to serve the
11 needs of the community and promote culture and include: Mission Neighborhood Centers
12 (1959), offering services targeted to Latina girls and young women, including homework
13 assistance, leadership programs and anti-violence education; Mission Education Projects Inc.
14 (1970s), providing educational and support services to youth and their families; Galería de la
15 Raza (1970), nurturing cultural icons Mujeres Muralistas (1972) and Culture Clash (1984),
16 helping to inspire the creation of the Mexican Museum and making a space for Latino artists
17 to create innovative new works, transforming Latino art in San Francisco; Mission Cultural
18 Center for Latino Arts (1977), promoting, preserving and developing Latino cultural arts; Calle
19 24 SF (formerly the Lower 24th Street Merchants and Neighbors Association) (1999),
20 advocating for neighborhood services, local businesses, arts and culture programs and
21 improved public spaces; Precita Eyes Mural Arts & Visitors Center (1977), offering mural
22 classes, tours, and lectures, as well as painting several murals within the Calle 24
23 ("Veinticuatro") Latino Cultural District; Mission Economic Cultural Association (1984),
24 producing many of the Latino festivals and parades, including Carnaval, Cinco de Mayo, and
25 24th Street Festival de Las Americas; Acción Latina (1987), strengthening Latino communities

1 by promoting and preserving cultural traditions, managing a portfolio of cultural arts, youth
2 programs, and media programs including *El Tecolote* newspaper, which upholds a nearly two-
3 century-long tradition of bilingual Spanish/English journalism in San Francisco; Brava Theater
4 (1996), portraying the realities of women's lives through theater by producing groundbreaking
5 and provocative work by women playwrights, including well-known Chicana lesbian
6 playwright, Cherrie Moraga, and hosting a variety of Latino cultural events; and

7 WHEREAS, Small and family-owned businesses, including restaurants, *panaderías*
8 (bakeries), jewelry shops and *botánicas* (alternative medicine shops), promote and preserve
9 the Latino culture within the Calle 24 ("Veinticuatro") Latino Cultural District; and

10 WHEREAS, Longtime Mexican and Salvadoran *panaderías* such as La Victoria (1951),
11 Dominguez (1967), La Reyna (1977), Pan Lido (1981), and La Mexicana (1989) have served
12 up sweet breads to generations of Mission residents and visitors; and

13 WHEREAS, Restaurants, like The Roosevelt (1922) (formerly Roosevelt Tamale
14 Parlor), Casa Sanchez (1924), and La Palma Market (1953), have sustained Latino culinary
15 traditions, and Café La Bohème (1973), one of the first cafes established in the neighborhood,
16 has served as both a meeting space and cultural venue among Latino activists, writers, poets
17 and artists; and

18 WHEREAS, The Calle 24 ("Veinticuatro") Latino Cultural District is visually distinct
19 because of approximately four hundred murals adorning its buildings depicting the Latino
20 experience in San Francisco that have been painted throughout the Mission District by
21 Chicano, Central American, and other local artists who had few, if any, opportunities to exhibit
22 their work in galleries; and

23 WHEREAS, Balmy Alley has the highest concentration of murals in San Francisco and
24 the mural project there emerged out of the need to provide a safer passage for children from
25 the Bernal Dwellings apartments to "24th Street Place," an arts and education program located

1 at the intersection of the alley and 24th Street, and run by Mía Gonzalez, Martha Estrella and
2 Ana Montano; and

3 WHEREAS, The first mural painted in Balmy Alley was carried out in 1972 by the
4 Chicana artist collective, Mujeres Muralistas, and, in 1984, more than 27 muralists added to
5 the collection of outdoor murals in Balmy Alley, focusing on the conflicts in Central America,
6 expressing anger over human rights violations and promoting peace; and

7 WHEREAS, Within the Calle 24 ("Veinticuatro") Latino Cultural District, additional
8 notable murals include: Michael Rios' "BART" mural (1975), Daniel Galvez's "Carnaval" mural
9 (1983), Precita Eyes' "Bountiful Harvest" (1978) and "Americana Tropical" (2007), Mujeres
10 Muralistas' "Fantasy World for Children" (1975), Isaias Mata's "500 Years of Resistance"
11 (1992), Juana Alicia's "La Llorona's Sacred Waters" (2004), and the Galería de la Raza's
12 Digital Mural Project; and

13 WHEREAS, The York Mini Park grew from a vacant lot purchased by the City of San
14 Francisco in the 1970s to a park adorned by murals painted by Michael Rios (1974) and
15 Mujeres Muralistas (1975), as well as a mosaic of Quetzalcoatl that winds around the
16 playground created by Collete Crutcher, Mark Roller and Aileen Barr under the direction of
17 Precita Eyes (2006); and

18 WHEREAS, Annual festivals celebrating Latino culture, including Carnaval, Cinco de
19 Mayo, the Lower 24th Street Festival de Las Americas (formerly the 24th Street Festival),
20 Cesar Chavez Parade and Festival, Día de los Muertos Procession and Altars, and Encuentro
21 del Canto Popular, represent the culture within the Calle 24 ("Veinticuatro") Latino Cultural
22 District; and

23 WHEREAS, The Calle 24 ("Veinticuatro") Latino Cultural District nurtured the
24 expansion of the Latino music scene from Latin jazz to Latin rock and pop music and the 24th
25

1 Street Festival (later known as Festival de las Americas) showcased musical talents including
2 Santana, Malo and Zapotec; and

3 WHEREAS, The Calle 24 ("Veinticuatro") Latino Cultural District was witness to the
4 rise of the low-rider culture in the 1970s and, on weekends, Mission Street served as a
5 bumper-to-bumper low-rider parade route; and

6 WHEREAS, After San Francisco authorities attempted to suppress cruising in the
7 1970s, the low-riders moved to La Raza Park also known as Potrero del sol Park where the
8 low-rider clubs congregated in order to create a safe space for recreation; and

9 WHEREAS, Organized youth cleaned up La Raza Park and marched from the corner
10 of 24th Street and Bryant Streets to City Hall with Latin American flags and signs that read
11 "Build Us a Park," and, in response, San Francisco purchased the six-acre site with voter-
12 approved bond funds and created La Raza Park; and

13 WHEREAS, St. Peter's Church is an anchor of the Calle 24 ("Veinticuatro") Latino
14 Cultural District because of the spiritual services it has provided to the community and its
15 association with Los Siete de la Raza, the Mission Coalition of Organizations, the United
16 Farmworkers Movements, and the Central American Resource Center (CARECEN) of
17 Northern California, among other social justice efforts; and

18 WHEREAS, The 24th Street BART station plazas have long served as a popular arena
19 for public demonstrations, ranging from those organized by the Mission Coalition of
20 Organizations to those associated with the Central American Solidarity movements in the 1970s
21 and 1980s; and

22 WHEREAS, The two BART station plazas are popularly known as "Plaza Sandino" after
23 Nicaraguan revolutionary Augusto Cesar Sandino and "Plaza Martí" after Salvadoran leftist
24 leader Farabundo Martí; and
25

1 WHEREAS, A prominent feature of the Northeast 24th Street BART plaza is the 1975
2 mural painted by Michael Rios, which depicts the controversial impact of the 16th and 24th
3 Street BART stations that were constructed in the 1970s by hard working residents who
4 protested the extra sales tax that financed the rapid transit system; and

5 WHEREAS, Community leaders have long sought to preserve the culture and
6 community of Calle 24 ("Veinticuatro"); and

7 WHEREAS, In the 1990s, Supervisor Jim Gonzalez introduced a façade improvement
8 program and a Flags of the Americas Program wherein Mission artists created banners for
9 display within the neighborhood to call attention to its Latino heritage; and

10 WHEREAS, Supervisor Jim Gonzalez established the 24th Street Revitalization
11 Committee and made efforts to establish an Enterprise Zone for the Mission District; and

12 WHEREAS, In 2012, Mayor Edwin Lee's Invest In Neighborhoods Initiative selected
13 Calle 24 ("Veinticuatro") for its economic development program and the establishment of a
14 cultural district; and

15 WHEREAS, As part of a collaborative effort by Calle 24 San Francisco, the San
16 Francisco Latino Historical Society, San Francisco Heritage, Mayor Edwin Lee and Supervisor
17 David Campos worked together to create the Calle 24 ("Veinticuatro") Latino Cultural District
18 as part of an effort to stabilize the displacement of Latino businesses and residents, preserve
19 Calle 24 as the center of Latino culture and commerce, enhance the unique nature of Calle 24
20 as a special place for San Francisco's residents and tourists, and ensure that the City of San
21 Francisco and interested stakeholders have an opportunity to work collaboratively on a
22 community planning process, which may result in the Designation of a Special Use District or
23 other amendment to Planning Code; now, therefore, be it
24
25

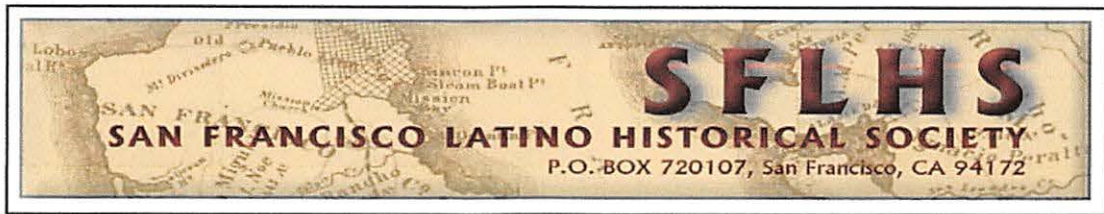
1 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
2 supports the establishment of the Calle 24 ("Veinticuatro") Latino Cultural District as a Latino
3 cultural and commercial district in San Francisco; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors of the City and County of San
5 Francisco commends the efforts of the Latino community in working toward the creation of the
6 Calle 24 ("Veinticuatro") Latino Cultural District and the contribution it will provide to the
7 cultural visibility, vibrancy and economic opportunity for Latinos in the City and County of San
8 Francisco.

ATTACHMENT 2

ATTACHMENT 2

ATTACHMENT 2



April 14, 2017

To Board of Supervisors and Mayor Lee:

RE: AXIS DEVELOPMENT REQUEST FOR AN APPEAL
2675 Folsom Street

The San Francisco Latino Historical Society (SFLHS) was established in 2012, because the San Francisco's Planning Department's Historical Resources report, "City within a City: Historic Context Statement for San Francisco's Mission District, November 2007," required for the Rezoning for the Northeastern Neighborhood plan did not adequately address the Latino's Community history in the Mission District. It was created to address the underrepresentation of the Latino experience and contributions in the historical record and to educate future generations about the long historical presence of Latinos in the city of San Francisco.

The organization is composed of Public Art Historians, Historians, Architects, Teachers and former Art and Historic Preservation Commissioners, who are all committed to documenting San Francisco Latino History in first voice.

The San Francisco Latino Historical Society has partnered with San Francisco Heritage to articulate a city wide Latino Context Statement. This document is nearing completion of its research phase with a draft report scheduled to be submitted to the SF Planning Department at the end of December 2017. The Final Context Statement to be submitted in May of 2018.

As an organization of professionals, we are compelled to address the Page & Turnbull Historic Resource Evaluation Report, 2015, prepared for 2675 Folsom Street. We believe that this report is inadequate and lacking in its cultural grounding related to the San Francisco Latino Community. This report and San Francisco's Historical Resources report do not address the Mission District Latino History or its cultural assets.

This report has several omissions:

- 1) The Page and Turnbull Report does not investigate the historical period from 1930 to present. The glaring omission and errors in the report, and by extension, lack of serious consideration of the many Latino Community Cultural Assets, is unacceptable.
- 2) Nowhere does this report consider the history of the "Californios" or Mexicans living in this district from the time international borders changed to the present. Yet, the San



Francisco Directory shows evidence that Latinos lived, thrived, and had businesses in the Mission District as well as Excelsior Districts from late 1880 through 1900.

- 3) Missing was the acknowledgement of the importance of Calle 24 to Latinos contribution to the development of San Francisco. It was the birth place of Latino Arts & Cultural, such as Balmy Alley, Galeria de la Raza, Mexican Museum, Culture Clash, Carlos Santana, Malo; parades such as Dia de los Muertos, Carnival, Cinco de Mayo, Cesar Chavez, Festival of Americas and the Low Riders; public spaces such Plaza Sandino (24th BART Plaza), La Raza Park founded by Low Riders . At the completion of the City Wide Latino Context Statement we will be recommending that Calle 24 become a Latino Historic District.

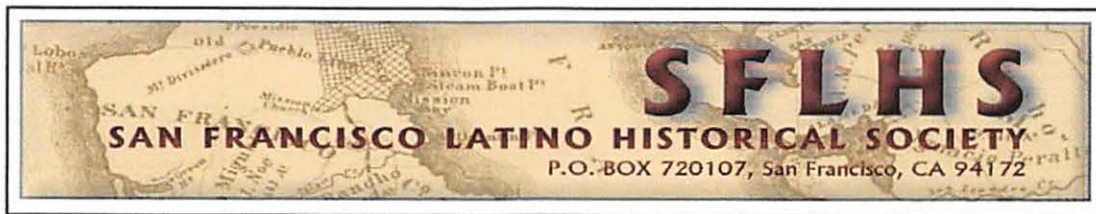
- 4) Equally glaring, is the fact that there is no consideration for the significance of Murals in the Mission and inherent contribution of these murals to a potential Mission Mural Historic District. There are over 400 murals in San Francisco District and is the largest outdoor public art gallery in the United States.

Articles 10 of the San Francisco Planning Code covers individual landmarks and historic districts, denoting buildings, properties, structures, sites, districts and objects that are of “special character or special historical, architectural or aesthetic interest or value and are an important part of the City’s historical and architectural heritage.

In this article, it states that there is no number of structures that might be allowed to be demolished in a Historic District. Any proposal to demolish a contributing building is considered on a case by case basis through the lens of economic hardship.

The Murals in the Mission must be considered as a cultural totality - there is no arbitrary percentage of loss that can be picked out to say that it is all right to remove “x” number of murals. The removal of each mural should be considered on a case by case basis according to agree upon criteria such as age, artist, quality, neighborhood significance, etc. The murals do not currently have such district landmark status, but should considered for their cultural significance. In the absence of such formal protection, the adopted approach to demolition in a Historic District is a useful analogy for how the removal of Murals should be considered.

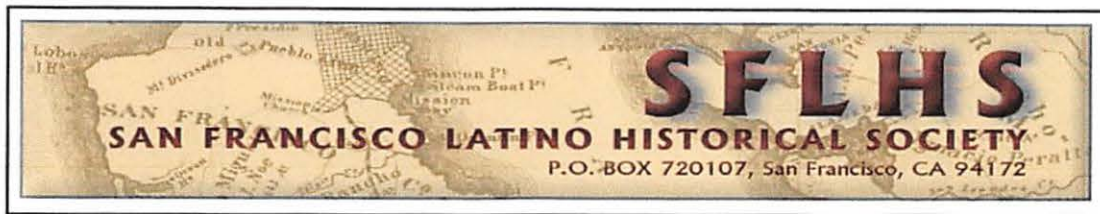
In the case of the demolition of a building in an Article 10 Historic District, the Historic Preservation Commission (HPC) has the power under 1006.5(c) to "disapprove or approve the application, or may suspend action on it for a period not to exceed 90 days, subject to extension by the Board of Supervisors”. The 90 days’ suspension was intended as a period



of time in which to review the merits of the demolition. The way such a suspension is to work is laid out in 1006.5(d): "In the event action on an application to remove or demolish a structure is suspended as provided in this Section, the HPC may take such steps as it determines are necessary to preserve the structure concerned, in accordance with the purposes of this Article 10. Such steps may include, but shall not be limited to, consultations with civic groups, public agencies, and interested citizens, recommendations for acquisition of property by public or private bodies or agencies, and exploration of the possibility of moving one or more structures or other features."

By analogy, time should be taken to assess the merits of the murals set against the totality of murals in the Mission District and the exploration of the potential and merits of moving them.

- 5) Since 1948, zoning maps have included this parcel (2675 Folsom Site), as part of the industrial area of San Francisco. This parcel should have been included in the report (Showplace Square context statement) as it is considered part of the Historic Industrial Area.
- 6) The preliminary findings in this area (per Dr. Cordova and Anne Cervantes research) for the city wide LATINO CONTEXT statement, indicates that the Mission District was birth of Latino social, cultural and political movement 1950-2017. In this time frame, there was Center of the Chicano Movement in Northern California, Center for the Latino Labor Movement, Latino Mural Movement, and Latino Political & Economic Empowerment.
 - CALLE 24 CORRIDOR is the center of Latino Cultural Arts, such as the establishment of the Galeria de la Raza due to Latinos not having access to SF Galleries & Museums. Other organizations include Mission Economic & Cultural Association, Precita Eyes, BRAVA and Accion Latina. Mission Cultural Center for Latino Arts is located within the Latino Cultural District.
 - 23 RD STREET CORRIDOR several non-profits were established through the Mission Coalition Organization such as Mission Model Neighborhood Corporation located at 3145 23rd Street; Mission Education Projects Inc, 3047 23rd Street; Mission Media Arts. The Mission Coalition Organization office was 2707 Folsom.
 - LATINO LABOR MOVEMENT Centro Social Obrero, the Latino Caucus of LIUNA, local 261. Cesar Chavez gain support of local 261 members who walked with him in the lettuce boycott 1970 march in Salinas. There is a potential to expand the research and establish a SF Trade Union District.



- Abel Gonzalez, Field Representative of Labor Union 261 and founder of Centro Social Obrero, resided at 940 Treat Avenue at 23rd. He was a ballot signatory for Joseph Alioto's Mayoral Campaign and the first Latino Laborer serve in Mayor Alioto's cabinet.
- 2929 19th BUILDING
(Pelton Water Wheel Company Administrative Office Building/Mission Language Vocational School)
 - Centro Social Obrero establish a school at 2929 19th Street Building, Mission Language Vocational School/Pelton Water Works Administration Offices, to teach their workers English and to take citizenship classes.
 - 2929 19th Street Building evolves into the Latino Community's City Hall, with visits from dignitaries such as State and Federal elected officials, a representative of the President of Mexico, Mexican Movie stars such as "Cantiflas", Performers such as Vincente Fernandez, Celia Cruz, Willie Colón, Hector Lavoe, Juan Gabriel and El Gran Combo.
- UNITED FARMWORKERS: UFW agreement was signed at the Good Samaritan's Settlement House located on Potrero at 24th Street and had an office in the Union Hall on 16th Street.
As Peter Brat stated at the opening of his film on "Dolores" "The Mission District was an epicenter of the farmworker struggle when I grew up here," said Bratt, the son of a Peruvian immigrant mother who was a nurse and community activist.
- 22ND & FOLSOM port of entry for the Nicaraguan and Salvadorian refugees seeking asylum in 1970's.
- POLITICAL MOVEMENT: The Mission District was the Center of Political organizing efforts Centro Social Obrero, Mexican American Political Association and LULAC to support Joe Alioto's run for Mayor. With Alioto's win, the Latino Community in San Francisco gained a political voice with the appointment of the first Latino Supervisor Robert Gonzalez; Manuel Caballo, a Mission District businessman (23rd and Bryant) appointed to the Golden Gate Bridge Board and the aid to Senator John Burton; Abel Gonzalez, president of Centro Social Obreros, becomes part of Mayor Alioto's cabinet.

The SF Latino Historical Society is requesting that the Board of Supervisors **send the project back to the Planning Department** with instructions to evaluate the historical resources affected by the proposed project within the context of Latino based history in the area and in the Calle 24 Latino Cultural District as a whole, as was done with LGBT context statement. We insist that evaluation be done in consultation with experts on San Francisco's Latino History, Art & Culture, in first voice, and include appropriate mitigation measures.



Clearly, it is premature. As stated, the Latino Cultural Overlay is in the process of being completed and we ask for the delay in order for this important document to be finalized and submitted.

The question, here, is why would the San Francisco Board of Supervisors approve an action that would fundamentally set in motion developments that are devoid of pertinent Calle24 Cultural District information—a lens designed to significantly inform development projects of this District, and by extension, San Francisco as a whole.

Sincerely

FOUNDING MEMBERS
SAN FRANCISCO LATINO HISTORICAL SOCIETY

Anne Cervantes, *Architect, former City Hall Preservation Commissioner*

Alan Martinez, *Architect, former Preservation Commissioner*

Lorraine Garcia- Nakata, *Artist, Arts/Cultural Specialist, Commissioner, the National Museum of the American Latino, former Director, The Mexican Museum, former San Francisco Arts Commissioner, and Chair, San Francisco Public Arts Program*

Dr. Carlos Cordova, *Historian, Professor of History-San Francisco State University, Latino Context Statement Historian*

cc.

Rich Hillis, President, San Francisco Planning Commission, richhillissf@yahoo.com

Myrna Melgar, San Francisco Planning Commission, myrna@jamestownsf.org

Scott Sanchez, Zoning Administrator, San Francisco Planning Department, Office of Zoning Administrator, s.sanchez@sfgov.org

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Julianne Polanco, State Historic Preservation Officer, State of California, julianne.polanco@parks.ca.gov

Marshall McKay, Chair, States Historical Resources Commission, calshpo@parks.ca.gov

William Burg, Historian II, Office of Historic Preservation william.burg@parks.ca.gov

ATTACHMENT 3

ATTACHMENT 3

ATTACHMENT 3

The post-war Mission's socio-economic zones retained a fragile stability during the recent development period. The northern Mission still served as the gateway to newcomers and province of less affluent residents, who could still find cheap flats and residential hotels there. The southern Mission remained the stronghold of Latino population and culture in San Francisco, though the growth of the Hispanic population leveled off around 1970. In the western Mission, the Latino population actually began to decline around 1970, as many affluent young gays moved in from the adjoining Castro/Eureka Valley neighborhoods. Meanwhile, Sixteenth Street and upper Valencia Street developed a bohemian flavor, with cafes, art houses,



independent theaters, and bookstores, as well as several of the earliest lesbian and woman's culture institutions in San Francisco. In addition, the Mission tradition of public murals has expanded from individual oases of political art in the urban landscape, predominantly identified with Latino culture, to rivers of vibrant and powerful expressions of all kinds that fill alleys and cover complexes for the people of the Mission to appreciate.

Mural on the Women's Building (formerly the Mission Turnverein and Dovre Hall).
<http://www.womensbuilding.org/public/about/mural.html>

Property Types and Resource Registration

The revitalization of the Mission District through private and public reinvestment has generated significant new construction. Consistent with CRHR guidelines for resource evaluation, properties that are not yet more than fifty years old may still be evaluated as resources provided that their contexts are fully developed and well understood. However, properties that developed in the recent past are difficult to evaluate, since little time has passed with which to gain proper perspective of the period and its property types. This document does not provide for detailed evaluation of properties that developed within the recent time period. The specific contexts associated with recent properties warrant separate and focused development before registration requirements for recent properties can be established.

Nonetheless, it may be suggested that a recent cultural theme of significance in the Mission is that of woman's culture, linked to both Latino and lesbian roots. During the recent period of development, a number of commercial establishments and institutions along the upper Valencia Street corridor developed under that context and may be found to have significance. Also, the public mural phenomenon of political and artistic expressions layered upon the built environment has generated a vast array of visual spaces and vistas that merit evaluation for cultural significance.

ATTACHMENT 4

ATTACHMENT 4

ATTACHMENT 4

Topics:	Significant Impact Peculiar to Project or Project Site	Significant Impact not Identified in PEIR	Significant Impact due to Substantial New Information	No Significant Impact not Previously Identified in PEIR
3. CULTURAL AND PALEONTOLOGICAL RESOURCES—Would the project:				
a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5, including those resources listed in Article 10 or Article 11 of the San Francisco Planning Code?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Disturb any human remains, including those interred outside of formal cemeteries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Historic Architectural Resources

Pursuant to CEQA Guidelines Sections 15064.5(a)(1) and 15064.5(a)(2), historical resources are buildings or structures that are listed, or are eligible for listing, in the California Register of Historical Resources or are identified in a local register of historical resources, such as Articles 10 and 11 of the San Francisco Planning Code. The Eastern Neighborhoods PEIR determined that future development facilitated through the changes in use districts and height limits under the Eastern Neighborhoods Area Plans could have substantial adverse changes on the significance of both individual historical resources and on historical districts within the Plan Areas. The PEIR determined that approximately 32 percent of the known or potential historical resources in the Plan Areas could potentially be affected under the preferred alternative. The Eastern Neighborhoods PEIR found this impact to be significant and unavoidable. This impact was addressed in a Statement of Overriding Considerations with findings and adopted as part of the Eastern Neighborhoods Rezoning and Area Plans approval on January 19, 2009.

According to Planning Department review¹², the existing warehouse building proposed for demolition is not an historic resource under CEQA. No known historical events occurred in the building or property and none of the owners or occupants have been identified as important historical figures. While the building retains some features of mid-20th century industrial design, the building is not distinct such that it would qualify individually for listing in the California Register for Architecture. Therefore, the proposed project would not contribute to the significant historic resource impact identified in the Eastern Neighborhoods PEIR, and no historic resource mitigation measures would apply to the proposed project.

For these reasons, the proposed project would not result in significant impacts on historic architectural resources that were not identified in the Eastern Neighborhoods PEIR.

¹² See 2675 Folsom Street Historical Resource Evaluation, Page & Turnbull, May 28, 2105; and Preservation Team Review Form—2675 Folsom Street, August 31, 2015. These documents are available for public review as part of Case No. 2014.000601E at 1650 Mission Street, Suite 400, San Francisco, CA, 94103.



SAN FRANCISCO PLANNING DEPARTMENT

PRESERVATION TEAM REVIEW FORM

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Preservation Team Meeting Date:		Date of Form Completion:	8/31/2015
---------------------------------	--	--------------------------	-----------

PROJECT INFORMATION:		
Planner:	Address:	
E. Tuffy	2675 Folsom Street	
Block/Lot:	Cross Streets:	
3963 / 006, 007, 024	23rd Street & Treat Avenue	
CEQA Category:	Art. 10/11:	BPA/Case No.:
B		2014.000601E

PURPOSE OF REVIEW:			PROJECT DESCRIPTION:	
<input checked="" type="radio"/> CEQA	<input type="radio"/> Article 10/11	<input type="radio"/> Preliminary/PIC	<input type="radio"/> Alteration	<input checked="" type="radio"/> Demo/New Construction

DATE OF PLANS UNDER REVIEW:	April 30, 2015
------------------------------------	----------------

PROJECT ISSUES:	
<input type="checkbox"/>	Is the subject Property an eligible historic resource?
<input type="checkbox"/>	If so, are the proposed changes a significant impact?
Additional Notes:	
Demolition of a two-story light industrial building, initially constructed in 1952, and an adjacent surface parking lot. The subject property encompasses 3 city lots bounded by a former Southern Pacific railroad spur (now Parque Ninos Unidos). The replacement proposal is to construct a 117-unit residential development with a mid-block alley connecting Folsom St. & Treat Ave. Historic Resource Evaluation (dated May 28, 2015) completed by Page & Turnbull.	

PRESERVATION TEAM REVIEW:			
Historic Resource Present		<input type="radio"/> Yes	<input checked="" type="radio"/> No *
		<input type="radio"/> N/A	
Individual		Historic District/Context	
Property is individually eligible for inclusion in a California Register under one or more of the following Criteria:		Property is in an eligible California Register Historic District/Context under one or more of the following Criteria:	
Criterion 1 - Event: <input type="radio"/> Yes <input checked="" type="radio"/> No		Criterion 1 - Event: <input type="radio"/> Yes <input checked="" type="radio"/> No	
Criterion 2 - Persons: <input type="radio"/> Yes <input checked="" type="radio"/> No		Criterion 2 - Persons: <input type="radio"/> Yes <input checked="" type="radio"/> No	
Criterion 3 - Architecture: <input type="radio"/> Yes <input checked="" type="radio"/> No		Criterion 3 - Architecture: <input type="radio"/> Yes <input checked="" type="radio"/> No	
Criterion 4 - Info. Potential: <input type="radio"/> Yes <input checked="" type="radio"/> No		Criterion 4 - Info. Potential: <input type="radio"/> Yes <input checked="" type="radio"/> No	
Period of Significance: <input type="text" value="n/a"/>		Period of Significance: <input type="text" value="n/a"/>	
		<input type="radio"/> Contributor <input type="radio"/> Non-Contributor	

Complies with the Secretary's Standards/Art 10/Art 11:	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A
CEQA Material Impairment:	<input type="radio"/> Yes	<input checked="" type="radio"/> No	
Needs More Information:	<input type="radio"/> Yes	<input checked="" type="radio"/> No	
Requires Design Revisions:	<input type="radio"/> Yes	<input type="radio"/> No	
Defer to Residential Design Team:	<input checked="" type="radio"/> Yes	<input type="radio"/> No	

* If No is selected for Historic Resource per CEQA, a signature from Senior Preservation Planner or Preservation Coordinator is required.

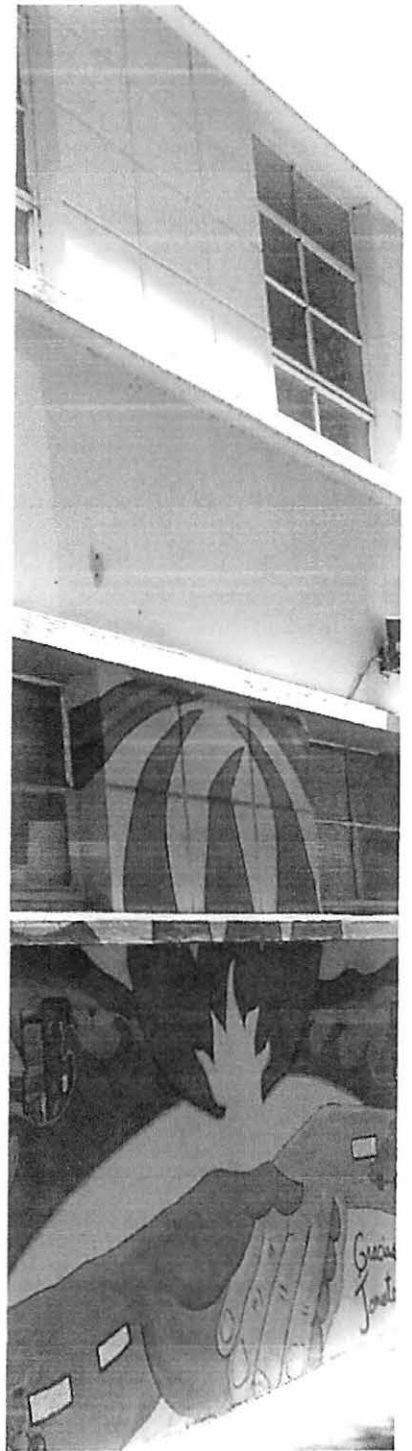
PRESERVATION TEAM COMMENTS:	
<p>According to the Historic Resource Evaluation (HRE) prepared by Page & Turnbull (dated May 28, 2015) and information in the Planning Department files, the subject property at 2675 Folsom Street contains a two-story, steel frame and concrete light industrial building constructed in 1952 (source: Assessor's Office). No known architect was responsible for the design. The original occupant for the first 4 years was the Cherry-Burrell Co., which produced equipment for the dairy industry. Subsequent owner/occupants included an engineering supplies company, Keuffel & Esser, and the Comstock Electrical Contractors. The current use is surplus restaurant equipment sales. The northernmost portion of the subject property previously contained two residential structures that fronted onto Folsom Street; however, they were demolished around the time of the existing building's construction.</p> <p>The front portion of the existing building contains offices, while the rear is a warehouse space with wood ceiling trusses. Known alterations include the 1957 additions of a 1,300s.f. carport, a room within the warehouse, office alterations and a 15-foot tall company sign. The glass block and primary facade window alterations are thought to date from this period as well. The painted mural on the Folsom Street elevation was recently completed in 2011-2012. While the topic of the mural is the achievements of the neighboring Jamestown Community Center, that organization otherwise has no connection to the subject property.</p> <p>No known historic events occurred at the subject property (Criterion 1). None of the owners or occupants have been identified as important to history (Criterion 2). While the building retains some characteristic features of mid-20th century industrial design, such as the 2nd floor metal sashes and their enframing concrete trim detail, the building is not distinct such that it would qualify individually for listing in the California Register for Architecture (Criterion 3).</p> <p>Upon review of the surrounding context, particularly the subject property's relationship to the historic industrial uses along this stretch of the former Southern Pacific Railroad line (abandoned in 1942), the report indicates the dairy-related use is not thematically linked to other light industry buildings in the area, which were predominantly tied to the building materials & supply trade. Therefore the subject property is not eligible for listing in the California Register under any criteria individually or as part of an historic district.</p>	
Signature of a Senior Preservation Planner / Preservation Coordinator:	Date:

SAN FRANCISCO
PLANNING DEPARTMENT

2675 FOLSOM STREET
HISTORIC RESOURCE EVALUATION

SAN FRANCISCO, CALIFORNIA
[15081]

PREPARED FOR:
AXIS DEVELOPMENT GROUP



PAGE & TURNBULL

imagining change in historic environments through design, research, and technology

MAY 28, 2015

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I. INTRODUCTION

This Historic Research Evaluation has been prepared at the request of Axis Development Group for the building at 2675 Folsom Street, a two-story light industrial building in the Mission District of San Francisco. The property was constructed in 1952 and occupies two parcels (APN 3939/006 and 3630/007), which together form a 32,672 sq. ft., irregularly shaped through-lot on the east side of Folsom Street just north of 23rd Street and with a small frontage on Treat Avenue.¹ The property is zoned RH3- Residential, House, Three Family, and UMU-Urban Mixed Use.

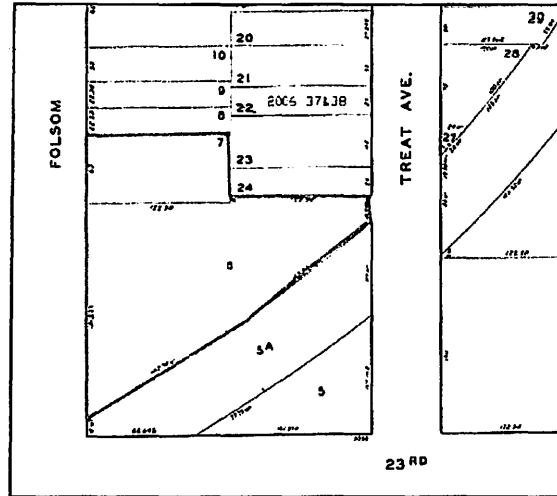


Figure 1. Assessor's parcel map with 2675 Folsom Street outlined in red.
Source: San Francisco Assessor's Office, 2015. Edited by author.

METHODOLOGY

This report follows the San Francisco Planning Department's outline for Historic Resource Evaluation Reports, and provides a building description, historic context, and an examination of the current historic status for the building at 2675 Folsom Street. The report also includes an evaluation of the property's eligibility for listing in the California Register of Historical Resources (California Register).

Page & Turnbull prepared this report using research collected at various local repositories, including the San Francisco Assessor's Office, the San Francisco Department of Building Inspection, and the San Francisco Public Library, as well as various online sources including www.ancestry.com and the California Digital Newspaper Collection. Key primary sources consulted and cited in this report include Sanborn Fire Insurance Company maps, City of San Francisco Building Permit Applications, Assessor's Office records, historical newspapers, and San Francisco City Directories. All photographs in this report were taken by Page & Turnbull in April 2015 unless otherwise noted.

SUMMARY OF FINDINGS

2675 Folsom Street does not appear to be historically or architecturally significant and is therefore not eligible for listing in the California Register of Historical Resources. For this reason, 2675

¹ A proposed project at the site includes 970 Treat Avenue (APN 3939/024). This lot is vacant and does not warrant a historic resource evaluation.

Folsom Street does not qualify as a historic resource for the purposes of review under the California Environmental Quality Act (CEQA).

II. EXISTING HISTORIC STATUS

The following section examines the national, state, and local historical ratings currently assigned to the building at 2675 Folsom Street.

NATIONAL REGISTER OF HISTORIC PLACES

The National Register of Historic Places (National Register) is the nation's most comprehensive inventory of historic resources. The National Register is administered by the National Park Service and includes buildings, structures, sites, objects, and districts that possess historic, architectural, engineering, archaeological, or cultural significance at the national, state, or local level.

2675 Folsom Street is not currently listed in the National Register of Historic Places.

CALIFORNIA REGISTER OF HISTORICAL RESOURCES

The California Register of Historical Resources (California Register) is an inventory of significant architectural, archaeological, and historical resources in the State of California. Resources can be listed in the California Register through a number of methods. State Historical Landmarks and National Register-listed properties are automatically listed in the California Register. Properties can also be nominated to the California Register by local governments, private organizations, or citizens. The evaluative criteria used by the California Register for determining eligibility are closely based on those developed by the National Park Service for the National Register of Historic Places.

2675 Folsom Street is not currently listed in the California Register of Historical Resources.

SAN FRANCISCO CITY LANDMARKS

San Francisco City Landmarks are buildings, properties, structures, sites, districts, and objects of "special character or special historical, architectural or aesthetic interest or value and are an important part of the City's historical and architectural heritage."² Adopted in 1967 as Article 10 of the City Planning Code, the San Francisco City Landmark program protects listed buildings from inappropriate alterations and demolitions through review by the San Francisco Landmarks Preservation Advisory Board. These properties are important to the city's history and help to provide significant and unique examples of the past that are irreplaceable. In addition, these landmarks help to protect the surrounding neighborhood development and enhance the educational and cultural dimension of the city.

2675 Folsom Street is not currently designated as a San Francisco City Landmark. Furthermore, 2675 Folsom Street does not fall within the boundaries of any locally-designated historic districts or conservation districts, and does not appear to have been included in any local historic resource surveys.

CALIFORNIA HISTORICAL RESOURCE STATUS CODE

Properties listed or under review by the State of California Office of Historic Preservation are assigned a California Historical Resource Status Code (Status Code) of "1" to "7" to establish their historical significance in relation to the National Register of Historic Places (National Register or

² San Francisco Planning Department, *Preservation Bulletin No. 9 – Landmarks*. (San Francisco, CA: January 2003).

NR) or California Register of Historical Resources (California Register or CR). Properties with a Status Code of “1” or “2” are either eligible for listing in the California Register or the National Register, or are already listed in one or both of the registers. Properties assigned Status Codes of “3” or “4” appear to be eligible for listing in either register, but normally require more research to support this rating. Properties assigned a Status Code of “5” have typically been determined to be locally significant or to have contextual importance. Properties with a Status Code of “6” are not eligible for listing in either register. Finally, a Status Code of “7” means that the resource has not been evaluated for the National Register or the California Register, or needs reevaluation.

As of 2012, 2675 Folsom Street was not listed in the California Historic Resources Information System (CHRIS) database with any status code. However, it was included in the South Mission Survey and assigned a status code of “7R” meaning “Identified in Reconnaissance Level Survey: Not Evaluated.”

1976 DEPARTMENT OF CITY PLANNING ARCHITECTURAL QUALITY SURVEY

The 1976 Department of City Planning Architectural Quality Survey (1976 DCP Survey) is what is referred to in preservation parlance as a “reconnaissance” or “windshield” survey. The survey looked at the entire City and County of San Francisco to identify and rate architecturally significant buildings and structures on a scale of “-2” (detrimental) to “+5” (extraordinary). No research was performed and the potential historical significance of a resource was not considered when a rating was assigned. Buildings rated “3” or higher in the survey represent approximately the top two percent of San Francisco’s building stock in terms of architectural significance. However, it should be noted here that the 1976 DCP Survey has come under increasing scrutiny over the past decade due to the fact that it has not been updated in over twenty-five years. As a result, the 1976 DCP Survey has not been officially recognized by the San Francisco Planning Department as a valid local register of historic resources for the purposes of the California Environmental Quality Act (CEQA).

2675 Folsom Street is not listed in the 1976 DCP Survey.

SOUTH MISSION SURVEY

The South Mission Survey was conducted by City of San Francisco Planning Department staff with assistance from Page & Turnbull. It was conducted as one of several planning studies that is used to inform the implementation of the Mission Area Plan. The South Mission Survey documented and assessed approximately 3,800 individual buildings, including nearly 1,000 individual historic properties and contributors to 13 historic districts. The South Mission Survey was bounded approximately by 20th Street to the north, Cesar Chavez Street to the south, Potrero Avenue to the east, and Guerrero Street to the west. The South Mission Survey was adopted by the Historic Preservation Commission on November 17, 2011.

2675 Folsom Street was included in the South Mission Survey and assigned a status code of “7R” meaning “Identified in Reconnaissance Level Survey: Not Evaluated.” A State of California Department of Parks and Recreation Primary Record (DPR A) form was completed for the property, which included a brief description of the property, but did not include property-specific research or an evaluation of historic significance. The DPR A form for 2675 Folsom Street is included in **Appendix A**.

III. BUILDING AND PROPERTY DESCRIPTION

SITE

2675 Folsom Street is located on two adjacent lots on the east side of Folsom Street just north of between 22nd Street and 23rd Street. The irregularly shaped property is just north of 23rd Street and extends east through the block to have a small frontage on Treat Avenue (**Figure 2**). The building is located on the larger, southern lot (APN 3939/006) while the smaller, northern lot (APN 3630/007) includes an attached wood parking shelter. The building and the parking structure occupy approximately 75 percent of their lots, the remainder of which is paved in asphalt and currently used for parking and storage of restaurant supplies. The lot is generally level, and the southern perimeter of the lot is diagonal, reflecting a former rail line. Due to this diagonal lot line, the lot has 242 feet of frontage on Folsom Street and just 15 feet of frontage at Treat Avenue.

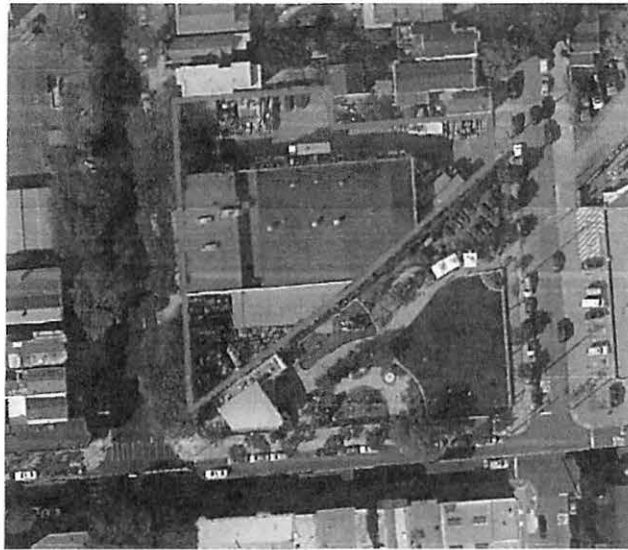


Figure 2: Aerial view of site, outlined in red. North is up. Source: Bing Maps, 2015, edited by author.

EXTERIOR

The building at 2675 Folsom Street is of steel frame and concrete construction and clad in both concrete and areas of smooth stucco. The front (west) portion of the building is two stories with a flat roof, while the rear (east) portion of the building is one tall story with a low-pitched barrel roof. The front portion of the building, which represents approximately 25 percent of the depth of the building, served as the offices when constructed and continues to do so. The remainder of the building served as production and warehouse space, and includes an open interior space with wood trusses at the roof. This area is currently used as warehouse space. The building has a rectangular footprint, but the southeast corner is clipped, reflecting the diagonal lot line.

Primary (West) Façade

The primary façade faces west onto Folsom Street and sits flush with the lot line and the sidewalk (**Figure 3**). At the first story, the primary entrance is located at far right (south) and consists of a pair of aluminum frame leaf doors and glazed side lights set within a fully glazed recess secured by an iron

gate and with a glazed transom (**Figure 4**). An additional pedestrian entrance, a metal hollow-core door, is located left (north) of center. First story windows include a large glass block window left of the primary entrance; four horizontally oriented, four-light, metal sash fixed and awning windows at center; and two two-light metal sash awning windows left of the pedestrian entrance (**Figure 5**). A bezeled frame groups the metal sash windows, which are placed high on the first story and have stucco score lines between the windows that align with the window mutins. The first story includes a mural painted in 2011-2012 that commemorates the achievements of the Jamestown Community Center.



Figure 3: Primary (west) facade, facing southeast.



Figure 4: Primary entrance and portions of the 2012 mural, facing east.



Figure 5: First story windows and portions of the 2012 mural, facing east.

At the second story, at right (south) there is a six-light aluminum sash fixed and awning window group, and a large fixed aluminum sash window. These two windows are aligned with the primary entrance and glass block window at the first story, and are linked by a large grid of raised aluminum

ribs (**Figure 6**). Additional windows at the second story include four eight-light metal sash fixed and awning windows at center, and three four-light metal sash fixed and awning windows at left. The area of the façade between these windows is scored in large squares that align with the window mutins. A bezeled frame groups the metal sash windows, which also extends to create a larger bezeled frame with the first-story metal sash windows. A recessed stucco band is between the first- and second-story windows within the larger frame that visually connects all of the windows at the center and left of the façade. The primary façade terminates with a slim flat molding and a flat roofline.

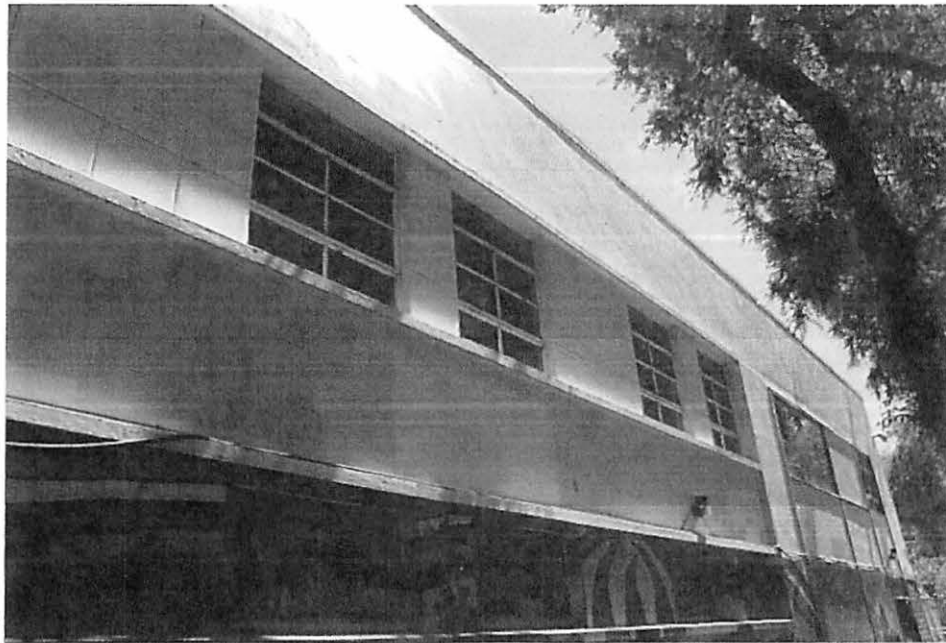


Figure 6: Second story windows, middle and right (south) side, facing southeast.

North Façade

The north façade of the building includes no fenestration at the two-story front section of the building, which is scored in large squares and includes painted letters reading “Dutro Mat Mfg. Co” (**Figure 7**). A one-story parking shelter is attached to the two-story section of the north façade, set back from the lot line approximately eight feet. The resulting paved front yard area is enclosed by a chain link fence (**Figure 8**). The parking structure is open at all sides, constructed of dimensional lumber and supported by steel posts. Below the roof of the parking structure there is a broad cornice of vertical board and batten siding. The height of the parking structure steps up at its northern end approximately four feet.

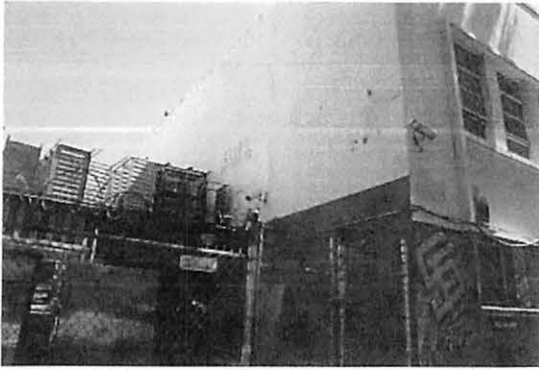


Figure 7: North facade, front two-story section with parking structure attached, facing southeast.



Figure 8: Parking structure, facing east.

At the rear portion of the north facade, the stucco cladding of the one-story warehouse portion of the building is vertically scored at intervals that express the structural framing members; this is the typical treatment on all façades of the warehouse portion. A hollow core metal door is located at far right (west) (Figure 9). The door is accessed via a short concrete step and has a small concrete stoop, sheltered by a flat roof supported by steel posts. There is no other fenestration at the north façade of the warehouse portion of the building, against which large restaurant supplies are currently stored (Figure 10).



Figure 9: North facade entrance, facing south.

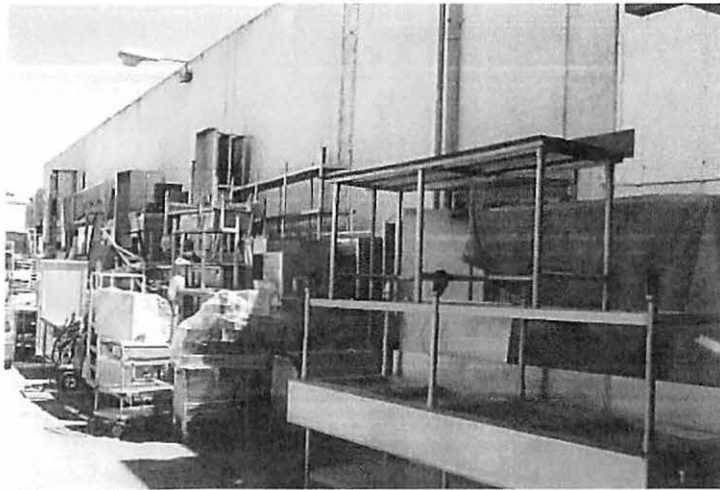


Figure 10: Partial view of north facade of the one-story warehouse section, facing southeast.

South Facade

The south façade faces onto a paved area of the lot at left (west), and abuts the diagonal lot line at right (east), beyond which is the city park Parque Ninos Unidos. The far right portion of the façade expresses the clipped corner footprint of the building, in response to the diagonal lot line.

At the left, two-story office portion of the building, there are three four-light metal sash fixed and awning windows at the first story, and two eight-light metal sash fixed and awning windows at the second story (**Figure 11**). At the one-story warehouse portion of the building, there is a metal roll-up door at left (**Figure 12**), and approximately five to seven multi-light metal sash fixed and awning windows at center and right, covered by metal grates and nearly completely overgrown with vines. A flat-roof shade structure supported by steel posts is attached to the center portion of the south façade. It currently shelters the roll-up door and restaurant equipment. The façade's clipped southeast corner of the building is clad in scored concrete (**Figure 13**).



Figure 11: South facade, facing northeast.

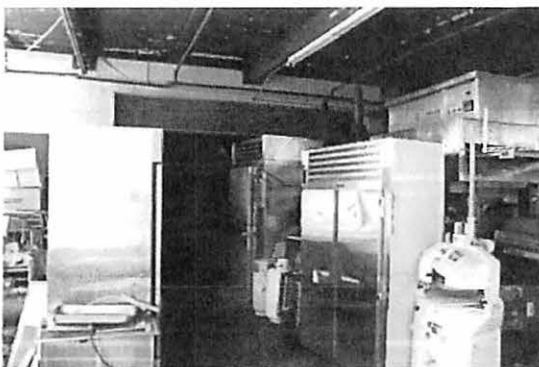


Figure 12: Metal roll-up door, south facade, facing north.

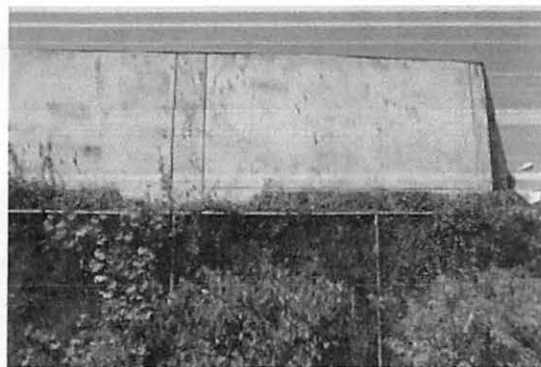


Figure 13: Clipped southeast corner façade with scored concrete cladding, facing northwest.

Rear (East) Façade

The rear (east) façade faces onto a paved portion of the lot and Treat Avenue beyond (**Figure 14**). At right (north) there is a paneled wood door above grade, accessed via a short concrete stair and stoop, with metal pipe railings. There are three multi lite metal sash fixed and awning window groups at the rear façade, all covered by metal mesh. The façade terminates with a flush roofline.



Figure 14: Rear (east) facade, facing west.

Interior

At the interior of the building, the two-story portion of the building is configured into offices, many with large fixed interior windows. Doors are wood, and the fixtures appear to date from the 1960s and 1970s renovations outlined in the permit record below. The lobby at the primary entrance includes an open riser metal stair that leads to the second story (**Figure 15**).

At the warehouse portion of the building, the interior is one large open space. At the barrel roof, wood ribs and bowstring trusses are visible (**Figure 16**). Wooden storage racks are built along the north wall. All interior spaces are currently used to store restaurant equipment.

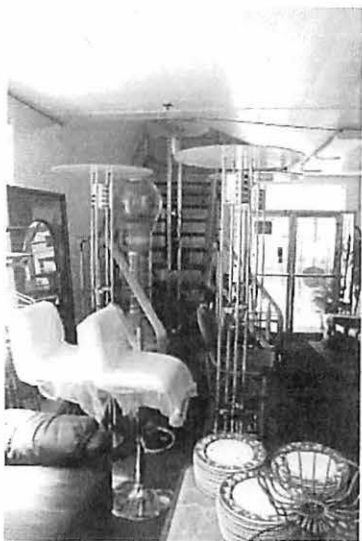


Figure 15: Entrance lobby with stair, first story, facing west.



Figure 16: Warehouse portion of the building, facing northeast.

SURROUNDING NEIGHBORHOOD

2675 Folsom Street is located in a section of the Mission District that is characterized by mixed uses (Figure 17). Residential single-family and multi-unit buildings are located along the 2600 block of Folsom Street as well as the 900 block of Treat Avenue. These residential buildings were constructed primarily in the 1860s-1890s and are primarily Italianate in design, with some Edwardian, Craftsman, and later Contractor Modern multi-unit buildings. There are several light industrial use buildings nearby on Treat, 23rd, and Harrison streets, likely related to the defunct rail line that runs southwest through these blocks. Open space of Parque Ninos Unidos is located directly south of the subject property. Cesar Chavez Elementary School is located at 825 Shotwell Street, west of the subject property.

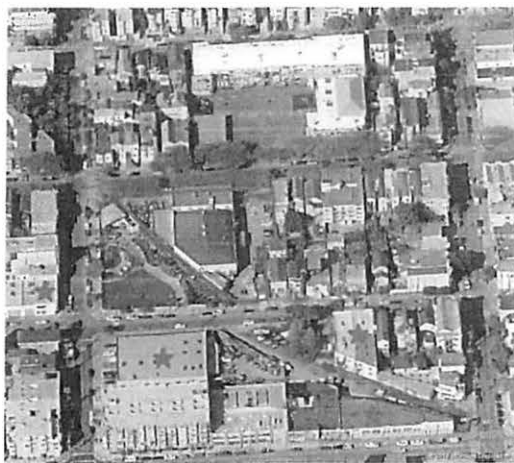


Figure 17: Aerial photograph of 2675 Folsom Street (outlined in red) and surrounding area. Light industrial buildings are indicated by red stars. The diagonal trace of the defunct rail line can be seen rising from right to left. Cesar Chavez Elementary School is the large building at top center. The remainder of buildings are residential. North is to the right. Source: Bing Maps, edited by author.

IV. HISTORIC CONTEXT

EARLY SAN FRANCISCO HISTORY

European settlement of what is now San Francisco took place in 1776 with the simultaneous establishment of the Presidio of San Francisco by representatives of the Spanish Viceroy, and the founding of Mission San Francisco de Asis (Mission Dolores) by the Franciscan missionaries. The Spanish colonial era persisted until 1821, when Mexico earned its independence from Spain, taking with it the former Spanish colony of Alta California. During the Mexican period, the region's economy was based primarily on cattle ranching, and a small trading village known as Yerba Buena grew up around a plaza (today known as Portsmouth Square) located above a cove in San Francisco Bay. In 1839, a few streets were laid out around the plaza, and settlement expanded up the slopes of Nob Hill.

During the Mexican-American War in 1846, San Francisco was occupied by U.S. military forces. The following year, the village was renamed San Francisco, taking advantage of that name's association with the bay. Around the same time, a surveyor named Jasper O'Farrell extended the original street grid, while also laying out Market Street from what is now the Ferry Building to Twin Peaks. Blocks north of this then-imaginary line were laid out in small 50-*vara* square blocks whereas blocks south of Market were laid out in larger 100-*vara* blocks.³

The discovery of gold at Sutter's Mill in 1848 brought explosive growth to San Francisco, with thousands of would-be gold-seekers making their way to the isolated outpost on the edge of the North American continent. Between 1846 and 1852, the population of San Francisco mushroomed from less than one thousand people to almost 35,000. The lack of level land for development around Portsmouth Square soon pushed development south to Market Street, eastward onto filled tidal lands, and westward toward Nob Hill. At this time, most buildings in San Francisco were concentrated downtown, and the outlying portions of the peninsula remained unsettled throughout much of the late nineteenth century.

With the decline of gold production during the mid-1850s, San Francisco's economy diversified to include agriculture, manufacturing, shipping, construction, and banking.⁴ Prospering from these industries, a new elite class of merchants, bankers, and industrialists arose to shape the development of the city as the foremost financial, industrial and shipping center of the West.

MISSION DISTRICT HISTORY

The sunny climate and lush estuaries of what is now the Mission District (the Mission) historically sustained Ohlone villages. In 1776, Father Francisco Palou founded Mission Dolores on the banks of what the Spanish explorers had named Laguna de Manatí. Mission Dolores still stands at the southwest corner of Dolores and Sixteenth Streets, serving as the cultural heart of the neighborhood. After the Mexican government secularized the California missions in 1833, what is now the Mission District passed into the hands of several prominent Californio families. These ranching families, the Sanchezes, Noes, Guerreros and Valencias, remain memorialized by street names in the district.

In 1850, a financier named Charles L. Wilson constructed a plank toll road along the route of Mission Street between downtown and Sixteenth Street. The toll road provided the first reliable route

³*Vara* is derived from an antiquated Spanish unit of measurement. A *vara* measured roughly 2.78 feet or 33-1/3 inches.

⁴Rand Richards, *Historic San Francisco. A Concise History and Guide* (2001): 77.

from Yerba Buena Cove to the settlement around Mission Dolores. Soon after the completion of the plank road, San Francisco annexed the land now comprising the Mission District as part of the Consolidation Act of 1856. One by one, the Mexican-American ranchos fell into the hands of Anglo speculators who subdivided them into house lots.

Throughout the second half of the nineteenth century, transportation between downtown San Francisco and the Mission District steadily improved. By 1867, there were several horse-drawn omnibus lines operating between downtown and Mission Dolores, as well as a steam railroad line running along Harrison Street. Ease of access, abundant vacant land and a balmy climate also led to the development of several recreational and amusement facilities in the Mission.

Residential development grew apace. Following the arrival of effective mass transit, speculators began to plat the district, laying out a grid of streets as far south as what is now Cesar Chavez Street (previously Army Street). Large-scale development in the vicinity was carried out by major real estate companies such as The Real Estate Associates. This firm, as well as several others, constructed thousands of dwellings during the 1860s and the 1870s in the Mission, often developing entire blocks at a time.

The 1886 Sanborn Fire Insurance Company map indicates that large portions of the Mission District were already built out by this time. Although the occasional farmstead with barn and tankhouse survived intact on some blocks, the prevailing condition was that of dense rows of two-story flats along the major north-south streets like Valencia and Mission, and smaller one-story cottages and commercial buildings along the smaller alleys and numbered east-west streets.

The 1906 Earthquake and Fire converted the Mission District into a thoroughly urban industrial and predominantly working-class district. Despite the heavy damage, almost two-thirds of the Mission District escaped relatively undamaged. Many downtown businesses destroyed in the conflagration relocated to Mission Street. Thousands of working-class immigrants dislocated from the South of Market District also moved into the Mission. Many of these earthquake refugees rented or used insurance settlements to rebuild in the Mission. Meanwhile, older middle-class residents began to sell and move to greener pastures in the Western Addition or Pacific Heights.

A substantial portion of the new residents of the Mission were either Irish-born immigrants or their children. Most were employed in working-class occupations. Many men worked as teamsters, carpenters or longshoremen and the women were often employed as domestic servants in the homes of the wealthy. Union activism remained high in the Mission District throughout the first half of the twentieth century. Outside of work the "Mission Irish," as they came to be known throughout the city, created a cohesive ethnic community in the Mission with its own insular culture, churches, bars, union halls, groceries and funeral parlors.

The Mission District developed its own downtown along Mission Street after 1906. This district was called the "Mission Miracle Mile" and it developed along Mission Street between Sixteenth and Twenty-Fourth streets and to a lesser extent along major side streets such as Valencia. Many downtown department stores operated Mission branches long after downtown was reconstructed. The Mission District developed its own commercial and banking institutions and its own entertainment district comprised of at least a dozen motion picture palaces and vaudeville houses, including the El Capitan, Tower, Grand, New Lyceum, Rialto and the colossal 3,000-seat New Mission Theater. The neighborhood enjoyed a considerable amount of political clout following the

election of native son Mayor “Sunny Jim” Rolph in 1911, and began to attract a considerable number of major public works projects including new streetcar lines, libraries and schools.

The Mission District thrived as a self-contained predominantly Irish-American ethnic community until well after the Second World War. The war took thousands of local men out of the neighborhood to fight in Europe and the South Pacific and put many local women to work in local industries. After the war, many returning GIs took advantage of low-interest home loans included in the GI Bill, and left the cramped and aging Victorian flats of the Mission for newly developed housing tracts in the Sunset and Parkside districts of San Francisco, and Marin County and the Peninsula.

As the Irish-Americans left the Mission, they were gradually replaced by Mexican, Salvadoran and Nicaraguan immigrants. From the 1950s to the present, the continued influx of immigrants from these countries transformed the Mission into San Francisco’s largest predominantly Latino neighborhood. Department stores and theaters along Mission Street that once catered to the Irish-American residents were converted into shops and community institutions serving the Latino community. Murals commemorating Latino history and culture transformed walls and fences into vivid public art.

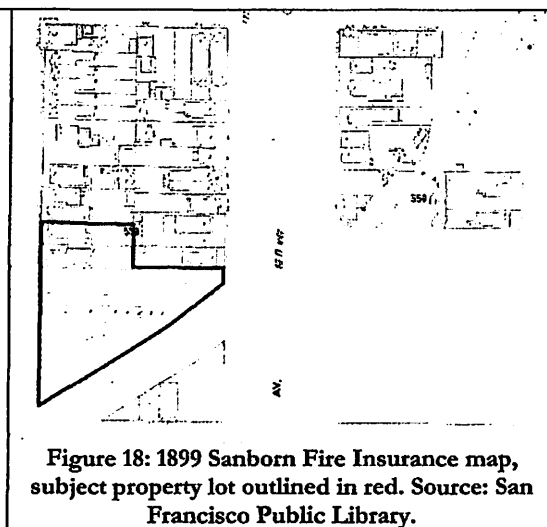
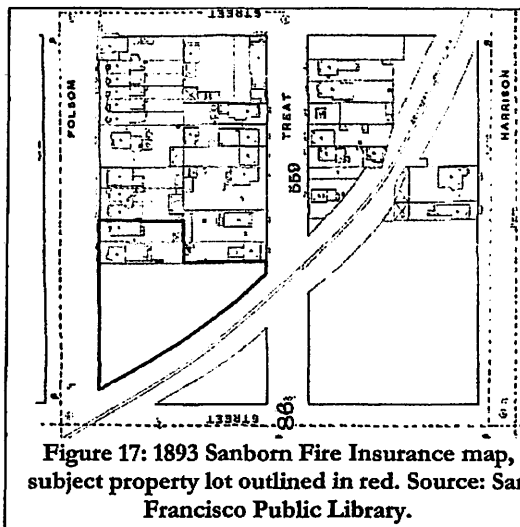
During the 1980s and 1990s, the Mission continued to evolve, as artists and others were attracted to the neighborhood’s inexpensive rents and vibrant cultural scenes. This evolution has continued in the past two decades, during which time some of the area’s formerly industrial and light-industrial buildings have changed to digital technology and multi-media workplaces, and new multi-unit residential construction has occurred, creating more units of housing in the area.

V. PROJECT SITE HISTORY

SITE DEVELOPMENT

The building at 2675 Folsom Street was constructed in 1952. Prior to this time, APN 3939/006 served as a storage yard for J. H. Kruse Lumber Company from 1896 through the 1930s. Kruse sold wood, coal, hay and grain at several other locations in the Mission beginning in 1875, and began to use the subject lot as a lumber storage yard in 1896.

In the 1893 Sanborn Fire Insurance map, APN 3939/006 is vacant while APN 3939/007 included two lots, each with a two story residential dwelling (**Figure 17**). In 1899, the Sanborn map shows J. H. Kruse lumber piles at APN 3939/006, and a new two story residential flats building at the north half of APN 3939/007, while the dwelling at the south half of APN 3939/007 has been reconfigured to include flats as well (**Figure 18**).

[illegible]

In a 1938 aerial photograph, the lumber piles at APN 3939/006 are visible, as well as the two residential buildings at APN 3939/007 (**Figure 20**). A small triangular building is located at the southwest corner of APN 3939/006. The larger Kruse yard on the east side of Treat Avenue appears to have undergone some change with the addition of two large buildings at the middle of the site and

along Harrison Street. It is not known if these buildings were affiliated with Kruse, but there does still appear to be a lumber storage yard at the northwest intersection of Harrison and 23rd streets.



Figure 20: 1938 aerial photograph by Harrison Ryker, subject property outlined in red. Source: David Rumsey Historical Map Collection.

Beginning in 1940, Kruse's lumber operation was no longer listed at Treat Avenue, and by the mid-1940s the planning mill on the east side of Treat Avenue was being used by Eureka Mills, maker of sashes, doors and moldings. In 1942, Southern Pacific Railroad ended freight service on the diagonal track located at the southeast perimeter of the subject lot.⁵ By 1950, APN 3939/006 was vacant with no structures or indication that it was associated with Eureka Mill (**Figure 21**). The surrounding area appears to have hosted a cluster of building materials-related uses, including San Francisco Materials Co. on 23rd Street at the current day site of Parque Ninos Unidos; the Eureka Mill building on Treat Avenue; a roofing warehouse at the interior of the Treat Avenue block; and a building material warehouse on Harrison Street. The two residential buildings at APN 3939/007 were still in place in 1950.

⁵ San Francisco Planning Department, "City Within a City: Historic Context Statement for San Francisco's Mission District" November 2007, 78.

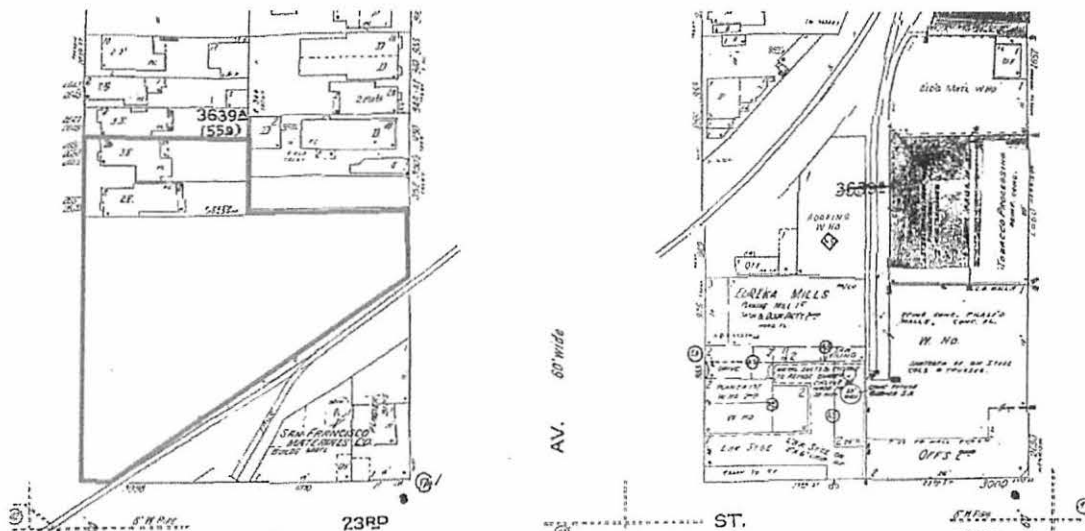


Figure 21: 1950 Sanborn Fire Insurance map, subject property lot outlined in red. Source: San Francisco Public Library.

The original building permit and the original plans for 2675 Folsom Street are not on file with the San Francisco Department of Building Inspection. The San Francisco Assessor's office lists the construction date of the building as 1952. The first known occupant of 2675 Folsom Street was the Cherry-Burrell Company, a dairy equipment company. In 1951 the company was listed in the San Francisco City Directory at 777 Folsom Street, and in 1953 they were listed at 2675 Folsom Street (there is no 1952 City Directory available online). It is not known if the residential buildings at APN 3939/007 were demolished in advance of the 1952 construction of 2675 Folsom Street, but their addresses are not listed in the City Directories after 1953, suggesting that they were. However, the parking structure that is currently located on APN 3939/007 was not constructed until 1957.

No historic photographs of 2675 Folsom Street have been found after extensive research. However, the building permit record indicates that changes were made to the building's primary façade in 1957, directly after the building was purchased by the New York-based survey instrument manufacturing company Keuffel & Esser. These alterations were designed by the architectural firm of Raad & Zahm. Although no plans for these changes are on record at the Department of Building Inspection, the alterations appear to have been made to the right (south) side of the façade, including the primary entrance, glass block window at the first story, and the corresponding second story windows. These features differ in material and configuration from the fenestration at the remainder of the façade. Additional changes made to the building in 1957 to accommodate the new occupants include the construction of the parking structure at 3939/007, alteration of the offices at the first and second floor, construction of a new room in the warehouse, and the installation of two signs on the exterior of the building.

Another round of interior alterations were made to the office portion of the building in 1972, to accommodate the needs of new occupants, the Electrical Contracting division of Consolidated Comstock Companies, Inc. Plans for these alterations describe a first floor with ladies lounge, receptionist's desk, purchasing department, and steno and payroll rooms. The second floor had an engineering drawing room, office, lunchroom, storage, western regional manager's office, and conference room. Other than reroofing, no other alterations appear to have taken place at the building after 1972. The most current Sanborn Map, updated to the mid-1990s, shows the footprint

of the building as it stands now, including the wood parking structure at APN 3939/007 and the flat-roof shade shelter at the south side of the building that was constructed at an unknown date (Figure 22). Parque Ninos Unidos was constructed south of the subject property within the past ten years, replacing the defunct Southern Pacific Railroad tracks. East of Treat Avenue, the Kruse mill building was replaced by a one story warehouse building in 1964.

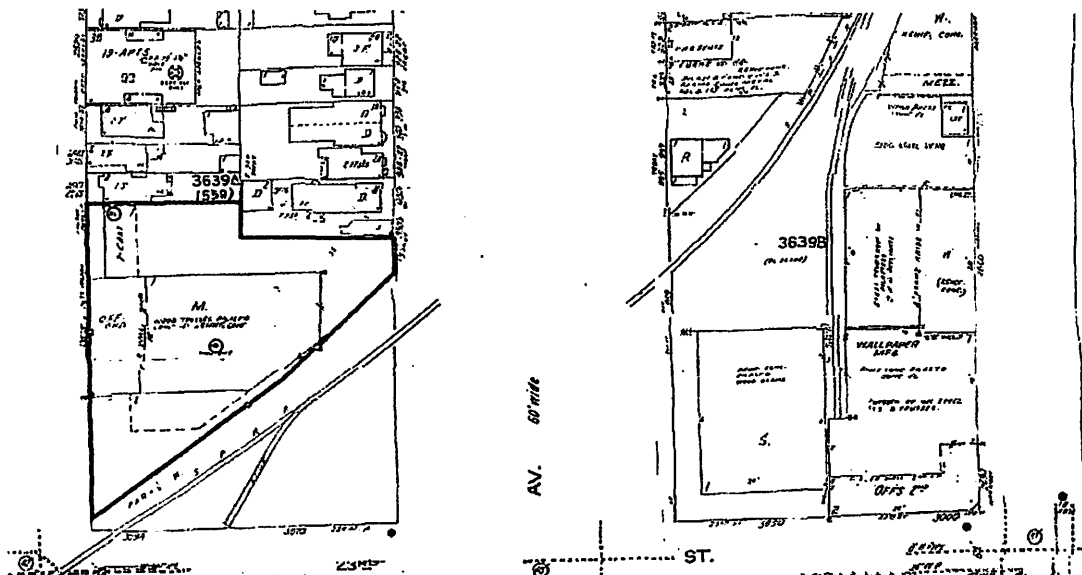


Figure 22: Contemporary Sanborn Fire Insurance map, updated to the mid-1990s, subject property lot outlined in red. Source: San Francisco Online Property Information Map.

The subject building has a mural at the first story of the primary (west) façade that was painted by students of Cesar Chavez Elementary School in 2011-2012 (see Figures 3, 4).⁶ The mural commemorates the mission and the achievements of the Jamestown Community Center, which is located several blocks southwest at 3382 26th Street. Jamestown Community Center has never been located or offered community services in the subject building.

CONSTRUCTION CHRONOLOGY

The following provides a timeline of construction activity at 2675 Folsom Street, based on documented building permits for 2675 Folsom Street. Original building permits or drawings are not on file with the San Francisco Department of Building Inspection. The San Francisco Assessor lists the construction date for the building as 1952.

Date	Permit Number	Owner	Scope of Alterations
June 22, 1957	179350	Keuffel & Esser	Permit to erect a one story, 10 ft. wide, carport totaling 1300 sq. ft. Architect: Raad & Zahm Contractor: Barrett Construction Co.

⁶ Correspondence between author and Myrna Melgar, Executive Director, Jamestown Community Center, on May 2, 2015.

Date	Permit Number	Owner	Scope of Alterations
June 24, 1957	179349	Keuffel & Esser	Construction of one-hour fire resistive concrete partitions at furnaces, alter offices at first and second floor, build new room in warehouse, and alter front. Architect: Raad & Zahm Contractor: Barrett Construction Co. Engineer: Robinson & Giddings
September 10, 1957	180891	Keuffel & Esser	Permit to erect sign, metal channel letters, stationary, single face sign on each end of building, individual letters fastened to building, reading "K & E." 3 inches thick, 4.8 feet long and 2.6 ft tall. Contractor: Brumfield Elec. Sign. Co.
October 28, 1957	182794	Keuffel & Esser	Permit to erect a sign, single face stationary sign, and raised block metal letters to read "Keuffel & Esser". Dimension are to be 2 inches by one foot by fifteen feet, weight is 90 lbs.
December 7, 1967	314826	Keuffel & Esser	Remove plywood and bat and boards on front of shed, install 4x12 header and 3" pipe supports. Install chair lift, fence where existing boards were. Contractor: Joe W. Bradshaw
December 29, 1972	379205	Don Roberts	Change interior partitions as per plans. Plans describe first floor with ladies lounge, receptionist's desk, purchasing department, and steno and payroll rooms. The second story includes large open engineering drawing room, office, lunchroom, storage, western regional manager's office, and conference room. Plans drawn for Consolidated Comstock Companies, Inc. Engineering Division, no architect listed.
December 9, 1991	688092	Jack Dutro	Remove two old roofs, install new roof
March 19, 1999	874312	Jack Dutro	Replace roof.
January 19, 2010	1203262	John Dutro	Install communicator for existing water flow for monitoring smoke detector and manual pull. Contractor: SF Fire.

No additional unpermitted exterior alterations were noted during a site visit in April 2015.

OWNERSHIP AND OCCUPANT HISTORY

2675 Folsom Street was first owned and occupied by the Cherry-Burrell Corporation, makers of dairy and creamery machinery, equipment, and supplies. Cherry-Burrell Corporation was formed in 1928 after the J. C. Cherry Company of Cedar Rapids, Iowa merged with six other nationally known manufacturing companies producing dairy machinery and supplies.⁷ Cherry-Burrell Company was located at 461 Market Street in 1935, a downtown location that presumably just served as their office. By 1942, the company was at 777 Folsom Street. In 1953 they were listed in the City Directory at

⁷ "Dairy Machinery and Supply Firms Merge", *San Francisco Chronicle*, July 13, 1928,

2675 Folsom Street, where they remained until 1956. After 1956, the firm moved to 2132 Palou Avenue, in the Bayshore neighborhood, an area that was becoming the city's new industrial and manufacturing district at that time. Cherry-Burrell still operates, although not independently: the company merged with another company, Waukesha, which was acquired by United Dominion, and later acquired again by global food and beverage manufacturing firm SPX, and is now based in Marietta, Georgia.⁸

In 1956 the building was purchased by engineering supplies manufacturers Keuffel & Esser Co., and remained in their ownership through the end of 1972. Keuffel & Esser was established in 1876 in New York by William J. D. Keuffel (1838–1908) and Herman Esser (1845–1908), both recent immigrants from Germany. The firm sold drawing materials, drafting supplies, and surveying instruments (**Figure 23**). They built a three-story factory in Hoboken, New Jersey and incorporated in 1889.⁹

Keuffel and Esser opened their first branch office in Chicago in 1891 and a second branch in St. Louis in 1894. A San Francisco branch opened in 1900. Located at 303 Montgomery Street, "Keuffel & Esser of New York" advertised "drawing materials, surveying and mathematical instruments, office and commercial stationary" in the city directory. The branch was destroyed in the 1906 Earthquake, and a new branch was constructed in 1908 at 30 2nd Street by 1908. The company remained on 2nd Street until they purchased 2675 Folsom Street in 1956. After occupying the subject building for fourteen years, Keuffel and Esser ceased operations and sold the building in 1972.



Figure 23: Keuffel & Esser company logo. Source: <http://www.mccoys-kecatalogs.com/index.htm>.

The building was purchased by Elkcom, Inc. in 1972, and the building's tenant from 1973 through 1980 was the Comstock Electrical Contractors. According to plan drawings on file with the San Francisco department of Building Inspection, the company made extensive changes to the interior of the building in 1973, including the construction of a first floor ladies lounge, receptionist's desk, purchasing department, and steno and payroll rooms, and a second floor engineering drawing room, office, lunchroom, storage, western regional manager's office, and conference room. After 1980, Comstock Electrical Contractors was no longer located at 2675 Folsom Street. A company called LC

⁸ "About Us: Waukesha Cherry-Burrell", accessed at <http://www.spx.com/en/waukesha-cherry-burrell/> on May 15, 2015.

⁹ "Keuffel & Esser" The Smithsonian National Museum of American History, Physical Sciences Collection website, accessed at <http://amhistory.si.edu/surveying/maker.cfm?makerid=17> on May 15, 2015.

Comstock Engineering was located on 1st Street beginning in 1982, but it is not known if this is a continuation of Comstock Electrical Contractors.

In 1980 and 1982, the building was briefly occupied by F. G. Norman and Sons, Inc., a longstanding San Francisco hardware company which has been located on Valencia Street as early as 1894. In 1985 the building was purchased by John A. Dutro, and the Dutro family retained ownership of the building through to contemporary time. Dutro Mat Manufacturing operated at the subject building through the 2000s. The current tenant of the building is Charyn Auctions, a division of Charyn Asset Management Group, focused on the liquidation of surplus restaurant assets.

The following table provides the known ownership history of 2675 Folsom Street according to Assessors Office records and San Francisco city directories.

Owner	Start of Ownership	End of Ownership
Cherry-Burell Corp.	08/24/1951	10/26/1956
Keuffel & Esser Co. of NY	10/26/1956	12/15/1972
Elkcom Inc.	12/15/1972	07/02/1979
Unknown	07/02/1979	05/16/1985
John A. Dutro	05/16/1985	08/16/1985
Dutro Living Trust	05/16/1985	09/29/1999
John R. Dutro	09/29/1999	n/a

VI. EVALUATION

CALIFORNIA REGISTER OF HISTORICAL RESOURCES

The California Register of Historical Resources (California Register) is an inventory of significant architectural, archaeological, and historical resources in the State of California. Resources can be listed in the California Register through a number of methods. State Historical Landmarks and National Register-listed properties are automatically listed in the California Register. Properties can also be nominated to the California Register by local governments, private organizations, or citizens. The evaluative criteria used by the California Register for determining eligibility are closely based on those developed by the National Park Service for the National Register of Historic Places.

In order for a property to be eligible for listing in the California Register, it must be found significant under one or more of the following criteria.

- *Criterion 1 (Events):* Resources that are associated with events that have made a significant contribution to the broad patterns of local or regional history, or the cultural heritage of California or the United States.
- *Criterion 2 (Persons):* Resources that are associated with the lives of persons important to local, California, or national history.
- *Criterion 3 (Architecture):* Resources that embody the distinctive characteristics of a type, period, region, or method of construction, or represent the work of a master, or possess high artistic values.

- **Criterion 4 (Information Potential):** Resources or sites that have yielded or have the potential to yield information important to the prehistory or history of the local area, California, or the nation.

The following section examines the eligibility of 2675 Folsom Street for individual listing in the California Register:

Criterion 1 (Events)

2675 Folsom Street does not appear eligible for listing in the California Register under Criterion 1 (Events) as a property associated with events that have made a significant contribution to the broad patterns of local or regional history, or the cultural heritage of California or the United States. 2675 Folsom Street was constructed in 1952 and was occupied beginning that year by the Cherry-Burrell Corporation, makers of dairy and creamery machinery, equipment, and supplies. It later served as the office and production plant for engineering supplies manufacturers Keuffle & Esser Company, as well as Comstock Electrical Contractors and Dutro Mat Manufacturing. The building has been used for fifty years for light industrial use, but cannot be said to have made an individual contribution to a significant pattern in local, state, or national history. The presence of the Southern Pacific Railroad line that cut diagonally through this area of the Mission District may have led to a concentration of light industrial uses, and specifically a concentration of building supply companies. 2675 Folsom Street was constructed after freight rail service ended on this line in 1942: thus it cannot be said that the building is representative of that pattern of events. Likewise, although the majority of the lot was historically used as lumber storage for Kruse Lumber Co. for about forty years, during which time Kruse likely supplied building material for the rapidly densifying city, no trace of this use, nor of the Kruse planning mill formerly located east across Treat Avenue, remains at the property, and it can not be said to represent that pattern of events. Additionally, none of the companies that have operated at 2675 Folsom Street appear to have made any significant specific contributions to city, state or national history. Overall, 2675 Folsom Street does not appear to have any association with any significant events or patterns of events that would make it eligible for the California Register under this criterion.

Criterion 2 (Persons)

2675 Folsom Street is not eligible for listing in the California Register under Criterion 2 (Persons). Research has not uncovered any historically significant information about any individual persons or about the companies that have been located at 2675 Folsom Street. Therefore, 2675 Folsom Street is not eligible for listing in the California Register under this criterion.

Criterion 3 (Architecture)

2675 Folsom Street is not eligible for individual listing in the California Register under Criterion 3 (Architecture). The design of the building has some Late Moderne or Modern elements, including a flat stucco cladding, flat roof, horizontality achieved through window configuration, the large and small beveled frames grouping several windows, and asymmetrical façade with primary entrance set at the right (south) side. The building also conforms to the typical combination office and production facility archetype, with a two-story office portion adjacent to the street that has a moderate to high level of design, and a larger, one tall story, more utilitarian portion at the rear of the building. However, while the building is able to represent this building type in some basic ways, it is not a particularly noteworthy example that embodies the distinctive characteristics of a type, period, region, or method of construction. Additionally, alterations to the primary façade in 1957 changed the building's original design, further compromising any ability to serve as a good example of any specific type of design or method of construction. Research has not uncovered the architect of the building

and the original plans and building permits are not on file with the San Francisco Department of Building Inspection. The building's utilitarian design and lack of architectural distinction do not suggest that the building was designed by a master architect, and it does not appear, even if the original architect were identified, that this building would be considered a historically significant example of his or her work. Research into architects Raad & Zahm, who designed the 1957 alterations, indicate that they are not considered master architects for the City. Overall, 2675 Folsom Street does not embody the distinctive characteristics of a type, period, region, or method of construction, or represent the work of a master, or possess high artistic values, and is therefore not eligible for listing in the California Register under this criterion.

Criterion 4 (Information Potential)

The analysis of 2675 Folsom Street for eligibility under Criterion 4 (Information Potential) is beyond the scope of this report.

POTENTIAL DISTRICT CONSIDERATION

A review of buildings on the same side of the block as the subject building, the opposite block face on Folsom Street between 22nd and 23rd streets, and both sides of Treat Avenue between 22nd and 23rd streets, does not suggest that 2675 Folsom Street would qualify as a contributor to any potential historic district in the area. This area includes a mixture of building uses and construction eras. Along Folsom Street, all other buildings are multi-unit residential flats buildings, dating from the 1880s through the 1960s (Figure 25). The residential pattern is broken along this block by both the subject building and by the large paved play yard of Cesar Chavez Elementary School, which was constructed in 1926 (Figure 26).



Figure 25: East side of Folsom Street north of the subject property, between 22nd and 23rd street, facing southeast.



Figure 26: Rear facade and play yard of Cesar Chavez Elementary School, west side of Folsom Street between 22nd and 23rd streets, facing northwest.

Along Treat Avenue, there are two other light industrial buildings, and the footprint of the defunct Southern Pacific Railroad line that ran freight service through the neighborhood prior to 1942. The other light industrial buildings include 3050 23rd Street, constructed in 1964, and 925 Treat Avenue, constructed in 1953 (Figures 27, 28). These buildings, as well as 2675 Folsom Street, were constructed after rail service stopped, and cannot be said to have a strong thematic relation to the rail line for this reason. Additionally, although both 3050 23rd Street, which was occupied by Norman Hardware directly after it was constructed, and 935 Treat Avenue, which was occupied by Heinzer & Co. furniture manufacturers, both had a thematic relationship to the historic pattern of building

materials production in this area, 2675 Folsom Street was constructed to serve as a dairy industry supply manufacturer, and does not have a thematic relationship to the pattern of building materials supply use in the area.



Figure 27: 3050 23rd Street, facing northeast.



Figure 28: 935 Treat Avenue (at left) facing northeast.

Other buildings along Treat Avenue are multi-unit or single-family residential, with construction dates ranging from the 1860s to the 1890s. 2675 Folsom Street does not appear to be a contributor to any potential district on these blocks. Additionally, as the entire area was included in the South Mission Survey area, the potentiality for a district here has likely been considered by Planning Department staff in the course of that survey.

VII. CONCLUSION

The building at 2675 Folsom Street was constructed in 1952 as an office and light manufacturing plant for the Cherry-Burrell Corporation, and later served as the headquarters for several other small manufacturing firms. The building is not individually eligible for listing in the California Register of Historical Resources under any criteria. It also does not appear to contribute to any potential historic district in the immediate surrounding area. For these reasons, 2675 Folsom Street does not qualify as a historic resource for the purposes of review under the California Environmental Quality Act (CEQA).

VIII. REFERENCES CITED

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"Keuffel & Esser" The Smithsonian National Museum of American History, Physical Sciences Collection website, accessed at <http://amhistory.si.edu/surveying/maker.cfm?makerid=17> on May 15, 2015.

NEWSPAPERS AND PERIODICALS

"Dairy Machinery and Supply Firms Merge", *San Francisco Chronicle*, July 13, 1928.

APPENDIX A: DPR A FORM FOR 2675 FOLSOM STREET

State of California - The Resources Agency DEPARTMENT OF PARKS AND RECREATION PRIMARY RECORD		Primary # HRI # Trinomial CHR Status Code:
Other Listings Review Code	Reviewer	Date

Page 1 of 1

Resource Name or #: (Assigned by recorder) 2675 Folsom Street

P1. Other Identifier:

*P2. Location: ☐ Not for Publication ☒ Unrestricted

*a. County: San Francisco

*b. USGS Quad: San Francisco North, CA Date: 1995

c. Address: 2675 Folsom Street

City: San Francisco

ZIP 94110

d. UTM Zone: Easting: Northing:

e. Other Locational Data: Assessor's Parcel Number 3639 006

*P3a. Description: (Describe resource and major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

2675 Folsom Street is located on a 25,322 square foot irregular lot on the east side of Folsom Street, between 22nd and 23rd Streets. Built in 1952, 2675 Folsom Street is a reinforced concrete industrial style building with Modern character defining features. The nearly rectangular building has a smooth stucco exterior. The front office section is two stories tall and is sheltered by a flat roof. The tall one-story rear section is industrial in use and is sheltered by a low pitched curved roof. The foundation is concrete, and the façade faces west. There is an open area to the south façade that is sheltered by an attached flat roof. The primary entry consists of a recessed glazed metal door with an transom and sidelights. Most of the windows are steel-sash awning and fixed windows with molded sills, and there is one glass block window.

The building appears to be in good condition.

*P3b. Resource Attributes: (List attributes and codes) HP8, Industrial Building

*P4. Resources Present: ☒ Building ☐ Structure ☐ Object ☐ Site ☐ District ☐ Element of District ☐ Other

P5a. Photo



P5b. Description of Photo:

View looking northeast at the primary and south façades 10/16/2007

*P6. Date Constructed/Age:

☒ Historic ☐ Prehistoric ☐ Both

1952 SF Assessor's Office

*P7. Owner and Address

DUTRO JOHN R
1342 SUNSET LOOP

LAFAYETTE CA 94595

*P8. Recorded By:

Page & Turnbull, Inc.
724 Pine Street
San Francisco, CA 94108

*P9. Date Recorded: 11/8/2007

*P10. Survey Type:

Reconnaissance

*P11. Report Citation: (Cite survey report and other sources, or enter "None")

Eastern Neighborhoods Mission Survey

*Attachments: ☒ NONE ☐ Location Map ☐ Sketch Map ☐ Continuation Sheet ☐ Building, Structure, and Object Record☐ Archaeological Record ☐ District Record ☐ Linear Feature Record ☐ Milling Station Record ☐ Rock Art Record☐ Artifact Record ☐ Photograph Record ☐ Other (list):

DPR 523 A (1/95)

*Required Information

West Bay Law
Law Office of J. Scott Weaver

April 17, 2017

President London Breed and San Francisco Board of Supervisors
San Francisco City Hall
1 Dr. Carlton B Goodlett Pl #244
San Francisco, CA 94102

**Re: Re: Case No. 2014-000601 CUA, 2014-000601ENX- 2675 Folsom Street
Appeal of the September 22, 2016 Planning Commission Decisions.
Response to Socioeconomic Analysis.**

Dear Supervisor Breed,

This is the second of two submissions made today, April 17, 2017 pertaining to the Appeal of the project at 2675 Folsom Street. This submission pertains to the numerous flaws contained in a Report prepared in conjunction with this project.

The ALH Consultants, at behest of the San Francisco Planning Department, recently completed a report regarding the impact of luxury development on the physical environment of the Calle 24 Latino Cultural District. We have given initial review of the report and see it as a work of advocacy as opposed to an even-handed treatment of the available information.

The ALH Report is Misleading, Flawed, and Ignores Critical Information Regarding the Calle 24 Latino Cultural District.

The ALH Report and the Planning Department's Summary are flawed in several respects, and their conclusions must be viewed with skepticism. While thorough critique will be forthcoming, we wanted to provide some initial observations as this report was prepared in conjunction with the upcoming Appeal of the proposed project at 2675 Folsom Street.

The Report lacks any understanding or appreciation for the unique challenges of the Calle 24 Latino Cultural District, challenges facing its businesses, the trajectory of gentrification and displacement, and its culture and history. Instead, it attempts to superimpose macroeconomic concepts and statistical averaging on a small and unique economic and ethnic ecosystem, and draws conclusions without regard to that uniqueness.

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In fact, the report seems to say that the gentrification will do the opposite of what we have observed in the past, and that accelerated gentrification will no longer have the ravaging impacts that we have witnessed. Market rate development is, by definition, gentrification because it brings large numbers of very high wage earners into poor neighborhoods. In this instance, in a working class, Latino, transit-oriented neighborhood. Right now, over a thousand gentrifiers are slated to move within easy walking distance of the LCD alone, and more than three times that number in the Mission as a whole.

As pointed out in the Report, The Eastern Neighborhoods EIR conceded that displacement would be a “secondary effect” of gentrification¹ yet, without any evidence, the Report suggests that effects such as these are a thing of the past, and that the new wave of even more well-heeled gentrifiers will not cause increased rents in neighboring areas or lead to evictions. The Report appears to predict that discount groceries, panaderias, and other mom and pop businesses will be destinations of choice for these new residents, and that their consumer choices will no longer fuel a demand for high end restaurants or consumer goods.

Unfortunately, our experiences in SOMA, Hayes Valley, the Fillmore and large swaths of Bayview undermine this narrative. As stated earlier, the ALH Report and Planning’s summary of it must be viewed with skepticism. The Report seems to suffer from constant switching from regional to hyperlocal environments and selects data suited to prove its thesis.

In their research brief *Housing Production, Filtering and Displacement: Untangling the Relationships*, (May, 2016) Miriam Zuk and Karen Chapple cautioned that markets behave differently at regional and at local levels, that the “filtering” process took much longer than previously thought, and that “more detailed analysis is needed to clarify the complex relationship between development, affordability at a local scale,” and that “By looking at data from the region and drilling down to local case studies, we also see that housing market dynamics and their impact on displacement operate differently at these different scales.”

More recent studies have confirmed what many of us had already known to be true: that is large scale “market rate” development has a destabilizing impact on gentrifying communities – especially communities of color. This is especially true where there is a significant income differential between the current residents and those coming into the community. In addition, a very recent study out of UC Berkeley has concluded that gentrification of transit rich neighborhoods both causes displacement and leads to greater automobile use.

¹ The PEIR does not seem to have quantified the extent of such gentrification, and, one would hope, did not anticipate the high rate of gentrification and displacement that we have witnessed since 2008.

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The ALH Discussion of Commercial Displacement Misreads Available Data and Omits Critical Information with Respect to the Calle 24 Latino Cultural District.

With respect to commercial displacement, the conclusion of ALH and, by implication, the Department and the City Controller, is based, in part, on a misreading of the Meltzer Report² on which ALH strongly relied. That report made a general conclusion that market rate development did not lead to business displacement over all. The conclusion of Meltzer, as with many like studies, was based on aggregated data from a variety of communities without regard to their important individual characteristics such as race/ethnicity, income disparities, neighborhood transit richness, and recent changes in zoning.

When we drill down to Meltzer's individual study areas, the conclusion is opposite the generalized one in the report. Meltzer's data found: 1) There was lower business retention (greater business loss) in gentrifying communities of color than in non-gentrifying communities of color, and 2) Business retention was lower in gentrifying communities of color than in gentrifying white communities. In other words, both race and the trajectory of gentrification impact business loss. Throughout its Report, ALH ignores characteristics of the LCD micro environment and mistakenly defaults to generalized conclusions.

ALH also ignored the importance of the role that consumer preference plays with respect to commercial displacement. Meltzer discussed the significance of changes in consumer preferences in influencing commercial displacement – correlating consumer preferences with “population characteristics such as income, educational attainment, and race/ethnicity.” If the local consumer base changes, then, on net, the local businesses could suffer. (P. 56) ALH chose to overlook basic differentiating characteristics of Calle 24 businesses including, the nature of their goods and services, demographic features of their customer base (such as race, income and employment status), their current profit margins, the term of business leases, their rent structures, and the potential upside rent potential that a more high-end consumer base could support³.

Finally, the Report undertakes an analysis of the square footage of available retail space to urge that Latino oriented mom and pop concerns would not be affected by gentrification. By this approach, ALH erroneously treats all commercial space as if it were fungible: (i.e. that a panaderia is the equivalent to a high-end coffee shop with its \$6.00 croissants, that a taqueria should be treated the same as a *Flour and Water* type restaurant, or that discount store goods are equal are the same as the \$240 gym bags we see on Valencia Street. The failure to make these

² Rachel Meltzer, *Gentrification and Small Businesses, threat or Opportunity*, Cityscape: A Journal of Policy Development and Research, Volume 18, Number 3, 216, Pages 72-26 found at <https://www.huduser.gov/portal/periodicals/cityscape/vol18num3/ch3.pdf>

³ Realtors are now boasting “Valencia Street prices” for Calle 24 commercial rents.

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distinctions is illustrative of the Report's failure to examine the unique features of the LCD itself. Such a failure is critical in this instance because the very subject matter of the Report was supposed to be impacts on the Latino Cultural District.

The ALH Discussion Regarding Residential Displacement Ignored the Growing Data Linking Gentrification to Displacement in Certain Types of Neighborhoods.

There is a growing body of evidence linking luxury housing to the displacement of residents and businesses in sensitive neighborhoods such as the Mission. Gentrification is the introduction of the "gentry class" of high-earners into a working-class neighborhood, along with the accompanying neighborhood changes to the composition and character of the community. Currently, households in the LCD earn approximately \$40,000 to \$50,000 whereas new residents will earn over \$140,000 per years. There are three factors that have been identified that link gentrification to displacement. They are: 1) As discussed above, communities of color are more vulnerable to displacement than non-communities of color- especially where there are substantial income differentials between the existing residents and newcomers.***⁴ 2) Transit rich districts are more vulnerable to displacement – especially where there has been a net population loss, and 3) Development friendly zoning changes contribute to displacement in communities of color.

A very recent study lead by Karen Chapple of UC Berkeley⁵ (2017) concludes that Transit Oriented Development (exemplified by Mission projects such as 2675 Folsom St) is connected to gentrification and the displacement of low-income households:

Overall, we find that TOD has a significant impact on the stability of the surrounding neighborhood, leading to increases in housing costs that change the composition of the area, including the loss of low-income households. (Abstract, P v)

Another recent report, Leo Goldberg's 2015 MIT study,⁶ analyzed the impact of zoning changes in low income NYC neighborhoods and concluded that rezonings facilitated growth at the expense of low and moderate-income renters and were thereby "associated with residential displacement at the city's core while, at the same time, serving to exclude low-income

⁴ Atkinson, *Rowland Gentrification and displacement in Greater London: an empirical and theoretical analysis*. (1997). PhD thesis, University of Greenwich, P 151

⁵ Chappel, *Developing a New Methodology for Analyzing Potential Displacement*, (2017) may be found at. http://www.urbandisplacement.org/sites/default/files/images/arb_tod_report_13-310.pdf

⁶ Goldberg, *Game of Zones* may be found at. <https://dspace.mit.edu/bitstream/handle/1721.1/98935/921891223-MIT.pdf?sequence=1>

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households in the periphery. Goldberg stated, “development interests spurred rezonings in commercial and industrial areas as well as gentrifying neighborhoods, induc(ed) a sharp increase in housing costs and residential dislocation.” (at P 3)

Goldberg’s was consistent with the Meltzer data showing that race/ethnicity matters. The Goldberg report found a substantial increase in white populations in upzoned areas and a decrease in Black and Latino populations in those same areas – even though Latino population throughout the City increased by 10%. (P. 66-67)

Finally, Goldberg weighed in on the “Densification means displacement” debate. Goldberg found that upzoning-induced real estate speculation contributed to higher rents and displacement in poorer communities. As to the viability of supply side solutions in markets such as New York’s or San Francisco’s, he concluded that overall distortions of those markets foreclosed any meaningful impact of market rate development on rent or displacement relief.

While filtering is generally theorized to support affordability across class groups, evidence from tight housing markets suggests that for supply to keep pace with demand – without which filtering cannot occur – a politically and technically unrealistic amount of housing would have to be built. (P. 77)

In this reality, rents on vacant San Francisco units will continue to be well out of reach for most San Francisco residents. In communities such as the Mission, where gentrification is already a serious problem, market housing such as that proposed at 2675 Folsom Street will reinforce the realtor narrative of the Mission as an “up and coming” location, with fancy restaurants, little crime, near public transit, and is “the place to be”.

The Further Gentrification of the Mission Will Lead to Deteriorating in Air Quality.

Chapple’s latest study also investigated the relationship between gentrification and auto use (Vehicle Miles Traveled) near rail stations under various conditions, and found an increase in VMT was likely to occur in transit rich neighborhoods such as the Mission:

- Local Vehicle Miles Traveled are likely to increase in the station area when gentrification is occurring.
- Regional Vehicle Miles Traveled are also likely to increase “if gentrification results in a reduction in the population living near rail and if those rail station areas have good transit service, high density, and other well-known features of supportive Transit Oriented Development.”

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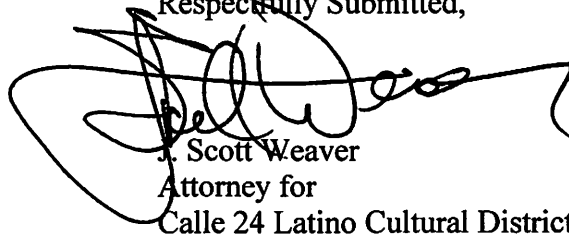
Between 2000 and 2012, the Mission lost 4.8 percent of its population, while median income increased by 48 percent (gentrification), and households with cars increased from 37 percent to 64 percent.⁷ The Mission has already lost 8,000 Latinos over the past 15 years, along with nearly a third of its families and countless family-serving businesses. It has become less dense due to the exodus of families no longer able to afford the rents.

Conclusion.

It is clear that the ALH Report is one-sided, flawed, and has ignored critical information specific to the LCD. Critical corridors such as the LCD and the Mission St corridor need special consideration through policies that encourage development that is not harmful to the community, consideration that was completely lacking in the Report.

The City has begun to take some helpful steps forward in this direction through programs such as MAP 2020, the creation of the Latino Cultural District, on the ground work through offices such as OEWD, and direct and indirect support for neighborhood nonprofits. These are helpful opening steps, however luxury developers are a strong and persistent economic force. The will to address these challenges will only come after we address head on the issue of gentrification's role in causing displacement. The ALH Report, if accepted would set us 180 degrees in the wrong direction.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'J. Scott Weaver', is written over the typed name and title.

J. Scott Weaver
Attorney for
Calle 24 Latino Cultural District Council

JSW:sme

⁷ Appellant's Exhibits at Pages 347, 348



April 14, 2017

Hon. London Breed
San Francisco Board of Supervisors
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: 2675 Folsom Street
File No. 161146 (CEQA Appeal)
Hearing Date: April 18, 2017

Dear President Breed and Supervisors,

On behalf of Axis Development Group (Axis), the Respondent in the 2675 Folsom Street CEQA Appeal (Board of Supervisors File No. 161146), attached please find supplemental information for inclusion in the Administrative Record. It includes two technical studies prepared by experts related to historic and socio-economic issues, documents related to the proposed development across Treat Avenue (953 Treat Avenue) and some recent articles.

If you have any questions, please do not hesitate to contact me at (415) 273-9670.

Very truly yours,

Alexis M. Pelosi

MEMORANDUM

DATE	April 10, 2017	PROJECT NO.	15081
TO	Theo F. Oliphant & Muhammad A. Nadhiri Axis Development Group	PROJECT	2675 Folsom Street HRE – Add Service
OF	580 California Street, 16 th Floor San Francisco, CA 94104	FROM	Christina Dikas, Dan Herrick
CC	Alexis Pelosi, Pelosi Law Group	VIA	Email

REGARDING: 2675 Folsom Street & adjacent former Southern Pacific rail line

This memorandum was prepared by Page & Turnbull at the request of Alexis Pelosi of the Pelosi Law Group to provide a memorandum related to the 2675 Folsom Historic Resource Evaluation (HRE) prepared by Page & Turnbull and submitted to Axis Development Group on May 28, 2015. The memorandum includes an expanded history of the former Southern Pacific rail line, located south and east adjacent to 2675 Folsom Street, and its relationship to the subject property, as well as an integrity assessment of the land on which the rail line was located.

The subject property was evaluated in the HRE for potential individual eligibility for listing to the California Register of Historical Resources. The evaluation determined that the 1952 light industrial building did not meet any of the evaluative criteria for significance for listing. The HRE also recognized the proximity of the subject property to the former Southern Pacific rail line, originally located on the south-adjacent parcel, which was redeveloped as a public park. It did not find the property's proximity to the former Southern Pacific rail line to qualify the building for historic significance, a determination that is further supported in the analysis included below. Additionally, a historic integrity analysis of the former rail line is included, which determines that there are no physical remnants of the railroad adjacent to the subject property. The only known material elements of the former rail line in its entirety are located on a separate city block to the east and are not substantive enough to retain historic integrity. There is no change to the previously determined finding that 2675 Folsom Street lacks historic significance.

BACKGROUND

The development of transportation infrastructure was a large factor in the development of the Mission District. Initially, the historic El Camino Real extended diagonally through the Mission valley along the flattest topographical segments, connecting the missions of the San Francisco Peninsula with the rest of the early California. In the 1850s, following the annexation of California by the United States, engineers selected an alignment for a future railroad that reflected this historic route and utilized this flat diagonal depression. This route was chosen not only for its topography, but also because of the minimal number of land easements that were required for its construction.¹ In 1864, San Francisco-San Jose Railroad finished construction along this proposed route. The trains from San Jose extended north along the Peninsula towards the Mission Valley, where it transitioned in a northeast direction towards Harrison Street, where it transitioned north towards the center of San Francisco, establishing the first passenger and freight rail connections to the city.²

In 1870, the San Francisco-San Jose Railroad was acquired by the Southern Pacific Railroad Company. At that time, the Mission District was being developed from a rural and agrarian community to an urban neighborhood, plotted on an orthogonal grid system. The route of the Southern Pacific Railroad, however, continued to operate along its original alignment, diagonally dissecting the otherwise uniform pattern of land development in the Mission District.³

In 1907, the outer lands of the San Francisco Bay were filled and a new Southern Pacific line was constructed along the coast, bypassing the “Old Main Line” of the San Francisco-San Jose alignment and providing a faster route south through the peninsula.⁴ The “Old Main Line” became a small branch line of the Southern Pacific and one of the last “in-town” rail services in the city. Trains continued to operate along the Old Main Line and through the Mission Valley, although use steadily decreased over the following decades as the automobile became the preferred mode of transportation. In 1930, the Southern Pacific Railroad discontinued passenger trains through the Mission District.⁵ With the proliferation of the trucking industry, freight operations were largely discontinued in 1942, and the railroad tracks located south of the intersection at Folsom and 23rd

¹ City and County of San Francisco Planning Department, “City Within A City: Historic Context Statement for San Francisco’s Mission District” (November 2007), 26.

² Ibid., 33-35.

³ Ibid., 39-40.

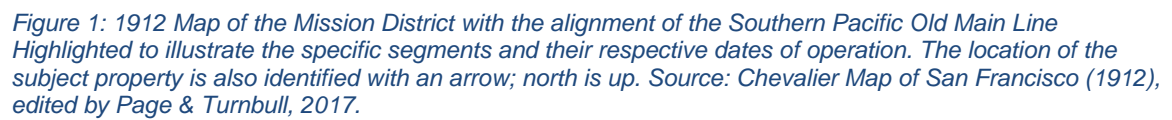
⁴ West Neighborhoods Project, “San Francisco’s Ocean View, Merced Heights, and Ingleside (OMI) Neighborhoods: 1862 – 1959,” Historic Context Statement prepared for the San Francisco Historic Preservation Fund Committee (January 2010),

⁵ San Francisco Planning Department, “City Within a City,” 78.

Streets were abandoned.⁶ Freight trains continued to operate along the remaining north alignment, predominantly along the Harrison Street industrial corridor (Figure 1).

According to a 1956 topographic map, the curvilinear segment of the Old Main Line located north of the intersection at Folsom and 23rd Streets was still operational as a Southern Pacific Railroad line (Figure 2). However, by 1968, this segment had been abandoned with the new south terminus located at Harrison and 22nd Streets (Figure 3). There are no track or train elements remaining of the Old Main Line today, although the alignment of the line continues to be reflected through the Mission District through a series of diagonally oriented block cuts, buildings, alleyways, and public parks.

⁶ West Neighborhoods Project, "OMI Neighborhoods: 1862 – 1959," Historic Context Statement, 15.



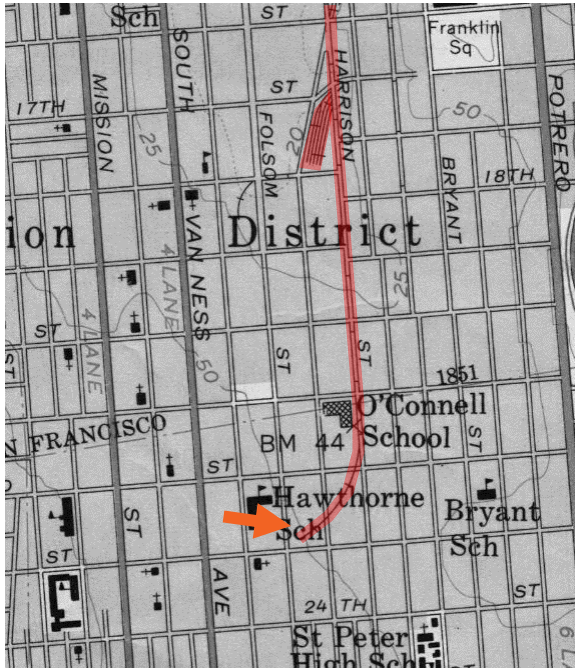


Figure 2: 1956 Topographical Map with remaining segments of the Old Main Line Highlighted in red. The subject property is identified with the arrow; north is up. Source: USGS, edited by Page & Turnbull, 2017.

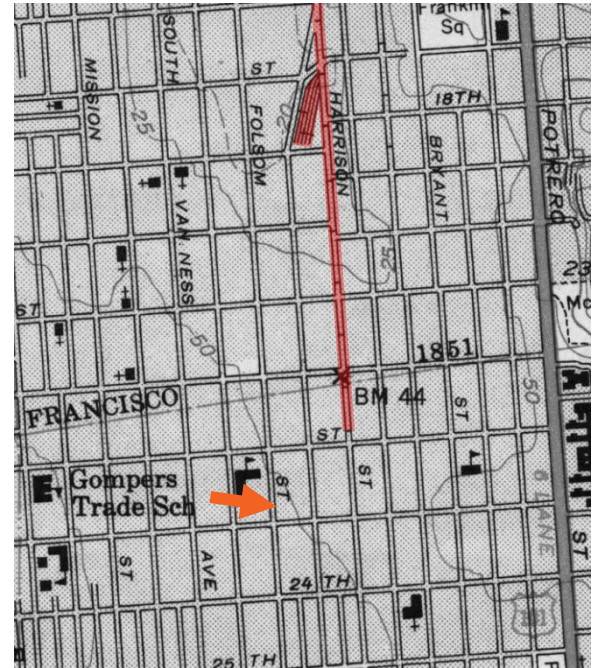


Figure 3: 1968 Topographical Map with remaining segments of the Old Main Line Highlighted in red. The subject property is identified with the arrow; north is up. Source: USGS, edited by Page & Turnbull, 2017.

DISCUSSION

The subject property at 2675 Folsom Street is located north-adjacent to the original pathway for the San Francisco-San Jose Railroad, later known as the “Old Main Line” of the Southern Pacific Railroad. While the diagonal nature of the former rail line right-of-way has resulted in the unique shape of the subject lot and, subsequently, the design of the subject building, this is not an indication of significance on the part of the building. As stated in Page & Turnbull’s 2675 Folsom Street HRE, the railway largely discontinued freight operations through the Mission District in 1942, a decade prior to the construction of the subject building. Upon further historic research, it does appear that the segment of the Old Main Line south-adjacent to the subject property was in operation through the 1950s and was abandoned by the 1960s, whereas the Harrison Street alignment was abandoned in the following decades. However, despite this new research material that shows that the small south-adjacent segment of railroad was operational following the construction of the

subject building, there are no indications that the construction of the subject building is related to the rail line, except for the diagonal shape of its southeast façade— a reactive design feature widely reflected throughout the Mission District at properties along the former railroad alignment. The building maximized the overall functional space on the subject parcel by having orthogonal sides with one diagonal corner along the lot line. The building does not exhibit any design features oriented towards the former railroad alignment, such as loading docks or large bay doors, that would suggest occupants of the subject building utilized the railroad in their operations.

As stated in the 2675 Folsom Street HRE, the subject property was previously used as a lumber yard and mill that was associated with the Old Main Line. However, the site's previous use as a lumber yard, of which there are no associated extant features, is not a qualifying indication of historic significance. This former use as a lumber yard is not reflected in the subject building and has no associative significance between the former railroad and the existing fabric that is present on the site.

The presence of the railroad certainly played an early role in establishing this part of the Mission District as an industrial area, as reflected in the property's previous use as a lumber yard. However, this pattern of land use as an industrial corridor was established decades before the construction of the subject building. As stated in the 2675 Folsom Street HRE, while an industrial and commercial presence, the subject building does not individually contribute to a significant pattern of development within the Mission District; rather it is consistent with the pre-existing light-industrial use of the surrounding area.

Apart from indirect circumstances such as the subject property's proximity to the terminus of the line and the diagonal lot line's effect on the subject building's shape, the building at 2675 Folsom Street does not appear to have any associations with the Old Main Line that would qualify as historic significance under any of the evaluative criteria used to determine eligibility for listing to the California Register of Historical Resources.

INTEGRITY

The original San Francisco-San Jose Railroad and subsequent Southern Pacific "Old Main Line" is undoubtedly significant under several historic contexts; however, the railroad corridor has undergone extensive alterations since it ceased operations along the alignment south of Folsom and 23rd Streets in 1942, the curvilinear segment between Harrison/22nd Streets and Folsom/23rd Streets in the 1960s, and the remaining portions along Harrison Street in 1991.

In order to convey historic significance and qualify as a historic resource, buildings, sites, structures, historic districts, and cultural landscapes must retain adequate levels of historic integrity. Integrity is defined by the California Office of Historic Preservation as “the authenticity of an historical resource’s physical identity by the survival of certain characteristics that existed during the resource’s period of significance.”⁷

There are seven variables or aspects that define integrity—location, design, setting, materials, workmanship, feeling and association. According to the National Register Bulletin 15, “How to Apply the National Register Criteria for Evaluation,” which also apply to the California Register, these seven characteristics are defined as follows:

- **Location** is the place where the historic property was constructed.
- **Design** is the combination of elements that create the form, plans, space, structure and style of the property.
- **Setting** addresses the physical environment of the historic property inclusive of the landscape and spatial relationships of the building/s.
- **Materials** refer to the physical elements that were combined or deposited during a particular period of time and in a particular pattern of configuration to form the historic property.
- **Workmanship** is the physical evidence of the crafts of a particular culture or people during any given period in history.
- **Feeling** is the property’s expression of the aesthetic or historic sense of a particular period of time.
- **Association** is the direct link between an important historic event or person and a historic property.

To retain historic integrity, a property will often possess several, if not all of the aforementioned aspects. Specific aspects of integrity may also be more important, depending on the criteria for which it is significant.

⁷ California Office of Historic Preservation, “Technical Assistance Series #6 – California Register and National Register: a Comparison (for purposes of determining eligibility for the California Register)” (2011), 2.

INTEGRITY ANALYSIS OF RAIL LINE

Since the discontinuation of operations of the Old Main Line, the alignment through the Mission District has largely been redeveloped. All major building elements associated with the railroad have since been removed, except for a select segment of rails that are still visible in a diagonal alleyway, located east of the subject property on the neighboring city block to the east, bounded by 22nd Street (north), Harrison Street (east), 23rd Street (south), and Treat Avenue (west).

The largescale removal of buildings, structures, tracks, and other materials associated with the Old Main Line has resulted in the loss of integrity of design, workmanship, and materials. While the alignment of the former railroad can still be seen, reflected in a series of diagonally oriented buildings and landscapes throughout the Mission District, there are no major built elements or substantive collections of materials associated with the railroad that occupy the right-of-way and convey any historic significance or character. This is clearly demonstrated at 2675 Folsom Street, where the subject parcel and building have a distinct diagonal cutout that reflects the former right-of-way of the railroad, which is now redeveloped as a public park. Therefore, the redevelopment of the railroad alignment and the loss of any relatable features along the alignment have resulted in compromised integrity of location and setting and a loss of integrity of feeling or association. On the whole, the Old Main Line does not retain integrity.

CONCLUSION

The former Old Main Line alignment of the Southern Pacific Railroad, immediately south-adjacent to the property at 2675 Folsom Street was a segment of the original San Francisco-San Jose Railroad that provided rail service to San Francisco, and diagonally extended through the Mission District. The majority of the Old Main Line that traversed the Mission District was abandoned in 1942, after decades of declining use following the development of other rail routes and modes of transportation. The remaining portion, located north of the post-1942 terminus at Folsom and 23rd Streets was abandoned in the 1960s, and the final segments along Harrison Street in the 1990s. Although the alignment of this railroad is reflected in the Mission District through a series of diagonally oriented buildings and landscapes, there are no major built elements of the railroad remaining that have the potential to convey any historic significance.

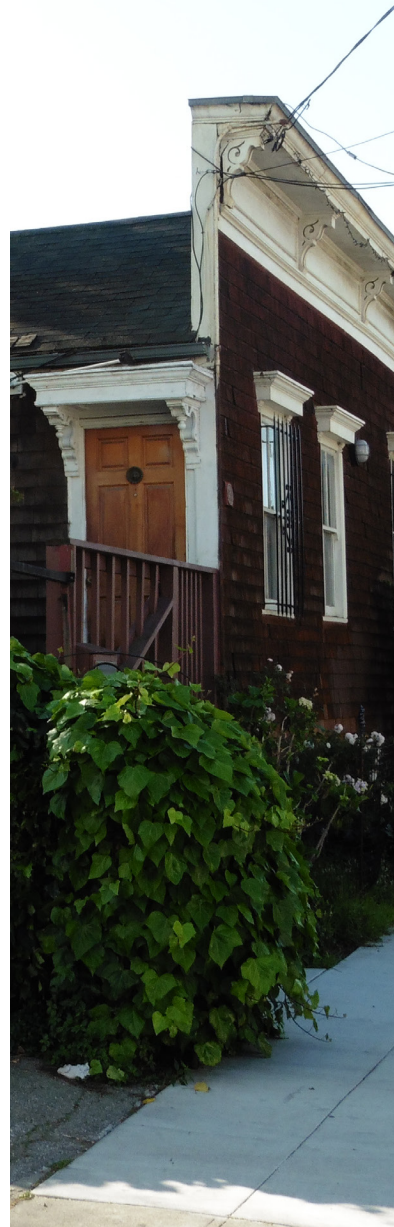
The subject property at 2675 Folsom Street was in close proximity to post-1942 terminus of the Old Main Line, which continued to serve the industries along Harrison Street through the 1980s; however, there are no indications that the subject building has any relation to the railroad. As with

other properties along the original diagonal alignment of the Old Main Line, 2675 Folsom Street's lot features a diagonal edge, but no other physical or contextual associations with the former railroad that would qualify the building for historic significance and eligibility for listing in the California Register of Historical Resources.

953 TREAT AVENUE
HISTORIC RESOURCE EVALUATION

SAN FRANCISCO, CALIFORNIA
[15064]

PREPARED FOR:
SHADI ABOUKHATER



PAGE & TURNBULL

imagining change in historic environments through design, research, and technology

APRIL 27, 2015

FINAL

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I. INTRODUCTION

This Historic Resource Evaluation (HRE) has been completed for 953 Treat Avenue (APN 3639/028), a residence on a 4,275 sq. ft. triangular lot in San Francisco's Mission District (**Figure 1**). The building was constructed in 1887 for Owen and Isabella Gorman; the original architect and builder are unknown. It is irregular in plan, and developed in a vernacular interpretation of the Italianate style. The parcel is zoned "UMU – Urban Mixed Use."¹

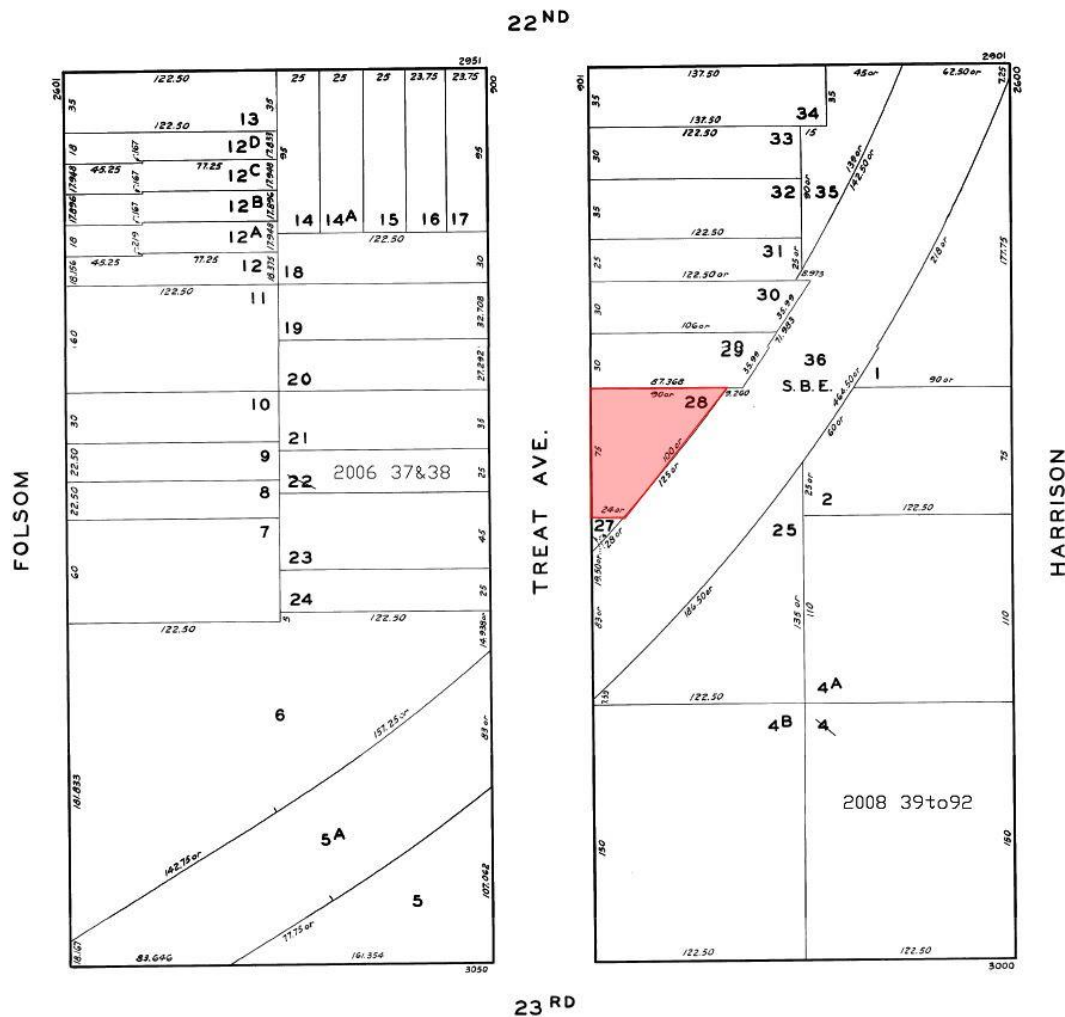


Figure 1. City & County of San Francisco Assessor's map of subject block, 2008. 953 Treat Avenue is shaded in red.

Source: San Francisco Property Information Map, edited by author.

SUMMARY OF DETERMINATION

953 Treat Avenue has been evaluated for the California Register of Historical Resources in previous reports and surveys, with conflicting results. This evaluation finds the property not to be individually eligible for listing in the California Register under any significance criteria. Nor does the property fall within the boundaries of any recognized historic districts. For these reasons, 953 Treat Avenue does

¹ San Francisco Property Information Map.

not qualify as a historic resource for the purposes of review under the California Environmental Quality Act (CEQA).

METHODOLOGY

This report follows the outline provided by the San Francisco Planning Department for Historic Resource Evaluation reports, and provides an examination of the current historic status for 953 Treat Avenue, a building description, and a historic context statement. The report also includes an evaluation of the property's eligibility for listing in the California Register.

A previous HRE had been written for the property in 2005. Page & Turnbull supplemented the prior report with additional research to provide further details on the building's construction, owner, and occupant history, and a broad neighborhood historic context in order to establish the building's relationship to the development of the Mission District.

Page & Turnbull prepared this report using research collected at various local repositories, including the San Francisco Assessor, San Francisco Department of Building Inspection, San Francisco Public Library, and the San Francisco Historical Photograph Collection. Research was also collected using online sources, including the ProQuest historical newspaper database, digital Sanborn Fire Insurance Map collection, and Ancestry.com.

All photographs in this report were taken by Page & Turnbull in March, 2015, unless otherwise noted.

II. CURRENT HISTORIC STATUS

According to the San Francisco Property Information Map, the property at 953 Treat Avenue has been given a Planning Department Historic Resource Status Code of “C–Not a Historic Resource.” However, 953 Treat Avenue has received conflicting historic survey evaluations in the past. The following section examines the national, state, and local historical ratings currently assigned to the building at 953 Treat Avenue. This section also reviews previous reports and findings concerning the property.

NATIONAL REGISTER OF HISTORIC PLACES

The National Register of Historic Places (National Register) is the nation’s most comprehensive inventory of historic resources. The National Register is administered by the National Park Service and includes buildings, structures, sites, objects, and districts that possess historic, architectural, engineering, archaeological, or cultural significance at the national, state, or local level.

953 Treat Avenue is not currently listed in the National Register of Historic Places.

CALIFORNIA REGISTER OF HISTORICAL RESOURCES

The California Register of Historical Resources (California Register) is an inventory of significant architectural, archaeological, and historical resources in the State of California. Resources can be listed in the California Register through a number of methods. State Historical Landmarks and National Register-listed properties are automatically listed in the California Register. Properties can also be nominated to the California Register by local governments, private organizations, or citizens. The evaluative criteria used by the California Register for determining eligibility are closely based on those developed by the National Park Service for the National Register of Historic Places.

953 Treat Avenue is not currently listed in the California Register of Historical Resources.

SAN FRANCISCO CITY LANDMARKS

San Francisco City Landmarks are buildings, properties, structures, sites, districts, and objects of “special character or special historical, architectural or aesthetic interest or value and are an important part of the City’s historical and architectural heritage.”² Adopted in 1967 as Article 10 of the City Planning Code, the San Francisco City Landmark program protects listed buildings from inappropriate alterations and demolitions through review by the San Francisco Historic Preservation Commission. These properties are important to the city’s history and help to provide significant and unique examples of the past that are irreplaceable. In addition, these landmarks help to protect the surrounding neighborhood development and enhance the educational and cultural dimension of the city.

953 Treat Avenue is not currently designated as a San Francisco City Landmark or Structure of Merit, nor is it located in the C-3 (Downtown) area and therefore is not an Article 11 historic resource.

CALIFORNIA HISTORICAL RESOURCE STATUS CODE

Properties listed or under review by the State of California Office of Historic Preservation are assigned a California Historical Resource Status Code (Status Code) of “1” to “7” to establish their historical significance in relation to the National Register of Historic Places (National Register or

² San Francisco Planning Department, *Preservation Bulletin No. 9 – Landmarks*, accessed online at <http://www.sf-planning.org/Modules/ShowDocument.aspx?documentid=5081> on January 9, 2015.

NR) or California Register of Historical Resources (California Register or CR). Properties with a Status Code of “1” or “2” are either eligible for listing in the California Register or the National Register, or are already listed in one or both of the registers. Properties assigned Status Codes of “3” or “4” appear to be eligible for listing in either register, but normally require more research to support this rating. Properties assigned a Status Code of “5” have typically been determined to be locally significant or to have contextual importance. Properties with a Status Code of “6” are not eligible for listing in either register. Finally, a Status Code of “7” means that the resource has not been evaluated for the National Register or the California Register, or needs reevaluation.

As of 2012, 953 Treat Avenue was not listed in the California Historic Resources Information System (CHRIS) database with any Status Code.

SAN FRANCISCO ARCHITECTURAL HERITAGE

San Francisco Architectural Heritage (Heritage) is the city’s oldest not-for-profit organization dedicated to increasing awareness and preservation of San Francisco’s unique architectural heritage. Heritage has completed several major architectural surveys in San Francisco, the most important of which was the 1977-78 Downtown Survey. This survey, published in publication *Splendid Survivors* in 1978, forms the basis of San Francisco’s Downtown Plan. Heritage ratings, which range from “D” (minor or no importance) to “A” (highest importance), are analogous to Categories V through I of Article 11 of the San Francisco Planning Code, although the Planning Department did use their own methodology to reach their own findings. In 1984, the original survey area was expanded from the Downtown to include the South of Market area in a survey called “Splendid Extended.”

953 Treat Avenue is not located within the survey area of *Splendid Survivors* or “Splendid Extended”.

1976 DEPARTMENT OF CITY PLANNING ARCHITECTURAL QUALITY SURVEY

The 1976 Department of City Planning Architectural Quality Survey (1976 DCP Survey) is what is referred to in preservation parlance as a “reconnaissance” or “windshield” survey. The survey looked at the entire City and County of San Francisco to identify and rate architecturally significant buildings and structures on a scale of “-2” (detrimental) to “+5” (extraordinary). No research was performed and the potential historical significance of a resource was not considered when a rating was assigned. Buildings rated “3” or higher in the survey represent approximately the top two percent of San Francisco’s building stock in terms of architectural significance. However, it should be noted here that the 1976 DCP Survey has come under increasing scrutiny over the past decade due to the fact that it has not been updated in over twenty-five years. As a result, the 1976 DCP Survey has not been officially recognized by the San Francisco Planning Department as a valid local register of historic resources for the purposes of the California Environmental Quality Act (CEQA).

953 Treat Avenue is not listed in the 1976 DCP Survey.

HISTORIC RESOURCE EVALUATION (2005)

An Historic Resource Evaluation (HRE) report for 953 Treat Avenue was completed in 2005 by James W. Heinzer, one of the property owners. The report contained a description of the house, interior and exterior, as well as a narrative of recent changes to the property. Heinzer also included a description of the surrounding buildings and provided an in-depth description of the legal contentions concerning ownership of the contiguous railroad right-of-way parcel which lies adjacent to the subject property. Heinzer made the following list of conclusions regarding 953 Treat Avenue on page 6 of his report:

1. “The house is a collection of tacked on smaller structures on exposed piers with various disjointed rooflines and pitches;
2. The dwelling is in extremely poor structural condition which will be substantiated in the Soundness Report;
3. In its location between two two-story cement tilt up commercial buildings in the predominately commercial area of its block; the house looks out of place;
4. No doubt early residents of the 953 Treat Ave. house witnessed the Mission District’s remaining vegetable gardens turn into new homes and commercial buildings but who those residents were and what they did as professions is not known;
5. While from 1891 to 1991 the resident of the 953 Treat Ave. house could see rail cars go by on the contiguous railroad right-of-way, those residents were not railroad employees that lived in the house as part of their railroad employment;
6. Though the 953 Treat Ave. home was owned by the John Center Corporation whose major shareholder was John Center, the most influential San Franciscan of his time in the Mission District, John Center never lived in the house;
7. The major accomplishments of John Center to the development of San Francisco are no more represented by the 953 Treat Ave. house that the land in and around the house or the land in many other areas of the Mission District which John Center grew vegetables on in the mid 1800’s;
8. My investigation could not find any person of historical significance that ever lived in the 953 Treat Ave. house;
9. For over the last 50 years the house has been a rental property; and
10. Future development of the contiguous former railroad right-of-way parcel appears unlikely and therefore should not effect [sic] the development of the Treat Ave. parcel.”³

Heinzer concluded that the subject property was not historically significant. Page & Turnbull responded to Heinzer’s conclusions in the Evaluation section of this document.

In response to Heinzer’s HRE, the Planning Department provided a Historic Resource Evaluation Response (HREER) memorandum, noting that 953 Treat Avenue is not eligible for the California Register, and therefore would not be considered an historical resource under CEQA. However, the memorandum went on to classify the property as “Category B”.⁴ A Category B historic resource status is defined as a property “requiring further consultation and review.”⁵

SOUTH MISSION HISTORIC RESOURCE SURVEY

953 Treat Avenue was evaluated as part of the City of San Francisco’s South Mission Historic Resource Survey in 2010. The survey area was approximately bounded by 20th Street to the north, Potrero Avenue to the east, Cesar Chavez Street to the south, and Guerrero Street to the west. The survey documented and assessed approximately 3,800 individual buildings and identified 13 historic districts. Primary Record Department of Parks and Recreation 523A forms were used to record most buildings determined to be historic resources or potential historic resources. The South Mission Survey was adopted by the Historic Preservation Commission on November 17, 2011.⁶

³ James Heinzer, Historic Resource Evaluation for 953 Treat Ave., April 28, 2005, p. 6.

⁴ Winslow Hastie, “Memorandum: Historic Resource Evaluation Response,” San Francisco Planning Department, September 15, 2005.

⁵ “San Francisco Preservation Bulletin No. 16,” San Francisco Planning Department.

⁶ San Francisco Planning Department, “South Mission Historic Resource Survey,” January 6, 2014. <http://www.sf-planning.org/index.aspx?page=2473>

953 Treat Avenue is not located within any of the 13 identified historic districts. A 523A form was completed for the subject property during the survey, but a CHR Status Code was not assigned. The survey documents show conflicting assessments regarding individual significance:

- The map of *Complete Survey Findings* shows the parcel as a “Non-Resource property identified by survey”⁷;
- The map of *Individually Eligible Historic Resources and Potential Historic Districts* shows the parcel as a “Potential Historic Resource identified by survey - requires further research”⁸;
- Matrix of all surveyed properties assigns a CHRSC of 7R to 953 Treat Avenue, noting that its resource eligibility was “not determined: requires intensive research”⁹;

In sum, it appears that further research and evaluation was needed before an individual determination on the significance of the subject property could be made.

⁷ “Complete Survey Findings,” updated 11/09/2010. http://www.sf-planning.org/ftp/files/Preservation/South_Mission/Map_of_Historic_Resource_Survey_Findings.pdf

⁸ “Individually Eligible Historic Resources and Potential Historic Districts,” updated 11/09/2010, http://www.sf-planning.org/ftp/files/Preservation/South_Mission/Map_of_Individual_Historic_Resources.pdf

⁹ “List of Surveyed Properties,” 8/31/2010, http://www.sf-planning.org/ftp/files/Preservation/South_Mission/Indiv_address.pdf

III. ARCHITECTURAL DESCRIPTION AND SITE HISTORY

953 TREAT AVENUE

953 Treat Avenue is located on a triangular lot measuring approximately 90' x 94.5' x 125' on the east side of Treat Avenue between 22nd and 23rd streets. The property abuts the former railroad easement to the east. The building is one story over a raised crawlspace. The building is irregular in plan. The footprint consists of a rectangular core with several projecting volumes on the rear (east) and south facades (**Figure 2**). The building is wood frame on a wood pier foundation, and capped with two parallel front-gable roofs at the main core and shed roofs at the rear and side volumes. Due to the irregular and complicated footprint, the following description begins with the Treat Avenue (west) façade and continues around the building in a clock-wise direction, incorporating full descriptions of each projecting volume into the discussion of the façade where it originates.

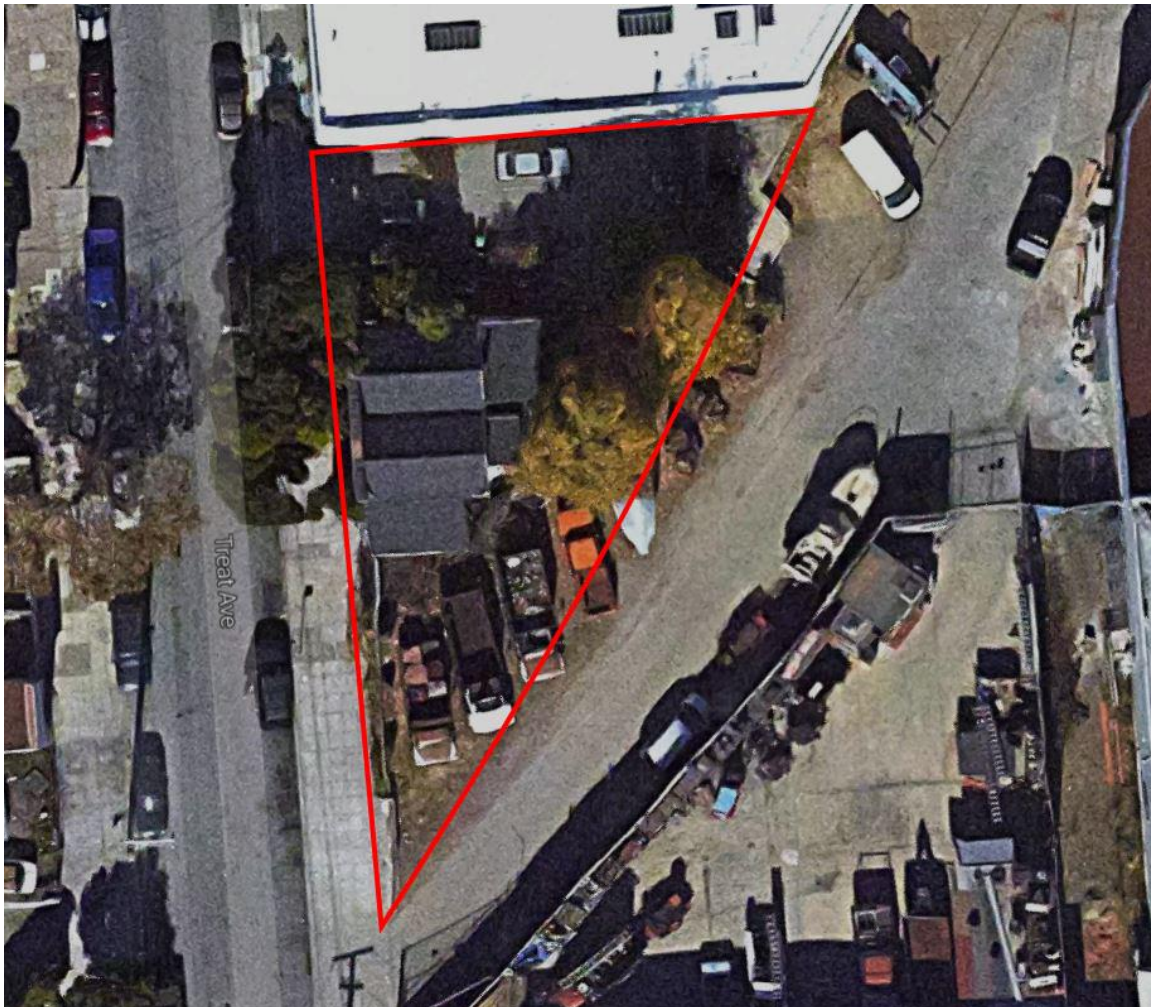


Figure 2. Aerial view of subject property, outlined in red.
Source: Google Maps, edited by author.



Figure 3. 953 Treat Ave, looking east.

Primary (West) Façade

The primary façade faces west towards Treat Avenue (**Figure 4**). It features a false front in the Italianate style and is clad in wood shingles. The raised crawl space contains two metal vents at the north end, and two boarded wood frame openings at the south end. The first story contains four wood-sash, double-hung, split-pane windows surmounted by flat hoods. The windows span the façade, with the two at the south end being paired. Two of the four windows are covered by iron grates (**Figure 5 & 6**). The façade terminates in a bracketed cornice (**Figure 7**).



Figure 4. Primary false front façade, looking east.



Figure 5. Primary façade windows.



Figure 6. Primary façade windows.



Figure 7. False front and bracketed cornice, looking south along Treat Avenue.

North Façade

The north façade is divided into two portions that are distinguished by roof shape and cladding materials (**Figure 8**). The right (west) end of the façade terminates in the long eave of a gable roof. The raised crawlspace is clad in drop wood siding and contains a fixed six-lite, wood-frame window (**Figure 9**). The first story contains the building's primary entrance. The entrance is at the far right (west, close to the primary façade of the building) of the façade and is fronted by a small wood deck accessed via seven wood steps. The entry consists of a paneled wood door surmounted by a decorative bracketed hood (**Figure 10**). A wood-sash, double-hung window with wood casing is located to the right of the entry (**Figure 11**).

The left (east) portion of the north façade terminates in the slope of a shed roof, and is clad in drop wood siding (**Figure 12**). The crawl space under the residence can be accessed from this portion via a small wood-slat door (**Figure 13**). The first story contains a double-hung, wood-sash window, and a fixed window (**Figure 14**). A secondary entrance is located at the far left (east, near the rear of the building) of the façade, and features a wood door and small wood deck. All of the windows on the north façade are covered by security bars



Figure 8. North façade, looking south.



Figure 9. Window to crawlspace at north façade.

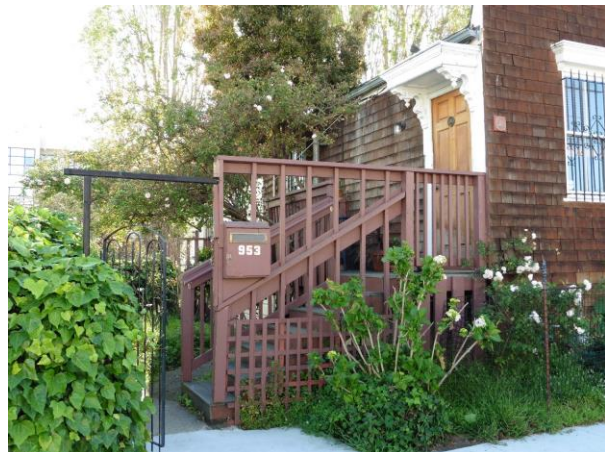


Figure 10. Primary entrance at northwest corner.



Figure 11. Double hung window at north façade, looking southwest.

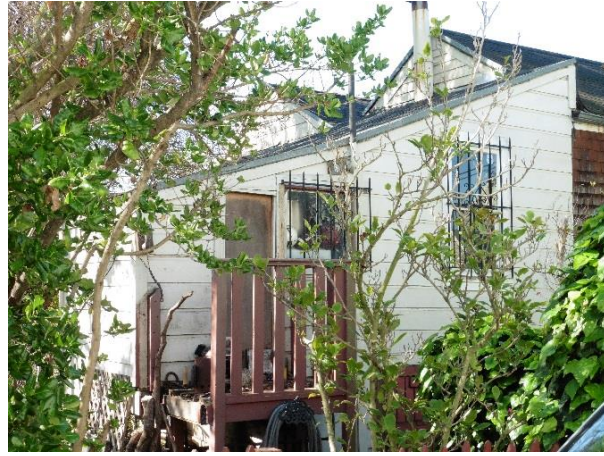


Figure 12. Eastern portion of north façade, looking southwest.



Figure 13. Crawlspace entrance at north façade.



Figure 14. Double hung window in east portion of façade.

Rear (East) Façade

The rear (east) façade faces onto the former railroad right-of-way which cuts through the subject block at a diagonal angle. It features several projecting volumes with shed roofs. These volumes are all raised above ground and supported by wood piers on concrete block.

The projecting volume at the right (north) portion of the façade contains one wood-frame, double hung window with security bars on its south face (**see Figure 17**). In the ell on the east side, there is a small projecting volume clad in vertical wood siding and containing one fixed, wood-frame window covered with security bars (**Figure 15**). At center, on the façade of the main building core, is a vertical, fixed wood frame multi-lite window (**Figure 16, Figure 17**). The projecting volume at the left (south) portion of the façade contains a vertical vinyl sliding window within a wood frame on its south face (**Figure 18, Figure 19, Figure 20**).



Figure 15. Projecting volumes on north portion of facade, looking northwest.



Figure 16. Window at center of building, looking west between two projecting volumes.

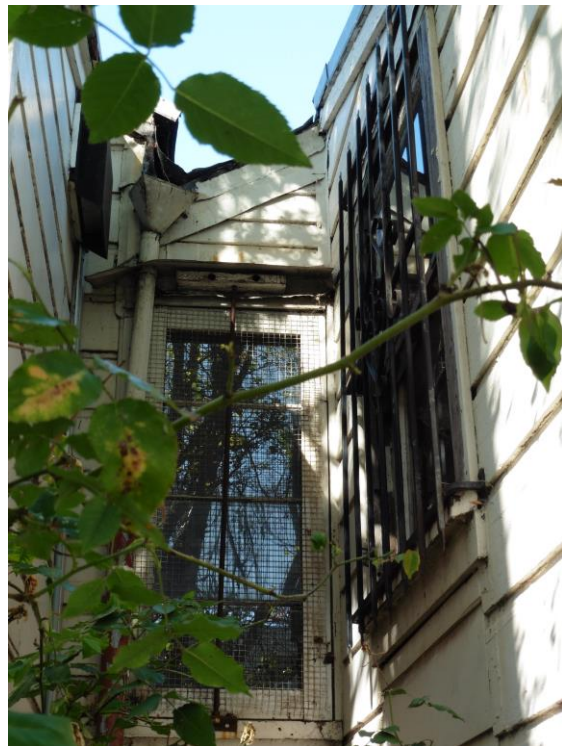


Figure 17. Close view of window on northern projecting volume and window at center.



Figure 18. Projecting volume at south portion of façade, looking south.



Figure 19. South face of projecting volume at south portion of façade, looking north.



Figure 20. Vinyl window within wood frame on south side of projecting addition.

South Façade

The south façade terminates in the long eave of a gable roof. It contains one wood-sash, double-hung window at the right (east) end (**Figure 22**). The rest of the façade is comprised of an attached garage, which projects from the façade under a shed roof with a slightly overhanging eave (**Figure 21**). The garage contains no fenestration.



Figure 21. South façade, looking north.



Figure 22. Window on south façade (left). Window on rear projecting volume also visible (right).

Landscape

953 Treat Avenue occupies the southern portion of the triangular lot. The primary façade is lined with low-lying greenery between the residence and the sidewalk along Treat Avenue. The north, east, and south façades are heavily vegetated with camellias, climbing roses, and other shrubs and brambles. A small brick and cement paved area is located at the north façade (**Figure 23**). The northern portion of the lot is paved and separated from the house and garden by a hedge and a wood picket fence (**Figure 24**). A chain link fence marks the majority of the rear of the property line, facing onto the former railroad easement.



Figure 23. Side yard along north façade, looking east.



Figure 24. Paved northern portion of subject lot, looking east.

NEIGHBORHOOD SETTING

The neighborhood surrounding 953 Treat Avenue is a mix of commercial, industrial, and residential buildings. The residences are primarily two story over garage Victorian homes and are occupied by single and multi-unit uses. Commercial and industrial buildings, also one to two stories in height, are generally utilitarian in design. A dominant feature of the area is the railroad right-of-way that cuts diagonally through the subject block (**Figure 25, Figure 26, Figure 27**). The easement has been paved over, although metal tracks are still partially visible. To the immediate north of the subject property is a two story warehouse and several residences in a variety of styles (**Figure 28**). On the west side of Treat Avenue there is a community park, an empty lot, and one- and two-story residences (**Figure 29, Figure 30, Figure 31**). To the south of the subject property is a two story warehouse (**Figure 32**).



Figure 25. Railroad right-of-way, looking west.
Subject property is at right.



Figure 26. Railroad right-of-way, looking
northeast.



Figure 27. Four story construction east of
subject property and railroad right-of-way,
looking east.



Figure 28. Warehouse north of subject
property.

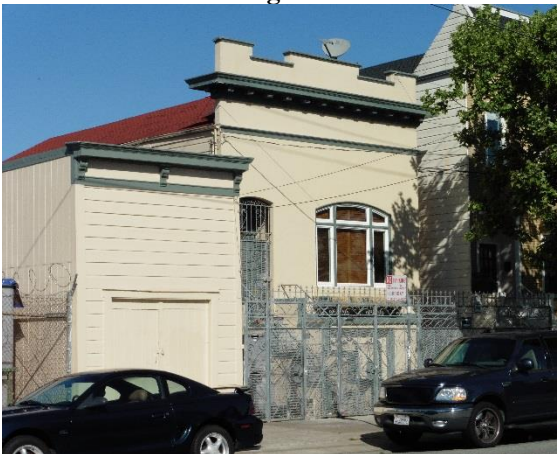


Figure 29. Garage and residence on west side
of Treat Avenue.



Figure 30. Residences across from subject
property.



Figure 31. Residences on west side of Treat Avenue.



Figure 32. Warehouse building south of the subject property, looking southeast.

PROJECT SITE HISTORY

The San Francisco & San Jose Railroad track cut through the lower Mission valley and the subject area around 1863. No construction occurred on the subject parcel until the subject building was constructed in 1887, according to the Spring Valley Water Tap records. The original architect or builder is unknown.

On the 1889 Sanborn map, a one story building is shown on the subject lot (**Figure 33**). This building appears to represent the northern portion of the extant building, which includes the primary and secondary entrances and a single gable roof with adjoining sheds. It was rectangular in plan with two volumes extending in a linear fashion off the east façade. By 1900, the adjoining lot to the north had been incorporated into the subject parcel and the building had nearly doubled in size (**Figure 34**). New additions included the expansion of the main core of the house to the south (the second gable roof), the projecting volume which is now the garage, and additional sheds at what has come to be considered the rear (east) façade. The property also included a stable or other ancillary building at the northeast point of the parcel.

The building was spared from the widespread fire that destroyed much of the northern Mission district in 1906. By 1914, the building footprint had expanded even further to include additional projecting volumes at the east façade, the expansion of the stable, and two more ancillary structures on the parcel (**Figure 35**). This footprint remains the same through the 1950 Sanborn map, with no alterations except the loss of the shed building along the north lot line (**Figure 36**).

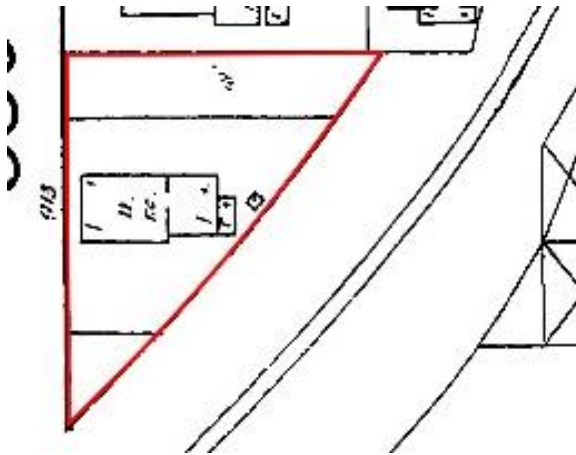


Figure 33. 1889 Sanborn map. Notations read "D" and "PC" for "patent chimney." Subject property outlined in red. North is up.
Source: 1866-1893 Sanborn Fire Insurance Map, volume 3, sheet 82a.



Figure 34. 1900 Sanborn map. Subject property outlined in red. North is up.
Source: 1899-1900 Sanborn Fire Insurance Map, volume 5, sheet 512.

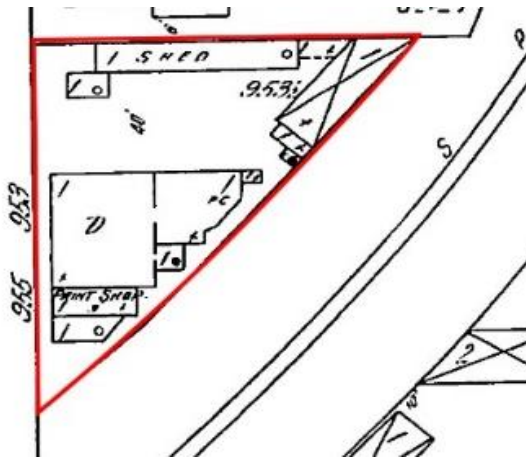


Figure 35. 1914 Sanborn map. Subject property outlined in red.
Source: 1913-1915 Sanborn Fire Insurance Map, volume 6, sheet 598.

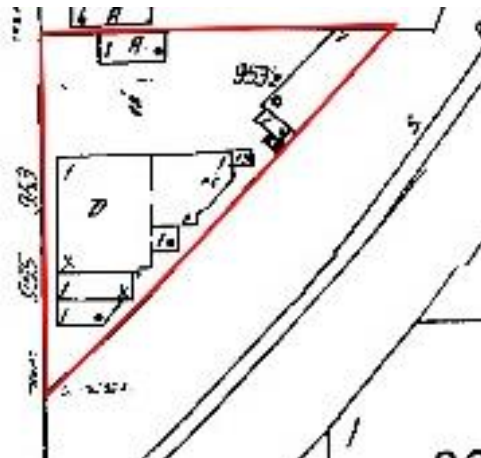


Figure 36. 1950 Sanborn map. Subject property outlined in red.
Source: 1950 Sanborn Fire Insurance Map, volume 6, sheet 598.

In a 1938 aerial image, 953 Treat Avenue appears to have a footprint very similar to that existing today (**Figure 37**). The staggered east façade resulting from numerous projecting volumes and some ancillary buildings are visible in the photograph. The rear façade of the property was captured in a photograph from 1959 (**Figure 38**). In the photograph, lack of landscaping and trees at the rear of the property afford a better view of the façade than what is available today. A small lean-to is visible on the south side of the building. That structure is no longer extant, but markings of the shed roof are still visible on the south façade of the garage. A wood fence separated the residence from the railroad tracks. Additional known alterations are including in the following construction chronology.



Figure 37. 1938 aerial view of the subject property.
Source: 1938 San Francisco Aerial, David Rumsey Historical Map Collection.



Figure 38. Rear façade of the subject property in 1959, when the Southern Pacific's small branch line was still in operation.
Source: AAB-9455, San Francisco Public Library Historical Photograph Collection.

CONSTRUCTION CHRONOLOGY

Only two building permits are on file with the San Francisco Department of Building Inspection:

Date	Source	Description
1887	Spring Valley water tap records	953 Treat Avenue was constructed. Architect or builder unknown. ¹⁰
1978	Building permit #08805495	Building was re-roofed

Based on physical observation of the building and evidence provided by historic maps, many additions occurred for which no permits exist:

- By 1900, the main building core was doubled, the south shed was added, and projecting volumes were added to the rear facade.
- The false front is too large to have adorned the smaller original street facing façade. It was likely added during or after the building core was doubled, but before 1938 when it appears in the aerial photograph.
- Several ancillary buildings on the northern portion of the property, including a stable and a shed, were constructed at unknown dates and are no longer extant. The first appearance of a stable was before 1900 and the remainder of the buildings were completed by 1914. A small shed, no longer extant, was also added to the east side of the garage addition.

James Heinzer's 2005 HRE included a narrative of work on the house that he and his parents had performed during their occupancy of the subject property. Changes by the elder Heinzers included interior work and a re-roofing in 1978, as evidenced by the permit history. The work undertaken by Mr. Heinzer amounted to a re-roofing project in 2004, plumbing work, repairs to the wooden decks, replacement of the water heater and garage doors, new piers on concrete block placed underneath the house, and replacement of windows (although he does not specify which windows).

¹⁰ Spring Valley Water Tap Records, vol. 6, p. 2351. San Francisco Property Information Map lists construction date as 1891.

IV. HISTORIC CONTEXT

THE MISSION DISTRICT

In 1776, Father Francisco Palou founded Mission Dolores on the banks of what the Spanish explorers had named Laguna de Manatí. Albeit altered and periodically rebuilt over the centuries, Mission Dolores still stands at the southwest corner of Dolores and Sixteenth streets, serving as the cultural heart of the neighborhood. After the Mexican government secularized the California missions in 1833, what is now the Mission District passed into the hands of several prominent Californio families. These ranching families – the Sanchezes, Noes, Guerreros and Valencias – remain memorialized by street names in the district.

California was incorporated into the United States with the Treaty of Guadalupe Hidalgo in 1848. For almost a decade after statehood, what is now the Mission District remained a rural area outside jurisdiction of the city of San Francisco. The isolated area became home to a wide variety of pastimes from roadhouses to commercial resorts. In 1850, a financier named Charles L. Wilson constructed a plank toll road along the current route of Mission Street between downtown and Sixteenth Street. The toll road provided the first reliable route from the Mexican/American settlement at Yerba Buena Cove to the patchwork settlement that had grown up around Mission Dolores.

Soon after the completion of the plank road San Francisco annexed the land now comprising the Mission District as part of the Consolidation Act of 1856. There had been a series of expansions of the city limits, gradually incorporating the open ranch lands. As the City of San Francisco attempted to organize the chaotic settlement and ownership claims for the area, the southern boundary of the city moved continually south. Steadily improving transportation during the second half of the 19th century allowed better access to the area. By 1867, there were several omnibus lines operating between downtown and the Mission, as well as a steam railroad line running along Harrison Street. Recreational and amusement facilities continued to thrive in the Mission. The most famous of these was Woodward's Gardens. Located on Mission Street, between Thirteenth and Fourteenth Streets, the early amusement park housed gardens, a picnic ground, an art museum, a zoo and many other attractions.

The largely under-developed land also provided the opportunity for horse-racing tracks, and the popularity of the racecourse entertainments drew more people to the area, which in turn led to the construction of new roads and began to increase property values.¹¹ The Pioneer racetrack was owned by George and John Treat. George Treat began to sell acres of the Pioneer land to the Homestead Union in 1861, and gradually the land was surveyed and divided into house lots. Following suit, the other racing tracks were sold and surveyed for subdivision in 1863 and renamed the Perkins Tract.¹² The subject building was later constructed on Perkins Tract land.

The Mission District also served as a major source of agriculture. John Center, a figure who was later dubbed the “father of the Mission,” developed a thriving fruit and vegetable trade to meet the influx of residents to San Francisco.¹³ Center had been influential in the construction of the plank road and streetcar lines. He was a major landholder and subdivided large expanses of land to facilitate new streets and housing.

During the late half of the 19th century, residential development grew apace. Following the arrival of effective mass transit, speculators and homestead associations began to plat the district, laying out a

¹¹ Horatio Stoll, “Growth and Development of the Mission: Wonderful Record of Sixty Years,” *San Francisco Call*, July 18, 1908.

¹² Angus Macfarlane, “San Francisco Racetracks,” *The Argonaut*, p. 6.

¹³ Horatio Stoll, “Growth and Development of the Mission,” *San Francisco Call*, July 18, 1908.

grid of streets as far south as what is now Cesar Chavez (previously Army Street). Some large-scale development in the vicinity was carried out by major real estate companies such as the Real Estate Associates and San Francisco Homestead Union. However, there were also many individual developments that created an eclectic collection of building types within the Mission. The Tanforan Cottages, located on the 200 block of Dolores Street, were built between 1853 and 1854 and are some of the oldest surviving dwellings in the city represent an earlier piecemeal approach to residential development. Typical of the early “pioneer” period, generally 1848-1864, were small, single story lightly framed wood frame cottages often with porches or false fronts or vernacular interpretations of the Greek and Gothic Revival styles.¹⁴

San Francisco’s status as a major port and a manufacturing and financial center was cemented in the later half of the 19th century. The period of 1864-1906, often termed the “Gilded Age,” was one of the most significant periods of growth for the Mission District. The Mission grew into a collection of dense neighborhoods representing a variety of classes and cultures. A mixed building stock developed, reflecting a range of Victorian styles that were popular in the later 19th century. The Italianate style began to appear in the mid-1860s and was popular through the 1870s. Front gables were masked with a false front and parapet featuring bracketed cornices and hooded apertures. Later designs added angular window bays to the flat fronts. In the 1880s and 1890s, the Stick-Eastlake style and the Queen Anne style dominated. These houses, often multi-unit flats instead of single-family residences, were more ornately decorated than previous styles. A few dwellings were constructed in the Shingle style during this time, but it was less common. The Romeo flats building type emerged to accommodate the high-density needs of the neighborhood and working class residents.¹⁵

The 1906 Earthquake and Fire changed everything, converting the Mission District into a thoroughly urban industrial and predominantly working-class district. The fire that sprang up as a result of the earthquake quickly destroyed the workers’ cottages, boarding houses, and machine shops of the South of Market District before moving into the Northeast Mission, destroying everything in its path before finally being halted at Twentieth Street, just a few blocks north of the 953 Treat Avenue. Downtown businesses destroyed in the conflagration relocated to Mission Street, while thousands of working-class immigrants uprooted from the South of Market District moved into the neighborhood.

A substantial portion of the new residents of the Mission were either Irish-born immigrants or their children. Most were employed in working-class occupations. Many men worked as teamsters, carpenters, or longshoremen and the women were often employed as domestic servants in the homes of the wealthy. Union activism thrived in the community, and remained high in the Mission District throughout the first half of the twentieth century as working-class residents sought to establish a forty-hour workweek and decent wages. Outside of work the “Mission Irish,” as they came to be known throughout the city, created a cohesive ethnic community in the Mission with its own insular culture, churches, bars, union halls, groceries, funeral parlors, and even accent.

The Mission District thrived as a self-contained predominantly Irish-American ethnic community until well after the Second World War. The war took thousands of local men out of the neighborhood to fight in Europe and the South Pacific and put many local women to work in local industries. Following the return of younger Mission residents from overseas after the war, many took advantage of the benefits conferred by the GI Act, such as educational grants and low-interest home loans. Newly developed housing tracts of the Sunset/Parkside, Marin County and the Peninsula encouraged many to move out of the aging Victorian flats of the Mission.

¹⁴ City and County of San Francisco Planning Department, “City Within A City: Historic Context Statement for San Francisco’s Mission District,” November 2007, p. 27.

¹⁵ City and County of San Francisco Planning Department, “City Within A City,” p. 49.

As the Irish-Americans abandoned the Mission, they were gradually replaced by Mexican, Salvadoran and Nicaraguan immigrants. From the 1950s to the present, the continued influx of immigrants from these countries has transformed the Mission into San Francisco's largest predominantly Latino neighborhood. Department stores and theaters along Mission Street which once catered to the Irish-American residents were converted into shops and community institutions serving the Latino community. Murals commemorating Latino history and culture transformed walls and fences into vivid public art. During the 1980s and 1990s the Mission experienced yet another cycle of transformation, as artists and other "Bohemians" were attracted to the neighborhood for its inexpensive rents, balmy climate, picturesque architecture and vibrant cultural scenes. Meanwhile, escalating real estate prices elsewhere in San Francisco have inspired urban professionals to purchase old Victorian flats and cottages in the heart of the Mission, sparking escalating concerns about gentrification and development.

RAILROAD HISTORY

Transportation played a crucial role in the development of the Mission District. The flat valley provided the optimal route between San Francisco and the rest of the Peninsula. The historic El Camino Real route, plank roads, horse-drawn omnibuses, and streetcars all facilitated the development and settlement of the Mission district. The most powerful force, however, was the railroad, which strengthened the connection between the San Francisco ports and the Peninsula throughout the 19th century.

In 1863, the San Francisco & San Jose Railroad was established. The railroad line was arranged to follow the old route of the El Camino Real, cutting through the lower Mission Valley. The diagonal route was the result of arranging a minimal amount of easements with local landowners. John Center was among those landowners who granted a conveyance through his property in 1863.¹⁶ The San Francisco & San Jose Railroad was a small company that ran a relatively short line providing passenger and freight service between San Francisco and San Jose. The founders aspired to expand south to creating a transcontinental line.¹⁷ In December 1865, the company was reorganized and renamed the Southern Pacific Railroad Company.

The San Francisco & San Jose Railroad attracted the attention of the Big Four: railroad magnates Leland Stanford, Mark Hopkins, Collis Huntington, and Charles Crocker. They acquired this railroad in 1870, kept the name, and rapidly expanded it across the United States. The line that cut through the subject parcel and Center's land became known as the historic "Old Main Line" of the San Francisco & San Jose Railroad.

Eventually, this line was discontinued when outer lands on the San Francisco Bay were filled in to create a shorter route down to the Peninsula. The "Old Main Line" became a small branch line of the Southern Pacific and one of the last "in-town" rail services in the city. One terminus for this branch was at 23rd and Folsom, only one block from the subject property. The Southern Pacific line ceased passenger service through the San Bruno Gap and the Mission in 1930. Freight service was disconnected not long after.¹⁸ The tracks behind the subject property became a short, local branch of the line, known as a spur line, which was used through 1991, when it was finally closed completely. Although the railroad no longer runs through the Mission, the influence that it had in bringing residents and businesses to the area is unmistakable. The diagonal route of the railroad is still visible in the block cut-throughs and irregularly curving lots located in several blocks.

¹⁶ "Exhibit 14" James Heinzer's Historic Resource Evaluation, 2005.

¹⁷ Loren Nicholson, *Rails Across The Ranchos: Centennial Edition Celebrating the Southern Pacific Railroad Coastal Line*, (San Luis Obispo, CA: California Heritage Publishing Associates), 1993, p. 7-9.

¹⁸ San Francisco Planning Department, "City Within A City," November 2007, p. 78.

OWNER/OCCUPANT HISTORY

The following table shows the owner and occupant history for 953 Treat Avenue, gathered from various resources including the San Francisco Assessor's Office, San Francisco city directories, and James Heinzer's 2005 HRE:

Date	Owner	Occupant
1887- c. 1894	Owen and Isabella Gorman and family ¹⁹	Owen and Isabella Gorman and family ²⁰
c. 1894 – 1924	John Center Company ²¹	1894-1924: Louis Barner and family ²²
1924 – 1935	Henry and Evelyn Barner	Henry and Evelyn Barner
1935 – 1944	Louis and Minnie Miller	Unknown
1944 – 1952	Henry and Evelyn Barner	Unknown
1952 – 1953	Emma Kluckhuhn	Unknown
1954 – 1980	Ernest A. and Janet W. Heinzer	Various renters
1980 – present	James W. and Barbara Heinzer; James Heinzer	Various renters

The first known occupants of the house were Owen and Isabella Gorman. Gorman worked as a wool presser and moved out of the subject property after the death of his wife. The 1894 Block Book shows John Center as the owner of the subject lot. Louis Barner then moved into the subject property with his family, including his son Henry. Louis and Henry Barner were both employed as painters, which explains the labeling of a paint shop on the 1914 Sanborn map. Henry and his wife Evelyn later purchased the property from the John Center Company. They retained ownership intermittently until 1953, when Ernest and Janet Heinzer purchased 953 Treat Avenue. The Heinzers owned the adjacent property to the north where they operated a furniture manufacturing company while renting out 953 Treat Avenue.

¹⁹ Crocker-Langley San Francisco City Directory, 1887; "Deaths," *San Francisco Call*, 1892.

²⁰ Crocker-Langley San Francisco City Directory, 1887; "Deaths," *San Francisco Call*, 1892.

²¹ San Francisco Block Book, 1894, San Francisco Public Library; Sale of property from John Center Company to Henry Barber and Wife, 1924, "Exhibit 10," James Heinzer HRE, 2005.

²² Crocker-Langley San Francisco City Directory: 1894, 1900, 1905, 1910, 1924; California Voter Registrations, *Index to Register, City and County of San Francisco, Precinct 35*, April 1924. Accessed via Ancestry.com, held by the California State Library, roll 31; California Voter Registrations, *Index to Register, City and County of San Francisco, Precinct 35*, April 1, 1916. Accessed via Ancestry.com, held by the California State Library, roll 15.

V. ARCHITECT/BUILDER/LANDSCAPE ARCHITECT

The original architect or builder of 953 Treat Avenue is unknown. No original or early building permit is available at the Department of Building Inspection. Furthermore, the neighborhood does not appear to be the work of a single builder or developer. The eclectic mix of building styles and types in the surrounding blocks suggests that the neighborhood developed parcel by parcel. Given the irregular development of the subject property, it's likely that early owners of 953 Treat Avenue built onto the property or demolished sections and ancillary buildings as dictated by the evolving needs of the occupants.

VI. EVALUATION

CALIFORNIA REGISTER OF HISTORICAL RESOURCES

The California Register of Historical Resources (California Register) is an inventory of significant architectural, archaeological, and historical resources in the State of California. Resources can be listed in the California Register through a number of methods. State Historical Landmarks and National Register-listed properties are automatically listed in the California Register. Properties can also be nominated to the California Register by local governments, private organizations, or citizens. The evaluative criteria used by the California Register for determining eligibility are closely based on those developed by the National Park Service for the National Register of Historic Places. Resources eligible for the National Register are automatically listed in the California Register of Historical Resources.²³

In order for a property to be eligible for listing in the California Register, it must be found significant under one or more of the following criteria.

- *Criterion 1 (Events):* Resources that are associated with events that have made a significant contribution to the broad patterns of local or regional history, or the cultural heritage of California or the United States.
- *Criterion 2 (Persons):* Resources that are associated with the lives of persons important to local, California, or national history.
- *Criterion 3 (Architecture):* Resources that embody the distinctive characteristics of a type, period, region, or method of construction, or represent the work of a master, or possess high artistic values.
- *Criterion 4 (Information Potential):* Resources or sites that have yielded or have the potential to yield information important to the prehistory or history of the local area, California, or the nation.

The following section examines the eligibility of 953 Treat Avenue for individual listing in the California Register:

Criterion 1 (Events)

953 Treat Avenue does not appear to be significant under Criterion 1 (Events) as a resource associated with events that have made a significant contribution to the broad patterns of local or regional history, or the cultural heritage of California or the United States. No significant event has occurred involving the development of 953 Treat Avenue. Apart from its proximity to the tracks, the property does not have a significant link with the history of the San Francisco & San Jose Railroad or the Southern Pacific Railroad in the Mission district. The building was not constructed to serve the railroad or to house those associated with the railroad.

Furthermore, the building was not linked to the agricultural development in the Mission lead by John Center, nor is the land known to have been used for that purpose. 953 Treat Avenue was part of the increasing residential development in the Mission before the turn of the 19th century. Small cottages gave way to larger, more stylized designs as more people moved to the Mission and access to the area became easy with public transportation routes. However, the subject building does not sufficiently

²³ California Office of Historic Preservation, *Technical Assistant Series No. 7, How to Nominate a Resource to the California Register of Historical Resources* (Sacramento, CA: California Office of State Publishing, 4 September 2001) 11.

embody the broad pattern of multi-unit residences that became characteristic of this development. For these reasons, 953 Treat Avenue does not appear to be individually eligible for listing in the California Register under Criterion 1.

Criterion 2 (Persons)

953 Treat Avenue does not appear to be significant under Criterion 2 (Persons) as a resource associated with the lives of persons important to local, California, or national history. Research on the owners and occupants of the property—the Gormans, Barners, Millers, Emma Kluckhuhn, or the Heinzers—has not revealed them to be historically significant persons. The influential John Center Company owned the property for a time, however, the parcel belonged to a vast holding of land and does not appear to have been directly connected with John Center himself in any notable way, such as a personal residence. Therefore, 953 Treat Avenue does not appear to be individually eligible for listing in the California Register under Criterion 2.

Criterion 3 (Architecture)

953 Treat Avenue does not appear to be significant under Criterion 3 (Architecture) as a property that embodies the distinctive characteristics of a type, period, region, or method of construction, or represents the work of a master, or possesses high artistic values. The property does not represent the distinctive character of residential architecture in the Mission District; rather, the property contains an amalgamation of different architectural styles from the district. 953 Treat Avenue's light wood frame construction, gable roof, and false front are characteristic of the early "pioneer" period homes, yet it was built outside of that style's period of significance (1848-1864). 953 Treat Avenue mimics these characteristics of an earlier time, likely taking cues from neighborhood examples. The following "Gilded Age" period saw many Italianate style residences in the 1860s and 1870s. Italianate features are visible in the front of the building in the hood of the primary entrance, the false front with a bracketed cornice, and the carved wood casings of the windows. However, the subject building post-dates the era of heavy Italianate construction in the Mission neighborhood and the front of the building is clad with wood shingles, an atypical treatment that detracts from the Italianate design. Lastly, the original architect or builder of 953 Treat Avenue is unknown. 953 Treat Avenue therefore does not possess high artistic style, embody an architectural style or building type, and does not embody the work of a master, and.

For these reasons, 953 Treat Avenue does not appear individually eligible for listing in the California Register under Criterion 3 (Architecture).

Criterion 4 (Information Potential)

953 Treat Avenue was not evaluated for significance under Criterion 4 (Information Potential). Criterion 4 generally applies to the potential for archaeological information to be uncovered at a site, which is beyond the scope of this report.

OPINION ON PREVIOUS EVALUATION

Overall, Page & Turnbull concurs with many of the findings within Heinzer's 2005 HRE. The occupant and ownership history reveals that no persons of historic significance are directly connected with the property, and its design does not represent the work of a master or possess high artistic values. However, additional research has revealed some misconceptions in prior documentation. The following section directly addresses the conclusions made on page 6 of James Heinzer's 2005 HRE point by point:

1. "The house is a collection of tacked on smaller structures on exposed piers with various disjointed rooflines and pitches;"

The building footprint is composed of several different volumes. The main volume is a double gabled rectangular core. Several shed roof additions project from the rear (east) façade of the building. Based on Sanborn Fire Insurance Maps, the extant footprint appears to date from 1915 at the latest. The building has undergone changes but many of these date from very early in the building's history. The rectangular addition on the north end of the east facade dates from the original construction.

2. "The dwelling is in extremely poor structural condition which will be substantiated in the Soundness Report;"
According to the National Register standards, the current condition of a building does not affect the analysis of potential significance and integrity. National Register and California Register criteria are not contingent upon current condition. For this purposes of this report, condition was not a factor in the evaluation.²⁴
3. "In its location between two two-story cement tilt up commercial buildings in the predominately commercial area of its block; the house looks out of place;"
A mix of industrial and residential uses has been present in this neighborhood since the 19th century. The commercial buildings specified here were constructed after 953 Treat Avenue and many other residences in the area. Much of the surrounding block remains residential. Furthermore, the neighborhood is zoned for mixed use, so residential buildings remain appropriate.
4. "No doubt early residents of the 953 Treat Ave. house witnessed the Mission District's remaining vegetable gardens turn into new homes and commercial buildings but who those residents were and what they did as professions is not known;"
This report has provided as expanded occupant and ownership history. The Gormans and the Barners do not appear to be significantly connected to the agricultural history of the Mission District or with other events in the area. For these reasons, the property has been not been found eligible for listing under California Register Criterion 2 (Persons).
5. "While from 1891 to 1991 the resident of the 953 Treat Ave. house could see rail cars go by on the contiguous railroad right-of-way, those residents were not railroad employees that lived in the house as part of their railroad employment;"
The expanded owner and occupant history supports this finding.
6. "Though the 953 Treat Ave. home was owned by the John Center Corporation whose major shareholder was John Center, the most influential San Franciscan of his time in the Mission District, John Center never lived in the house;"
The subject property does not appear to have been connected in a significant way to the John Center Company workings in the area, as discussed under finding #4, or with John Center himself.
7. "The major accomplishments of John Center to the development of San Francisco are no more represented by the 953 Treat Ave. house that the land in and around the house or the land in many other areas of the Mission District which John Center grew vegetables on in the mid 1800's;"
As described in the evaluations for Criteria 1 and 2 (Events and Persons), no significant link between the subject property and vegetable production of the Mission has been found.

²⁴ U.S. Department of the Interior, National Park Service, "National Register Bulletin 15: How to Apply the National Register Criteria for Evaluation," section 8, revised 2002.

8. “My investigation could not find any person of historical significance that ever lived in the 953 Treat Ave. house;”
The expanded owner and occupant history concurs with this statement. The occupation of the house by two families for lengths of time is noteworthy but cannot alone confer significance.
9. “For over the last 50 years the house has been a rental property;”
The use of 953 Treat Avenue is not considered a detriment to the building’s historic potential.
10. “Future development of the contiguous former railroad right-of-way parcel appears unlikely and therefore should not effect [sic] the development of the Treat Ave. parcel.”
Development of the contiguous parcel was not evaluated as part of this report. The potential for development of the nearby right-of-way does not impact the historic potential for 953 Treat Avenue.

VII. CONCLUSION

953 Treat Avenue is a single story wood frame cottage with an Italianate style false front clad in wood shingle. The original structure dates to 1887, with additions and expansions made before 1915. Adjacent to the subject property runs the former right-of-way of the Southern Pacific Railroad, forming the irregular triangular lot of the property. None of the occupants or owners have been identified as significant, nor is the property significantly connected with either the railroad or agricultural activity in the area. While maintaining elements of early cottages in the Mission District and design characteristics of Italianate false fronts, the cumulative design is not exemplary of any particular architectural style or period in the Mission's history. 953 Treat Avenue has been determined not to be eligible for listing in the California Register. For this reason, 953 Treat Avenue does not qualify as a historic resource for the purposes of review under the California Environmental Quality Act (CEQA).

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SAN FRANCISCO PLANNING DEPARTMENT

CEQA Categorical Exemption Determination

PROPERTY INFORMATION/PROJECT DESCRIPTION

Project Address		Block/Lot(s)
953 Treat Avenue		3639/028
Case No.	Permit No.	Plans Dated
2015-006510ENV	20151104-1757/-1763/-1768	11/10/2015
<input checked="" type="checkbox"/> Addition/ Alteration	<input type="checkbox"/> Demolition (requires HRER if over 45 years old)	<input type="checkbox"/> New Construction
<input type="checkbox"/> Project Modification (GO TO STEP 7)		
Project description for Planning Department approval. Proposed demolition of (E) SFH to construct two (N) buildings containing two residential units each and two parking spaces. Totaling four residential unit with four parking spaces.		

STEP 1: EXEMPTION CLASS

TO BE COMPLETED BY PROJECT PLANNER

Note: If neither Class 1 or 3 applies, an <i>Environmental Evaluation Application</i> is required.	
<input checked="" type="checkbox"/>	Class 1 – Existing Facilities. Interior and exterior alterations; additions under 10,000 sq. ft.
<input checked="" type="checkbox"/>	Class 3 – New Construction/ Conversion of Small Structures. Up to three (3) new single-family residences or six (6) dwelling units in one building; commercial/office structures; utility extensions; change of use under 10,000 sq. ft. if principally permitted or with a CU.
<input type="checkbox"/>	Class__

STEP 2: CEQA IMPACTS

TO BE COMPLETED BY PROJECT PLANNER

If any box is checked below, an <i>Environmental Evaluation Application</i> is required.	
<input type="checkbox"/>	Air Quality: Would the project add new sensitive receptors (specifically, schools, day care facilities, hospitals, residential dwellings, and senior-care facilities) within an Air Pollution Exposure Zone? Does the project have the potential to emit substantial pollutant concentrations (e.g., backup diesel generators, heavy industry, diesel trucks)? <i>Exceptions: do not check box if the applicant presents documentation of enrollment in the San Francisco Department of Public Health (DPH) Article 38 program and the project would not have the potential to emit substantial pollutant concentrations. (refer to EP_ArcMap > CEQA Catex Determination Layers > Air Pollutant Exposure Zone)</i>
<input type="checkbox"/>	Hazardous Materials: If the project site is located on the Maher map or is suspected of containing hazardous materials (based on a previous use such as gas station, auto repair, dry cleaners, or heavy manufacturing, or a site with underground storage tanks): Would the project involve 50 cubic yards or more of soil disturbance - or a change of use from industrial to residential? If yes, this box must be checked and the project applicant must submit an Environmental Application with a Phase I

	Environmental Site Assessment. <i>Exceptions: do not check box if the applicant presents documentation of enrollment in the San Francisco Department of Public Health (DPH) Maher program, a DPH waiver from the Maher program, or other documentation from Environmental Planning staff that hazardous material effects would be less than significant (refer to EP_ArcMap > Maher layer).</i>
<input type="checkbox"/>	Transportation: Does the project create six (6) or more net new parking spaces or residential units? Does the project have the potential to adversely affect transit, pedestrian and/or bicycle safety (hazards) or the adequacy of nearby transit, pedestrian and/or bicycle facilities?
<input checked="" type="checkbox"/>	Archeological Resources: Would the project result in soil disturbance/modification greater than two (2) feet below grade in an archeological sensitive area or eight (8) feet in a non-archeological sensitive area? (refer to EP_ArcMap > CEQA Catex Determination Layers > Archeological Sensitive Area)
<input type="checkbox"/>	Noise: Does the project include new noise-sensitive receptors (schools, day care facilities, hospitals, residential dwellings, and senior-care facilities) fronting roadways located in the noise mitigation area? (refer to EP_ArcMap > CEQA Catex Determination Layers > Noise Mitigation Area)
<input type="checkbox"/>	Subdivision/Lot Line Adjustment: Does the project site involve a subdivision or lot line adjustment on a lot with a slope average of 20% or more? (refer to EP_ArcMap > CEQA Catex Determination Layers > Topography)
<input type="checkbox"/>	Slope = or > 20%: Does the project involve excavation of 50 cubic yards of soil or more, new construction, or square footage expansion greater than 1,000 sq. ft. outside of the existing building footprint? (refer to EP_ArcMap > CEQA Catex Determination Layers > Topography) If box is checked, a geotechnical report is required.
<input type="checkbox"/>	Seismic: Landslide Zone: Does the project involve excavation of 50 cubic yards of soil or more, new construction, or square footage expansion greater than 1,000 sq. ft. outside of the existing building footprint? (refer to EP_ArcMap > CEQA Catex Determination Layers > Seismic Hazard Zones) If box is checked, a geotechnical report is required.
<input type="checkbox"/>	Seismic: Liquefaction Zone: Does the project involve excavation of 50 cubic yards of soil or more, new construction, or square footage expansion greater than 1,000 sq. ft. outside of the existing building footprint? (refer to EP_ArcMap > CEQA Catex Determination Layers > Seismic Hazard Zones) If box is checked, a geotechnical report will likely be required.
If no boxes are checked above, GO TO STEP 3. If one or more boxes are checked above, an <u>Environmental Evaluation Application</u> is required, unless reviewed by an Environmental Planner.	
<input checked="" type="checkbox"/>	Project can proceed with categorical exemption review. The project does not trigger any of the CEQA impacts listed above.
Comments and Planner Signature (optional): Jean Poling Sponsor enrolled in DPH Maher program. No archeological effects.	

**STEP 3: PROPERTY STATUS – HISTORIC RESOURCE
TO BE COMPLETED BY PROJECT PLANNER**

PROPERTY IS ONE OF THE FOLLOWING: (refer to Parcel Information Map)	
<input type="checkbox"/>	Category A: Known Historical Resource. GO TO STEP 5.
<input checked="" type="checkbox"/>	Category B: Potential Historical Resource (over 45 years of age). GO TO STEP 4.
<input type="checkbox"/>	Category C: Not a Historical Resource or Not Age Eligible (under 45 years of age). GO TO STEP 6.

STEP 4: PROPOSED WORK CHECKLIST
TO BE COMPLETED BY PROJECT PLANNER

Check all that apply to the project.	
<input type="checkbox"/>	1. Change of use and new construction. Tenant improvements not included.
<input type="checkbox"/>	2. Regular maintenance or repair to correct or repair deterioration, decay, or damage to building.
<input type="checkbox"/>	3. Window replacement that meets the Department's <i>Window Replacement Standards</i> . Does not include storefront window alterations.
<input type="checkbox"/>	4. Garage work. A new opening that meets the <i>Guidelines for Adding Garages and Curb Cuts</i> , and/or replacement of a garage door in an existing opening that meets the Residential Design Guidelines.
<input type="checkbox"/>	5. Deck, terrace construction, or fences not visible from any immediately adjacent public right-of-way.
<input type="checkbox"/>	6. Mechanical equipment installation that is not visible from any immediately adjacent public right-of-way.
<input type="checkbox"/>	7. Dormer installation that meets the requirements for exemption from public notification under <i>Zoning Administrator Bulletin No. 3: Dormer Windows</i> .
<input type="checkbox"/>	8. Addition(s) that are not visible from any immediately adjacent public right-of-way for 150 feet in each direction; does not extend vertically beyond the floor level of the top story of the structure or is only a single story in height; does not have a footprint that is more than 50% larger than that of the original building; and does not cause the removal of architectural significant roofing features.
Note: Project Planner must check box below before proceeding.	
<input checked="" type="checkbox"/>	Project is not listed. GO TO STEP 5.
<input type="checkbox"/>	Project does not conform to the scopes of work. GO TO STEP 5.
<input type="checkbox"/>	Project involves four or more work descriptions. GO TO STEP 5.
<input type="checkbox"/>	Project involves less than four work descriptions. GO TO STEP 6.

STEP 5: CEQA IMPACTS – ADVANCED HISTORICAL REVIEW
TO BE COMPLETED BY PRESERVATION PLANNER

Check all that apply to the project.	
<input type="checkbox"/>	1. Project involves a known historical resource (CEQA Category A) as determined by Step 3 and conforms entirely to proposed work checklist in Step 4.
<input type="checkbox"/>	2. Interior alterations to publicly accessible spaces.
<input type="checkbox"/>	3. Window replacement of original/historic windows that are not “in-kind” but are consistent with existing historic character.
<input type="checkbox"/>	4. Façade/storefront alterations that do not remove, alter, or obscure character-defining features.
<input type="checkbox"/>	5. Raising the building in a manner that does not remove, alter, or obscure character-defining features.
<input type="checkbox"/>	6. Restoration based upon documented evidence of a building's historic condition, such as historic photographs, plans, physical evidence, or similar buildings.
<input type="checkbox"/>	7. Addition(s) , including mechanical equipment that are minimally visible from a public right-of-way and meet the <i>Secretary of the Interior's Standards for Rehabilitation</i> .

<input type="checkbox"/>	8. Other work consistent with the <i>Secretary of the Interior Standards for the Treatment of Historic Properties</i> (specify or add comments):
<input type="checkbox"/>	9. Other work that would not materially impair a historic district (specify or add comments): (Requires approval by Senior Preservation Planner/Preservation Coordinator) _____
<input checked="" type="checkbox"/>	10. Reclassification of property status to Category C. (Requires approval by Senior Preservation Planner/Preservation Coordinator) a. Per HRER dated: _____ (attach HRER) b. Other (specify): Per PTR form dated 3/25/2016
Note: If ANY box in STEP 5 above is checked, a Preservation Planner MUST check one box below.	
<input type="checkbox"/>	Further environmental review required. Based on the information provided, the project requires an <i>Environmental Evaluation Application</i> to be submitted. GO TO STEP 6.
<input checked="" type="checkbox"/>	Project can proceed with categorical exemption review. The project has been reviewed by the Preservation Planner and can proceed with categorical exemption review. GO TO STEP 6.
Comments (optional):	
Preservation Planner Signature: Justin Greving	

STEP 6: CATEGORICAL EXEMPTION DETERMINATION
TO BE COMPLETED BY PROJECT PLANNER

<input type="checkbox"/>	Further environmental review required. Proposed project does not meet scopes of work in either (check all that apply): <input type="checkbox"/> Step 2 – CEQA Impacts <input type="checkbox"/> Step 5 – Advanced Historical Review STOP! Must file an <i>Environmental Evaluation Application</i>.	
<input checked="" type="checkbox"/>	No further environmental review is required. The project is categorically exempt under CEQA.	
	Planner Name: Justin A Greving Project Approval Action: Building Permit If Discretionary Review before the Planning Commission is requested, the Discretionary Review hearing is the Approval Action for the project.	Signature: Justin Greving <small>Digitally signed by Justin Greving DN: dc=org, dc=sfgov, dc=cityplanning, ou=CityPlanning, ou=Current Planning, cn=Justin Greving, email=Justin.Greving@sfgov.org Date: 2016.03.28 10:19:36 -07'00'</small>
	Once signed or stamped and dated, this document constitutes a categorical exemption pursuant to CEQA Guidelines and Chapter 31 of the Administrative Code. In accordance with Chapter 31 of the San Francisco Administrative Code, an appeal of an exemption determination can only be filed within 30 days of the project receiving the first approval action.	

STEP 7: MODIFICATION OF A CEQA EXEMPT PROJECT**TO BE COMPLETED BY PROJECT PLANNER**

In accordance with Chapter 31 of the San Francisco Administrative Code, when a California Environmental Quality Act (CEQA) exempt project changes after the Approval Action and requires a subsequent approval, the Environmental Review Officer (or his or her designee) must determine whether the proposed change constitutes a substantial modification of that project. This checklist shall be used to determine whether the proposed changes to the approved project would constitute a "substantial modification" and, therefore, be subject to additional environmental review pursuant to CEQA.

PROPERTY INFORMATION/PROJECT DESCRIPTION

Project Address (If different than front page)		Block/Lot(s) (If different than front page)
Case No.	Previous Building Permit No.	New Building Permit No.
Plans Dated	Previous Approval Action	New Approval Action
Modified Project Description:		

DETERMINATION IF PROJECT CONSTITUTES SUBSTANTIAL MODIFICATION

Compared to the approved project, would the modified project:	
<input type="checkbox"/>	Result in expansion of the building envelope, as defined in the Planning Code;
<input type="checkbox"/>	Result in the change of use that would require public notice under Planning Code Sections 311 or 312;
<input type="checkbox"/>	Result in demolition as defined under Planning Code Section 317 or 19005(f)?
<input type="checkbox"/>	Is any information being presented that was not known and could not have been known at the time of the original determination, that shows the originally approved project may no longer qualify for the exemption?
If at least one of the above boxes is checked, further environmental review is required CATEX FORM	

DETERMINATION OF NO SUBSTANTIAL MODIFICATION

<input type="checkbox"/>	The proposed modification would not result in any of the above changes.
If this box is checked, the proposed modifications are categorically exempt under CEQA, in accordance with prior project approval and no additional environmental review is required. This determination shall be posted on the Planning Department website and office and mailed to the applicant, City approving entities, and anyone requesting written notice.	
Planner Name:	Signature or Stamp:



SAN FRANCISCO PLANNING DEPARTMENT

PRESERVATION TEAM REVIEW FORM

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Preservation Team Meeting Date:		Date of Form Completion	3/24/2016
----------------------------------------	--	--------------------------------	-----------

PROJECT INFORMATION:		
Planner:	Address:	
Justin Greving	953 Treat Avenue	
Block/Lot:	Cross Streets:	
3639/028	22nd and 23rd streets	
CEQA Category:	Art. 10/11:	BPA/Case No.:
B	n/a	2015-00651ENV

PURPOSE OF REVIEW:			PROJECT DESCRIPTION:	
<input checked="" type="radio"/> CEQA	<input type="radio"/> Article 10/11	<input type="radio"/> Preliminary/PIC	<input type="radio"/> Alteration	<input checked="" type="radio"/> Demo/New Construction

DATE OF PLANS UNDER REVIEW:	10/28/2015
------------------------------------	------------

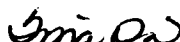
PROJECT ISSUES:	
<input checked="" type="checkbox"/>	Is the subject Property an eligible historic resource?
<input type="checkbox"/>	If so, are the proposed changes a significant impact?
Additional Notes:	
Submitted: Historic Resource Evaluation prepared by Page & Turnbull (dated April 27, 2015)	
Proposed Project: Demolition of (e) single family house. Construction of two new two-unit residential condominium buildings with roof terrace and off-street parking.	

PRESERVATION TEAM REVIEW:			
Historic Resource Present		<input type="radio"/> Yes	<input checked="" type="radio"/> No *
		<input type="radio"/> N/A	
Individual		Historic District/Context	
Property is individually eligible for inclusion in a California Register under one or more of the following Criteria:		Property is in an eligible California Register Historic District/Context under one or more of the following Criteria:	
Criterion 1 - Event:	<input type="radio"/> Yes <input checked="" type="radio"/> No	Criterion 1 - Event:	<input type="radio"/> Yes <input checked="" type="radio"/> No
Criterion 2 -Persons:	<input type="radio"/> Yes <input checked="" type="radio"/> No	Criterion 2 -Persons:	<input type="radio"/> Yes <input checked="" type="radio"/> No
Criterion 3 - Architecture:	<input type="radio"/> Yes <input checked="" type="radio"/> No	Criterion 3 - Architecture:	<input type="radio"/> Yes <input checked="" type="radio"/> No
Criterion 4 - Info. Potential:	<input type="radio"/> Yes <input checked="" type="radio"/> No	Criterion 4 - Info. Potential:	<input type="radio"/> Yes <input checked="" type="radio"/> No
Period of Significance:	n/a	Period of Significance:	n/a
		<input type="radio"/> Contributor <input type="radio"/> Non-Contributor	

Complies with the Secretary's Standards/Art 10/Art 11:	<input type="radio"/> Yes	<input type="radio"/> No	<input checked="" type="radio"/> N/A
CEQA Material Impairment:	<input type="radio"/> Yes	<input checked="" type="radio"/> No	
Needs More Information:	<input type="radio"/> Yes	<input checked="" type="radio"/> No	
Requires Design Revisions:	<input type="radio"/> Yes	<input checked="" type="radio"/> No	
Defer to Residential Design Team:	<input checked="" type="radio"/> Yes	<input type="radio"/> No	

* If No is selected for Historic Resource per CEQA, a signature from Senior Preservation Planner or Preservation Coordinator is required.

PRESERVATION TEAM COMMENTS:
<p>According to the Historic Resource Evaluation prepared by Page & Turnbull (dated April 27, 2015) and information found in the Planning Department files, the subject property at 953 Treat Avenue contains a single-family one-story over basement flat-front Italianate residence constructed in 1887 (source: water tap record). Permitted exterior alterations to the property include: reroofing (1978), and bringing the rear porch up to code (1988). Visual inspection and Sanborn maps indicate the original property has seen substantial additions including doubling the volume of the building sometime between 1887 and 1900, and construction of a number of different rear and side additions to the property, some of which are still extant.</p> <p>The subject property was previously surveyed as part of the South Mission Historic Resource Survey in 2010 and was given a status code of 7R, meaning, "not determined: requires intensive research."</p> <p>No known historic events occurred at the subject property (Criterion 1). The property sits on an irregularly shaped parcel next to what was once the San Francisco & San Jose Railroad, however there is no indication of a link between the railroad and the early occupants or owners of the property. With a construction date of 1887 the subject property is not representative of the earliest development of the Mission District. None of the owners or occupants have been identified as important to history (Criterion 2). The building is not architecturally distinct such that it would qualify individually for listing in the California Register under Criterion 3. Although 953 Treat Avenue has features that call it out as a simple Italianate structure, with an irregular bay pattern and unusual side entrance, the building is not representative of the architectural style as it appears in the Mission district and many other flat-front Italianate buildings better reflect this mid-19th century style.</p> <p>The subject property is not located within the boundaries of any identified historic district. The subject property is located in the Mission district neighborhood in an area that was previously surveyed. There are a number of California Register-eligible historic districts in the vicinity identified as part of the survey including the "Alabama Street Pioneers" historic district that consists of a high concentration of 1860s and 1870s flat-front Italianate buildings. While the South Mission Historic Resource Survey identified some properties along this section of Treat Avenue that are individually eligible, a historic district on this block was not identified.</p> <p>Therefore the subject property is not eligible for listing in the California Register under any criteria individually or as part of a historic district.</p>

Signature of a Senior Preservation Planner / Preservation Coordinator:	Date:
	8/25/2016

953 Treat Ave



Historic Resource Evaluation

*953 Treat Avenue
San Francisco, California*





Memorandum

Date March 15, 2017

To: Alexis Pelosi and Peter Ziblatt, Pelosi Law Group

CC: Peter Schellinger, Lennar Multifamily
Theo Oliphant and Muhammad Nadhiri, Axis Development Group

From: Seifel Consulting Inc.

Subject: Economic Analysis of Mixed-use Developments in the Mission District

Seifel Consulting Inc. (Seifel) presents the attached memorandum in connection with advisory services on two proposed mixed-use developments (2675 Folsom Street and 1515 South Van Ness Avenue) in the Mission District. The purpose of this economic analysis is to evaluate the findings in recent reports regarding the socioeconomic impact of proposed developments in the Mission District (including 2675 Folsom Street and 1515 South Van Ness Avenue) and to analyze historical housing production and demand as it pertains to the Mission District and Eastern Neighborhoods in San Francisco. This analysis is provided to supplement the response to the City of San Francisco Board of Supervisor comments regarding the proposed mixed-use developments.

The analysis presented in this memorandum finds that:

- As of July 2016, the amount of new housing that has received land use entitlements, and therefore had been or could be constructed in the Mission District, has not met or exceeded what was assumed to be built by 2025 in the Mission District under the Eastern Neighborhoods Programmatic EIR (EN PEIR). This is also true for the Eastern Neighborhoods.¹
- Only about 35% of the housing units assumed in the EN PEIR for the Mission District were entitled as of July 2016. Assuming the proposed number of housing units for 2675 Folsom Street and 1515 South Van Ness Avenue were to be approved, only 51% of the housing units assumed in the EN PEIR by 2025 for the Mission District would be entitled, approximately at the mid-way point of the implementation of the EN PEIR.
- From 2001-2015, 46% of all new housing units constructed in the Mission District have been affordable housing units, most of which have been constructed in 100% affordable housing developments.
- The construction of new housing, which increases housing supply, is critical to meeting housing demand and can help stabilize or lower housing costs depending on how much new housing is provided in relationship to demand.

¹ The Eastern Neighborhoods Plan and EN PEIR certified in 2008 did not include Western SoMa, which went through a separate area plan process resulting in certification of the Western SoMa Plan and PEIR in 2012.

- As described by the Office of the Controller's report concerning housing production in the Mission ("Potential Effects of Limiting Market-Rate Housing in the Mission", 2015), an increased supply of market rate housing does not increase housing costs in nearby housing units but rather helps to drive down housing prices, which in turn increases the number of housing units that are affordable to residents. Additionally, market rate housing can also generate funding for affordable housing through the inclusionary housing fees.
- ALH Urban and Regional Economics (ALH) prepared a socioeconomic analysis of development in the Calle 24 Latino Cultural District (LCD) that indicates housing production does not result in increased costs of existing housing, but rather helps to suppress existing home prices and rents. In addition, through filtering, new housing development makes other units available for households with lower incomes than those occupying newer units. These findings are consistent with the Office of the Controller's report conclusion that the then-proposed Mission District housing moratorium to restrict housing production would lead to increased housing prices throughout the City.
- ALH also prepared a literature review that finds the construction of new market-rate and affordable housing can help reduce displacement by suppressing price appreciation. While displacement may occur in neighborhoods, it is not the inevitable result of gentrification; rather, many factors—including local policies to provide affordable housing—influence whether or not displacement occurs.

This memorandum is organized into the following sections:

- A. Description of Proposed Projects in Latino Cultural District
- B. Housing Production in the Mission District and Eastern Neighborhoods
- C. Review of Report Evaluating the Socioeconomic Effects of Market-Rate Development on the Calle 24 Latino Cultural District
- D. Conclusion

A. Description of Proposed Projects in Latino Cultural District

Axis Group has proposed a mixed-use development at 2675 Folsom Street. Located near the intersection of 23rd and Fremont Streets in the Mission District and in an area referred to as the Calle 24 Latino Cultural District (LCD), the development features 117 residential units (of which 23, or 20%, will be affordable), and 5,200 square feet of PDR space to be rented at \$1 per year.

Lennar Multifamily has proposed a similar mixed use development at 1515 South Van Ness Avenue that consists of 157 apartments, of which 39 units (25%) will be affordable. It will also include 1,115 square feet (sq. ft.) of ground floor retail space and 4,696 square feet of trade shop spaces, which will be divided into six spaces and rented at below market rate (BMR) rents.

Collectively, these two developments will provide 274 new housing units (of which 62 units, or 23%, will be affordable) and about 11,000 square feet of new retail/trade shop/PDR space. Collectively, these two projects will increase the supply of new market-rate housing and new affordable housing in the Mission District, within the boundaries of what was assumed within the EN PEIR.

Table 1
Summary Description of Proposed Projects in Latino Cultural District
by Axis Development Group and Lennar Multifamily Communities

	Axis (2675 Folsom)	Lennar (1515 South Van Ness)
Residential Units		
Total Housing Units	117	157
Below-Market-Rate (BMR) Units	23	39
% Affordable	20%	25%
Non-Residential	5,200 sq. ft. PDR space rented at \$1 per year	5,811 sq. ft. 1,115 sq.ft. Retail 4,696 sq. ft. trade shops at BMR rents
Location	Calle 24 Latino Cultural District (LCD) San Francisco's Mission District	Calle 24 Latino Cultural District (LCD) San Francisco's Mission District

Source: San Francisco Planning Department and Lennar Multifamily Communities.

B. Housing Production in the Mission District and Eastern Neighborhoods

A key concern voiced by community stakeholders is that these two proposed projects will generate significant new market rate housing in the Mission District and the LCD, and that they will have adverse socioeconomic impacts on the Mission. Stakeholders also assert that the number of new housing units constructed in the Mission has exceeded what was assumed in the EN PEIR. In order to address these concerns, we conducted an in-depth review and analysis of reports and information prepared by the City and County of San Francisco to analyze and summarize the amount of new housing that has been constructed and entitled in the Mission and Eastern Neighborhoods.

Based on our analysis and discussions with Planning Department (Planning) staff, we determined that the most reliable and accurate published source of annual historical data for the Mission and EN comes from the EN Monitoring Reports. Planning reviews historical housing data that has been collected in prior years for the annual Housing Inventory Reports and updates this data as needed in order to prepare the EN Monitoring Reports.²

As required by Ordinance, Planning publishes the EN Monitoring Reports in order to track all development activity that occurs within EN Area Plan boundaries during a five-year period. The EN Monitoring Reports also summarize the projected development pipeline as of the end of the five-year

² The Planning Department maintains several databases of information that it periodically updates to reflect new information or corrections as needed. The most up-to-date data from these databases is provided to City Departments to assist them in preparing specific reports or analyses, which can result in differences among numbers in various documents. Where there are differences, typically the data in the reports that are published later are more accurate.

reporting period and track the status of development that was considered under the EN PEIR and the EIR for Western SoMa.³

Thus, the EN Monitoring Reports report on the status of all housing developments in each area within the EN, and they separately analyze those developments that were considered under these two EIRs. As some developments that were completed or are still in the pipeline at the end of the five-year period did not (or will not) receive their environmental clearance through these two EIRs, the reported numbers differ for the following primary reasons:⁴

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

1. Comparison of Housing Production to Projections in EN PEIR

According to the EN Monitoring Reports, the EN PEIR assumed an increase by the year 2025 of about 9,785 housing units in the Eastern Neighborhoods (without Western SoMa considered), for a projected total number of about 35,250 housing units.⁵ Under the EIR Preferred Project Alternative, the projected increase in housing units in the Mission is 1,696 housing units.⁶ Although the EN PEIR bases its projected growth through 2025, a key section of the EN PEIR called “Population, Housing, Business Activity, and Employment” indicates an increase in potential housing supply of up to 26,500 new housing units (under Option C) on undeveloped parcels and soft sites under the rezoning in the Eastern Neighborhoods.⁷

According to the EN Monitoring Reports, 590 housing units in the Mission were entitled as of July 2016, which includes 227 housing units that had been constructed and 236 housing units in construction. This represents 35% of the number of housing units projected in the EN PEIR, as shown in Table 2. Only entitled projects are likely to be constructed within the next two to seven years according to Planning,

³ Eastern Neighborhoods Programmatic Environmental Impact Report (EN PEIR) was certified by the Board of Supervisors in 2008, and the Western SoMa EIR was certified in 2012.

⁴ Eastern Neighborhoods Monitoring Report, 2011-2015, Mission Area Plan Monitoring Report section, page 7.

⁵ Based on gain of 9,785 units to an existing amount of 25,464. The Eastern Neighborhoods Plan and EN PEIR certified in 2008 did not include Western SoMa, which went through a separate area plan process resulting in certification of the Western SoMa Plan and PEIR in 2012. The Eastern Neighborhoods Monitoring Report, Appendix Table D-2 indicates that the EN PEIR assumed an increase of 9,785 housing units for EN. Of note, the Eastern Neighborhoods Rezoning and Area Plans, Comments and Responses on Draft EIR (page 14, and Table C&R-2 on page 24) indicates that the assumed number of housing units in the EN PEIR is 9,783 and the existing number of housing units in 2000 is 25,464 (see Final EIR, Table 12, page 58).

⁶ Eastern Neighborhoods Monitoring Report, 2011-2015, Appendix Table D-2. The total number of housing units projected for the Mission is 15,005, calculated based on an increase of 1,696 units added to the existing count of 13,309 in 2000, as indicated in the Final EIR, Appendix A (Initial Study), Table 1, page 20).

⁷ Eastern Neighborhoods (EN) Programmatic Environmental Impact Report, Eastern Neighborhoods Rezoning and Area Plans, Chapter IV Population, Housing, Business Activity, and Employment, page 241. This information has also been reported in prior staff reports and presentations to City Boards and Commissions.

while projects that have not yet received their land use entitlements (not entitled) have an uncertain timeline for completion.⁸

According to the EN Monitoring Reports, an additional 1,526 housing units in the Mission are not entitled but are included in the development pipeline reports maintained by Planning. For projects that are not entitled, the time to completion and occupancy is uncertain because the following must occur before projects are completed:

- Project sponsors must submit all of the material needed for entitlement approval, including design and other technical documents.
- Various governing bodies and City staff must review and approve their applications.
- Projects sponsors must secure financing and finalize all documents that are needed in order to begin construction.
- Construction needs to be finished, which typically takes between 18 months and 36 months.

For all of these reasons, pipeline projects that are not entitled are preliminary in nature and are not assumed to be approved or built as a matter of standard industry practice.

As noted in the Monitoring Reports, the pipeline for the Mission accounts for 9% of the total number of projects in the City, but only 3% of the number of units. This suggests that potential new projects in the Mission are of a smaller scale than housing developments in the pipeline for San Francisco as a whole.⁹

The approval and entitlement of 2675 Folsom Street and 1515 South Van Ness Avenue could result in the development of 274 units and increase the total number of entitled units to 864 when adding these projects to the 590 housing units that were entitled as of July 2016. This represents about 51% of the projected increase in housing units anticipated in the EN PEIR. The addition of housing from these two developments would be well within the number of housing units assumed by 2025 for the Mission.

In the Eastern Neighborhoods (without Western SoMa), projects totaling 4,351 housing units have received land use entitlements, of which 1,385 units have been built and 1,572 units were under construction as of July 2016. This represents 44% of the number of housing units projected in the EN PEIR as shown in Table 2.

If all of the projects in the pipeline were to be approved and built to their fullest extent, the Eastern Neighborhoods would see an increase in housing units that reaches 87% of the total assumed by 2025 in the EN PEIR. However, as described above, whether these unentitled pipeline projects will be approved and/or constructed is uncertain and unknown. They cannot be relied upon to be entitled or built as they may not be developed due to changes in local, national or global economic circumstances, or if there is a significant event that impacts development. Moreover, even if all of the units were entitled, the total increase in housing units would represent a small percentage of the total potential housing supply of up to 26,500 new housing units that was projected to occur in the Eastern Neighborhoods in the EN PEIR.

⁸ According to Appendix D in the Eastern Neighborhoods Monitoring Report, 2011-2015 and Current Planning, projects that are under construction can take up to 2 years until they are completed and ready for occupancy. Projects that have received their entitlements can take 2-7 years until they are completed and ready for occupancy. For projects that are under review and have not yet received their entitlements, the time to completion and occupancy is uncertain.

⁹ Eastern Neighborhoods Monitoring Report, 2011-2015, Mission Area Plan Monitoring Report section, page 25.

Table 2
Housing Units Entitled or Under Review Pursuant to Eastern Neighborhoods PEIR
(as of July 7, 2016)

	Mission	Eastern Neighborhoods (Without Western SoMa)
New Housing Units Assumed in EN PEIR by 2025	1,696	9,785
Complete	227	1,385
Under Construction	236	1,572
Entitled/Unbuilt	127	1,394
Subtotal	590	4,351
<i>As % of EN PEIR Projections</i>	35%	44%
Not Entitled (Pipeline Projects)	1,526	4,176
Total (Including Pipeline Projects)	2,116	8,527
<i>Total as % of EIR Projections</i>	125%	87%

Note: The Eastern Neighborhoods (EN) Programmatic Environmental Impact Report (PEIR), which was certified in 2008, assumed a certain amount of new development through 2025 in the Mission, Central Waterfront, Eastern SoMa, and Showplace Square/Potrero Hill areas. Some of these assumed developments have been completed through July 2016, and some of the proposed projects in the pipeline did not or will not receive their environmental clearance through the EN PEIR. The EN Monitoring Reports analyze all development activity, whether or not the projects relied on the EN PEIR. Projects that are not entitled are in the development pipeline but these projects may or may not be built.

Source: Eastern Neighborhoods Monitoring Reports 2011-2015, page 7 and Appendix D.

2. Housing Constructed in Mission District and Eastern Neighborhoods from 2006-2015

According to the EN Monitoring Reports, 1,261 housing units were constructed in the Mission over the ten-year period from 2006 to 2015. (This includes the 227 completed housing units that were part of potential projects assumed under the EN PEIR.¹⁰) During this ten-year period, 522 affordable housing units were provided, which results in approximately 41% of all new housing units in the Mission. This compares to affordable housing production in the Eastern Neighborhoods at 27% of new housing units and 29% citywide. (Refer to Appendix Table 1 for the housing unit production reported in each year.)

Table 3
Housing Units Completed from New Construction During 2006-2015

	Mission			Eastern Neighborhoods (Without Western SoMa)			San Francisco		
Ten Year Period	New Housing Units	Affordable Housing Units	Percent Affordable	New Housing Units	Affordable Housing Units	Percent Affordable	New Housing Units	Affordable Housing Units	Percent Affordable
2006-2015	1,261	522	41%	3,970	1,070	27%	20,740	6,061	29%

Note: The Eastern Neighborhoods (EN) Monitoring Reports 2006-2010 analyze development activity in the Mission, Central Waterfront, Eastern SoMa, and Showplace Square/Potrero Hill areas. The EN Monitoring Reports 2011-2015 analyze these four areas plus Western SoMa, as the Western SoMa EIR was certified in 2012. Historical data prior to 2011 for Western SoMa is not available in published reports. According to the EN Monitoring Reports 2011-2015, only 65 housing units were completed in Western SoMa from 2011-2015, of which 12% were affordable.

Source: Eastern Neighborhoods Monitoring Reports 2006-2010 and 2011-2015, Tables 3.1.1 and 3.4.1.

3. Affordable Housing Constructed in Mission District from 2001-2015

As reported by the San Francisco Office of the Controller, new housing that was constructed in the Mission from 2001 to 2013 was split roughly 50:50 between market-rate and affordable housing, with 646 affordable housing units built in 100% affordable projects and 97 affordable housing units built as part of market rate development out of a total housing production of 1,464 housing units over thirteen years.¹¹ When combining the data reported by the Controller's Report for 2001-2013 with the data presented in the EN Monitoring Reports for 2014-2015, 767 affordable housing units were constructed over the fifteen year period between 2001-2015, as shown in Table 4.

¹⁰ For more information regarding why the reported number of constructed units differs, please refer back to the description of the EN Monitoring Reports at the beginning of Section B.

¹¹ Office of the Controller, Potential Effects of Limiting Market-Rate Housing in the Mission, September 2015, page 7. The data presented in this report was compiled based on housing production data updated through 2013.

Table 4
New Housing Constructed in Mission District, 2001-2015

	Mission District
Fifteen Year Period - 2001-2015	
New Housing Units Constructed	1,679
Market Rate Housing Units	912
Affordable Housing Units	767
Percent Affordable	46%

Note: This historical summary is based on data from the Office of the Controller, which presents historical data for 2001-2013, plus housing data for 2014 and 2015 from the Eastern Neighborhoods Monitoring Reports 2011-2015

Source: San Francisco Office of Controller, Potential Effects of Limiting Market-Rate Housing in the Mission, Table 5, September 2015, Eastern Neighborhoods Monitoring Reports 2011-2015, Tables 3.1.1 and 3.4.1.

Thus, about 46% of all new housing units constructed between 2001-2015 were affordable housing units, as shown above.

C. Review of Report Evaluating the Socioeconomic Effects of Market-Rate Development on the Calle 24 Latino Cultural District

In order to address concerns about the adequacy of the environmental analysis prepared for proposed projects in the LCD, ALH Urban and Regional Economics (ALH) prepared a socio-economic analysis to address the extent to which physical impacts might result from neighborhood gentrification and displacement brought on by these projects, and the extent to which this potential physical impact might be significant in a generalized California Environmental Quality Act (CEQA) context. The research and analysis prepared by ALH Economics consists of the following components:¹²

- Analysis of residential pipeline (e.g., the project and cumulative projects) impacts on commercial gentrification;
- An overview of pricing trends in San Francisco's rental housing market; and
- Review of literature on the relationship between housing production and housing costs as well as gentrification and residential displacement.

As part of this analysis, we reviewed the residential data, methodology and findings in the ALH report and found that the report was thorough, well-documented and contained helpful information that leads to a set of reasonable conclusions.

¹² Socioeconomic Effects of Market-Rate Development on the Calle 24 Latino Cultural District, San Francisco, CA, March 2017, page 1.

1. Historical Rent Trends in San Francisco

ALH provides historical data on rents from RealAnswers, which analyzes and reports on the average monthly rent for investment grade apartment units in San Francisco. Although rents had been increasing at about 8-10% per year after the San Francisco rental market started recovering from the recession in 2010, rents for investment grade apartment units stabilized in 2016, increasing only 0.4% according to RealAnswers.¹³

San Francisco rents at the neighborhood level, however, do not necessarily follow the citywide trend, as reported by ALH using data provided by rental market purveyor Zumper. Zumper finds that the citywide median rent for a 1-bedroom unit in San Francisco declined 4.9% in 2016. While most San Francisco neighborhoods saw a decline in rents in 2016, the median rents for one-bedroom units in the Mission increased between 0-5% in 2016,¹⁴ although the pace of rent increases has slowed from the 5-10% rent increases experienced in 2015 in the Mission.¹⁵

Overall, the rent data reported by ALH indicates that the rental market in San Francisco has begun to stabilize, indicating that housing supply is better meeting citywide housing demand, although neighborhoods like the Mission are still experiencing rent increases.

2. CEQA Standards

Socioeconomic effects are not routinely included in EIR's prepared for projects pursuant to CEQA. Generally speaking, CEQA does not require analysis of socioeconomic issues such as displacement, gentrification, environmental justice, or effects on "community character." CEQA guidelines do, however, cite that physical changes to the environment caused by a project's economic or social effects are secondary impacts that should be included in an EIR's impact analysis if they are significant. ALH finds very few instances where the courts found it necessary to rule on this requirement and concludes that the type of mixed-use development proposed in the LCD will not create the type of physical impact on the environment that would warrant additional CEQA review based on established case law.¹⁶ Based on a review of ALH's analysis, we concur that 1515 South Van Ness will not create the type of physical impact on the environment that would warrant additional CEQA review based on established case law.

3. Gentrification and Displacement

ALH's study also conducted an extensive literature review of the link between gentrification and displacement, increased housing costs and gentrification, and an evaluation of commercial gentrification. The research and analysis performed by ALH generally indicates that housing production does not result in increased costs of existing housing, but rather helps suppress existing home prices and rents. In addition, through filtering, new housing development makes other units available for households with lower incomes than those occupying newer units.

This finding is consistent with the analysis performed by the Office of the Controller in its evaluation of potential effects of limiting market-rate housing in the Mission. The Office of the Controller found that an increased supply of market rate housing does not increase housing costs in nearby housing units but rather

¹³ Socioeconomic Effects of Market-Rate Development on the Calle 24 Latino Cultural District, San Francisco, CA, March 2017, Exhibit 14.

¹⁴ <https://www.zumper.com/blog/2016/12/san-francisco-prices-decreased-4-9-in-2016/>

¹⁵ <https://www.zumper.com/blog/2015/12/see-how-san-francisco-rent-prices-changed-in-2015-2/>

¹⁶ Socioeconomic Effects of Market-Rate Development on the Calle 24 Latino Cultural District, San Francisco, CA, March 2017, pages 26-27.

helps to drive down housing prices, which in turn increases the number of housing units that are affordable to residents. On the contrary, both in the Mission and across the city, new market rate housing tends to depress, not raise, the value of existing properties.¹⁷ Furthermore, market rate housing generates funding for affordable housing, through the inclusionary housing fee, which helps to enhance the production of affordable housing.¹⁸

ALH's literature review finds that the construction of new market-rate and affordable housing can help reduce displacement by suppressing price appreciation, and that while some displacement may occur in neighborhoods, it is not the inevitable result of gentrification; rather, many factors—including local policies to provide affordable housing—influence whether or not displacement occurs. Seifel concurs with this assessment regarding residential housing, which is the focus of this memorandum, and no further review or analysis is necessary or warranted.

D. Conclusion

In conclusion, we find no evidence to support a conclusion that 2675 Folsom Street creates a socioeconomic impact as defined under CEQA, which would warrant additional CEQA review. 2675 Folsom Street will help increase housing supply of both market rate and affordable housing, which will help meet housing demand and will help reduce displacement by helping to suppress increases in home prices and rents. 2675 Folsom Street will also not directly displace any residents, and 23 (20%) of its 117 housing units will be affordable housing units, which will increase the supply of apartments affordable to low-income households.

¹⁷ The results of the analysis from all three housing models performed by Office of the Controller were consistent: proximity to market-rate housing had a statistically-significant negative effect on housing prices. The analysis was then repeated using all market-rate construction in the city, not just new market-rate developments in the Mission. Again, the results showed statistically-significant negative effects on housing prices.

¹⁸ Office of the Controller, Potential Effects of Limiting Market-Rate Housing in the Mission, September 2015, page 26.

Technical Appendices

Appendix 1:

Housing Units Completed from New Construction During 2006-2015

Appendix 2:

Seifel Consulting Statement of Qualifications

Appendix 1
Housing Units Completed from New Construction During 2006-2015

	Mission		Central Waterfront		East SoMa		Showplace Square/ Potrero Hill		Eastern Neighborhoods (Without Western SoMa)		Western SoMa		Eastern Neighborhoods (With Western SoMa)		San Francisco	
Year	New Housing Units	Affordable Housing Units	New Housing Units	Affordable Housing Units	New Housing Units	Affordable Housing Units	New Housing Units	Affordable Housing Units	New Housing Units	Affordable Housing Units	New Housing Units	Affordable Housing Units	New Housing Units	Affordable Housing Units	New Housing Units	Affordable Housing Units
2006	328	267	0	2	191	16	228	22	747	307	n/a	n/a	n/a	n/a	1,675	454
2007	91	7	0	0	736	24	172	20	999	51	n/a	n/a	n/a	n/a	2,197	684
2008	30	0	0	0	34	4	232	170	296	174	n/a	n/a	n/a	n/a	3,019	764
2009	234	163	65	0	169	7	4	0	472	170	n/a	n/a	n/a	n/a	3,366	876
2010	74	9	21	0	49	48	2	0	146	57	n/a	n/a	n/a	n/a	1,082	548
2011	0	5	3	0	0	1	5	1	8	7	24	2	32	9	348	205
2012	47	4	32	43	25	46	0	0	104	93	0	1	104	94	796	513
2013	242	43	16	2	36	45	0	1	294	91	0	0	294	91	2,330	710
2014	75	11	144	23	486	67	20	5	725	106	0	1	725	107	3,455	755
2015	140	13	8	0	4	1	27	0	179	14	41	4	220	18	2,472	552
Total	1,261	522	289	70	1,730	259	690	219	3,970	1,070	65	8	n/a	n/a	20,740	6,061

Note: The Eastern Neighborhoods (EN) Monitoring Reports 2006-2010 analyze development activity in the Mission, Central Waterfront, Eastern SoMa, and Showplace Square/Potrero Hill areas. The EN Monitoring Reports 2011-2015 analyze these four areas plus Western SoMa, as the Western SoMa EIR was certified in 2012. Historical data prior to 2011 for Western SoMa is not available in published reports. According to the EN Monitoring Reports 2011-2015, only 65 housing units were completed in Western SoMa from 2011-2015, of which 12% were affordable.

Source: Eastern Neighborhoods Monitoring Reports 2006-2010 and 2011-2015, Tables 3.1.1 and 3.4.1.

Appendix 2: Seifel Consulting Statement of Qualifications

Seifel Consulting is an economic consulting firm that advises public and private clients on the planning, funding and development of high quality infill development. Our strategic planning, economic and real estate advisory services help clients resolve complex growth issues while achieving fiscal goals and adding value to their communities. Since 1990, we have provided a range of real estate, fiscal and economic advisory services to more than 100 public agencies throughout California, completing over 800 consulting assignments. (See Exhibit 1 for a listing of representative clients.)

Seifel's work is organized around four integrated practice areas—real estate, economics, redevelopment and housing—that allow the firm to provide relevant expertise at progressive phases of each engagement:

- **Real Estate**—Lead clients through the analysis, funding and development of sustainable real estate.
- **Economics**—Evaluate local economies and recommend strategies to enhance economic development and fiscal health.
- **Redevelopment**—Guide successful public private partnerships and revitalization strategies to catalyze transformative infill development.
- **Housing**—Facilitate housing programs and developments that realize a thriving and diverse community.

Real estate economics is the foundation for Seifel's work. We combine insight into the real estate market with a technical foundation in pro forma cash flow modeling, asset valuation, and other analytical methods. We use the analytical tools of real estate economics and urban planning to determine the best development strategies for client properties. We perform developer advisory services to help clients realize development strategies that maximize the investment value of client portfolios and/or lead to successful land uses.

Our real estate services include evaluating the market and development potential for a broad range of real estate product types, including housing, office, retail, and lodging. We project potential market demand on local and regional levels, identify existing and future competition, and forecast revenues and absorption. We have extensive experience analyzing value premiums generated by proximity to transit. Our analyses support area planning efforts by helping clients to select among alternative land use scenarios and fine-tune development regulations (e.g., building heights and parking requirements), based on considerations such as economic feasibility, job generation potential, and fiscal impact.

We perform financial feasibility analysis for development alternatives and evaluate properties in terms of opportunities and constraints, market potential, and importance toward broader area planning goals. We project the long-term revenue potential of development and calculate net present value of future income using pro forma cash flow modeling. We identify catalyst development sites and formulate strategies to encourage redevelopment and attract additional neighborhood investment, including funding strategies to achieve development success. We also advise clients on how to select potential developers, help negotiate and structure deal terms, and perform due diligence on financial proposals.

San Francisco Experience

For more than two decades, Seifel has provided a broad range of economic consulting services to the City and County of San Francisco as well as other public agencies, community organizations and developers actively engaged in planning and development projects in San Francisco. Seifel has advised the City's Planning Department, Office of Economic and Workforce Development, Mayor's Office of Housing and Community Development, Department of Building Inspection, Port of San Francisco, the former San Francisco Redevelopment Agency, the Office of Community Investment and Infrastructure, San Francisco Municipal Transportation Agency, San Francisco Housing Authority, Treasure Island Development Authority, and Transbay Joint Powers Authority.

This experience has equipped Seifel with deep knowledge and understanding of the economic and market conditions that affect development in San Francisco, particularly in the neighborhoods surrounding the Van Ness/Market Street corridor. Seifel has advised on planning, housing and revitalization efforts in the Tenderloin neighborhood, South of Market area and along the Market Street Corridor from Union Square to the Castro, as well as most of San Francisco's major public private partnership developments. Seifel has analyzed the market potential for a broad range of residential and non-residential uses—including retail, office, industrial and hotel/conference facilities. Seifel has provided real estate and economic advisory services for the following representative San Francisco projects:

- 55 Laguna Street Mixed Use Development Financial Analysis
- Alcatraz Landing Real Estate, Economic and Lease Negotiation Support
- Balboa Park Mixed Use Development Financial Feasibility Assessment
- Castro Retail Strategy
- Central SoMa Plan Economic Analysis
- Eastern Neighborhoods Public Benefits and Economic Analysis Advisory Services
- Federal Court Expansion Valuation Study
- Fisherman's Wharf Retail Strategy
- Hunters Point Shipyard Fiscal Analysis and Developer Due Diligence
- India Basin Shoreline Market Study
- Japantown Cultural Heritage and Economic Sustainability Strategy
- Japantown Real Estate and Economic Development Advisory Services
- Market Octavia Plan Economic and Real Estate Analysis
- Mid-Market Redevelopment Feasibility Analysis
- Mixed-Use Development Financial Analysis for 901 16th Street
- Mixed-Use Development Financial Analysis for 1601 Mariposa Street
- North of Market Community Infrastructure Financing Advisory Services
- Northern Waterfront Transportation Survey Analysis
- Production, Distribution and Repair (PDR) Economic Analysis of Policy Alternatives
- San Francisco Overlook Residential Development Financial Analysis
- Seawall Lot 337 and Pier 48 (Mission Rock) Real Estate, Financial and Fiscal Advisory Services
- Tenderloin/Central Market Housing Development Due Diligence Analysis
- Transferable Development Rights Program Evaluation and Market Analysis
- Transportation Sustainability Program Economic Analysis
- Transit Center District Plan Economic and Financial Advisory Services
- University of California Hastings College of Law Parking and Mixed Use Development Analysis
- Upper Market Plan Economic and Real Estate Analysis
- West SOMA Market Analysis
- West Crissy Development Advisory Services for the Presidio Trust

An Expert Team

Achieving success in the arenas of community revitalization and real estate development requires a realistic vision, skilled project management and a steady focus on objectives. Seifel Consulting guides our clients through the complexities of the planning and development process so that they can make sound decisions built upon a solid foundation of expert analysis and clear insight. Our objective is to help our clients transform their vision into measurable value and results.

Our professional staff is skilled in its approach to solving problems and committed to producing results. We offer a broad range of expertise in demographic and market research, financial analysis, public funding and financing, fiscal and economic impact analysis, planning, public policy evaluation and grant writing. Once we understand the requirements of a client's project, we assemble an interdisciplinary team of experts who have the skills and knowledge required to achieve client goals. Our integrated approach to strategic planning, economic analysis and project management is the key to our successful track record.

The firm President, Elizabeth (Libby) Seifel, is a certified planner (AICP) who has applied the principles of real estate economics and planning to property development and community revitalization for more than 30 years. Since founding her firm in 1990, Ms. Seifel has managed more than 800 consulting assignments. She has advised private developers, investors and governments on residential, commercial, industrial and mixed-use projects ranging in value from \$5 million to \$4 billion, with a particular focus on urban infill, transit oriented development involving public private partnerships.

Prior to founding her firm, Ms. Seifel was Associate-in-Charge of Williams-Kuebelbeck & Associates, overseeing their Bay Area real estate economic and management consulting practice. Ms. Seifel combines insight into the real estate market with a technical foundation in financial modeling and development feasibility testing. She has prepared financial, fiscal and economic analyses in order to evaluate and recommend a broad variety of plans, public policies and programs.

A recognized expert on complex development projects and public private partnerships, Ms. Seifel is a frequent speaker at professional conferences, having presented to the American Planning Association, California Association of Local Economic Development, Housing California, League of California Cities, and Urban Land Institute. She is an elected member of Lambda Alpha International, the honorary society for the advancement of land economics. She was recently honored for her positive influence on real estate development, joining the Hall of Fame for Northern California Women of Influence in Real Estate. She received her Bachelor of Science and Master in City Planning from the Massachusetts Institute of Technology. (Please see Exhibit 2 for her resume.)



Elizabeth (Libby) Seifel, President, Seifel Consulting

Elizabeth (Libby) Seifel has focused her professional career on creating high quality infill developments, structuring successful public-private partnerships and encouraging the revitalization of communities. She has advised public and private clients on the planning, funding and development of a broad variety of mixed use and mixed income communities. Prior to founding her firm, Libby served as Associate-in-Charge of Williams-Kuebelbeck & Associates, overseeing the firm's economic and management consulting practice. She also served as the founding Executive Director of Tent City Corporation, a non-profit developer of mixed income housing in Boston.

Libby actively promotes best practice in real estate development and urban revitalization through teaching and writing activities. She has chaired the Urban Land Institute (ULI's) Urban Revitalization Council and SPUR Regional Policy Board. She recently served as the local host program co-chair for ULI's 2015 Fall national conference, and also serves on the board for ULI's San Francisco District Council. She served as the editor for ULI's recent publication *After Redevelopment: New Tools and Strategies to Promote Economic Development and Build Sustainable Communities*, and edited the *California Affordable Housing Handbook*, among other publications. She also has supported the success of women in business, real estate and technology through her work with the Women President's Organization, ULI Women's Leadership Initiative and MIT, where she serves on the Visiting Committee for the MIT Department of Urban Studies and Planning and Corporation Nominating Committee.

Throughout her professional career, Ms. Seifel has:

- Advised on most of San Francisco's major public-private partnership projects, including Hunters Point Shipyard/Candlestick Point, Mission Bay, Rincon Point/South Beach, San Francisco Center Expansion, Transbay Transit Center and Treasure Island.
- Counseled other clients on numerous public-private partnerships, including the preparation and review of developer solicitation packages, evaluation of developer responses, development team selection and/or structuring of development agreements for Contra Costa County and the cities of Berkeley, Emeryville, Folsom, Fremont, Hayward, Livermore, Los Angeles, Mountain View, Richmond, South San Francisco, Presidio Trust and the Hawaii Community Development Authority.
- Consulted on numerous marina and waterfront projects in San Francisco, including Mission Rock (Seawall Lot 337/Pier 48), Alcatraz Landing, South Beach Marina/Pier 40, Hunters Point Shipyard, and Presidio Trust properties along Crissy Field, as well as waterfront developments in Alameda, Long Beach, Martinez, Richmond, South San Francisco and West Sacramento.
- Prepared site analyses, market research, financial pro formas, asset management strategies and investment opportunity analyses of real estate developments throughout California for clients such as the Bay Area Smart Growth Fund, Hastings College of Law, The RREEF Funds and The Real Estate and Land Use Institute of California and numerous cities throughout California.
- Fostered the creation and revitalization of thriving communities, transit oriented development projects and over 100 successful redevelopment projects in California, including projects in proximity to existing and future transit stations in Concord, El Cerrito, Fremont, Hayward, Lafayette, Livermore, Los Angeles, Richmond, Sacramento, San Mateo, San Fernando, San Francisco, and San Jose.
- Assisted in the financing, development and planning of more than 10,000 affordable housing units in California. Helped secure over \$120 million in funding resources to revitalize public housing and help build affordable housing. Designed programs and prepared implementation strategies to build mixed income housing developments and communities. Helped communities to secure funding and strategically leverage public funding tools, including federal transportation funds, tax increment financing, community facility districts, assessment districts and development impact fees, drawing on an in-house database of available funding sources.
- Conducted professional training sessions, helped coordinate conferences and served as editor/contributing author on publications that promote best practice in affordable housing, public-private partnerships, transit oriented development and community revitalization. Recently conducted ULI training sessions for public officials on the fundamentals of real estate economics (enhancing their ability to work with developers to achieve public goals) and coordinated a series of presentations for ULI's Building the Resilient City conference and the 2015 Fall Meeting.

Professional Background

1990–present	President, Seifel Consulting, Inc., San Francisco, CA
1982–1989	Associate-in-Charge, Williams-Kuebelbeck & Associates, Belmont, CA
1981–1982	Planner/Economist, Blayney-Dyett, San Francisco, CA
1979–1981	Founding Executive Director, Tent City Corporation, Boston, MA
1977	Urban Intern, Department of HUD, Washington DC
1974–1979	Research Assistant, MIT, Cambridge, MA

Education, Professional Certification and Honorary Recognition

Bachelor of Science in Urban Studies & Planning, Massachusetts Institute of Technology, 1978
Master in City Planning, Massachusetts Institute of Technology, 1979
American Institute of Certified Planners (AICP) Certification, 1983
Harold E. Lobdell Award for Distinguished Service, Massachusetts Institute of Technology, 1995
Lambda Alpha International Honorary Society for Advancement of Land Economics, Elected Member, 2007
California Infill Builders Federation, Leadership Award, 2011
Northern California Women of Influence Award, 2015

Professional Instruction, Presentations and Publications

Ms. Seifel has served as a professional instructor in real estate, public-private partnerships and strategies for infill development and urban revitalization for ULI and UC Berkeley Extension. She has coordinated and presented at conferences and meetings sponsored by the American Planning Association (APA) and California APA, CALED, California and Florida Redevelopment Associations, Ford Foundation, Housing California, League of California Cities, Non-Profit Housing Association of Northern California, Royal Institution of Chartered Surveyors (RICS)–India, Tulane University, Urban Development Institute Pacific Region, ULI and the Victoria Rotary Club.

Ms. Seifel writes on real estate, redevelopment and housing related subjects. She has served as the volunteer editor on publications that promote infill development, affordable housing and redevelopment and reuse of underutilized properties. Her published works include:

After Redevelopment: New Tools and Strategies to Promote Economic Development and Build Sustainable Communities, Urban Land Institute, November 2013 (Lead Editor and Collaborator)
Transbay Transit Center: Key Investment in San Francisco's Future as a World Class City, Transbay Joint Powers Authority, November 2013 (Publication Coordinator and Editor)
Making Affordable Housing Work in India, RICS, November 2010 (Contributing Author)
“Sustainable Communities”, *Urban Land*, September 2009 (Author)
Community Guide to Redevelopment, CRA, 2007 (Editor and Contributing Author)
California Affordable Housing Handbook, CRA, 2006 and prior 1998 edition (Editor and Author)
The Power of Storytelling, *Redevelopment Journal*, March 2008 (Author)
Designing a Successful Inclusionary Housing Program, *Redevelopment Journal*, January 2005 (Author)
Bay Area Models of Urban Infill Housing, *Urban Land*, September 2003 (Author)

Associations and Professional Activities

Certified Planner and Member, American Planning Association (APA) and APA of California
Elected Member, Lambda Alpha International, Honorary Society for Advancement of Land Economics
Board Member, ULI, San Francisco District Council and Local Host Program Co-Chair for 2015 National Meeting
Regional Policy and Housing Policy Board Member and Former Board Director, SPUR
Corporation Nominating Committee Member, MIT Alumni Association
Visiting Committee Member, MIT Department of Urban Studies and Planning
Former President and Director Emeritus, MIT Club of Northern California (MITCNC)
Founding Steering Committee Member, Urban Land Institute Women's Leadership Initiative (WLI)
Member and Former Chair, Urban Land Institute Urban Revitalization Council (URC, formerly ICC)
Member, Non-Profit Housing Association of Northern California (NPH)
Founding Member, Bay Area Women President's Organization (WPO)
Partner, League of California Cities

Exhibit 1- Seifel Representative Clients

Public Sector			
Berkeley Rent Stabilization Board		San Francisco Housing Authority	
California Department of Real Estate		Santa Monica Rent Control Board	
California Department of Justice		Sunnyvale School District	
California Housing Finance Agency		The Presidio Trust	
Hastings College of Law		Transbay Joint Powers Authority	
Housing & Community Development Corporation of Hawaii		Treasure Island Development Authority	
Port of San Francisco		US General Services Administration	
San Buenaventura (Ventura) Housing Authority		University of California	
San Diego Association of Governments			
California Cities and Towns			
Alameda	Hayward	Palo Alto	San Mateo
Berkeley	Hercules	Petaluma	San Marcos
Brentwood	Hesperia	Pleasant Hill	Santa Cruz
Capitola	Lafayette	Portola	Santa Monica
Chico	Livermore	Rancho Cordova	Santa Rosa
Clayton	Lodi	Richmond	Santee
Cloverdale	Long Beach	Rocklin	Seaside
Concord	Los Angeles	Rohnert Park	Soledad
Cupertino	Los Gatos	Roseville	South San Francisco
Dublin	Martinez	Sacramento	Stockton
East Palo Alto	Monterey	Salinas	Sunnyvale
El Cerrito	Moraga	San Carlos	Tehachapi
El Sobrante	Mountain View	San Diego	Temple City
Elk Grove	Napa	San Fernando	Truckee
Emeryville	Novato	San Francisco	Ukiah
Fairfield	National City	San Jose	Union City
Folsom	Oakdale	San Leandro	Watsonville
Fremont	Oakland	San Luis Obispo	West Sacramento
California Counties			
Alameda	Los Angeles	Nevada	San Joaquin
Butte	Marin	Placer	Santa Cruz
Contra Costa	Mendocino	Plumas	Sonoma
Fresno	Monterey	San Diego	Stanislaus
Kern	Napa	San Francisco	Yolo
Private Sector			
Asian Inc.		Kenwood Investment	
Bay Area Council		Kilroy Realty Corporation	
Best, Best & Krieger		Kronick Moskovitz Tiedemann & Girard	
BRIDGE Housing		Legacy Partners	
Carmel Partners		Lennar Communities	
Catellus Development Corporation		LINC Housing	
CCH of Northern California		Mercy Housing	
Centex Homes		Meyers, Nave, Riback, Silver & Wilson	
Chinatown Community Development Center		Mid-Peninsula Housing Coalition	
Civic Center Associates		salesforce.com, inc.	
Ford Foundation		Shute, Mihaly & Weinberger LLP	
Forest City Development Company		Solano Affordable Housing Foundation	
Goldfarb & Lipman		Sobrato Development Company	
Grosvenor		The Real Estate and Land Use Institute	
HDNPC		The RREEF Funds	
Heritage Partners		Urban Habitat	
The John Stewart Company		Volunteers of America	

Mission District's nonprofit developers build housing hope

By J.K. Dineen | April 3, 2017 | Updated: April 3, 2017 10:19am

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Photo: Lea Suzuki, The Chronicle

Karoleen Feng (center) and Feliciano Vera of the Mission Economic Development Agency check out a property at 1990 Folsom St. that is slated for development of 143 affordable housing units.

Affordable housing development is about to go from zero to 733 units in the Mission District.

A decade after dysfunction and political infighting brought low-income housing production in the neighborhood to a standstill, the Mission is about to become the city's busiest neighborhood for construction of new below-market-rate units, with complexes popping up along Folsom Street, Mission Street and South Van Ness Avenue over the next three years.

Six affordable housing projects, four of them within a two-block area of the Inner Mission, are set to start construction over the next two years. The projects will inject 733 units into an area that is becoming as known for gentrification and upscale dining as it is for burritos, progressive politics and Latino culture.

And more is probably coming, according to Karoleen Feng, director of community real estate for the Mission Economic Development Agency, known as Meda.

"We are trying to put another 1,000 units in our pipeline," Feng said. "We are looking at sites across the Mission that we can land-bank."

The coming burst of affordable housing construction would not be possible were it not for big changes occurring at two neighborhood nonprofits: Meda and Mission Housing Development Corp.



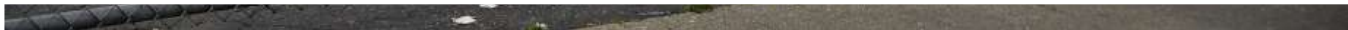


Photo: Lea Suzuki, The Chronicle

IMAGE 1 OF 4

Artist Brian Singer fixes his Folsom Street art installation, “Home Street Home,” to bring attention to homelessness and the need for affordable housing in the Mission District.

For decades Meda was focused on helping neighborhood residents — mostly Spanish-speaking immigrants — with everything from computer training to business development to tax preparation to English as a second language. Over the past few years, however, it became clear that housing had become the top challenge facing families. In a 2015 survey of 1,600 Mission families with children, Meda found that more than 60 percent were spending half their income on housing.

“They said that their main challenge was not their kids’ academic success — that was important — but the fact that tomorrow they might not have a roof over their head,” Feng said. “That hit home for Meda.”

Since 2000, the Mission has lost about 27 percent of its Latino population, almost 8,000 people, according to a 2015 report by city chief economist Ted Egan.

Feng, who had previously worked with the East Bay Asian Local Development Corp., was brought on board, and the Mayor’s Office of Housing, which controls the city’s housing funds, gave Meda a chance to get into the housing business. First, the city picked Meda, together with Bridge Housing, to take over ownership and operation of 420 former San Francisco Housing Authority senior affordable units, which needed to be rehabilitated. Then, with Chinatown Community Development Center and the Tenderloin Neighborhood

Development Corp., Meda was chosen to co-develop four properties of affordable housing.

Meanwhile, Mission Housing Development Corp. has rebounded in a big way. A successful affordable housing developer from its founding in 1971 into the 1990s, Mission Housing ran into trouble in the early 2000s when its board of directors fired a longtime executive director and most of its staff quit.

The city cut off housing development funds to the group, and by 2012 it was facing likely bankruptcy when Sam Moss took over as executive director. Moss was able to keep Mission Housing afloat by refinancing its 1,600-unit portfolio and regaining the trust of city housing officials, who tapped the group to develop two projects in the Mission, 1950 Mission St. and 490 S. Van Ness Ave., as well as the Upper Yard, a parking lot next to the Balboa BART station.

“The company that we are becoming now is the company we should have been all along,” Moss said. “If that had been the case, the Mission wouldn’t be dealing with quite the gentrification bomb that has gone off over the last few years.”

The six new buildings will include 50,000 square feet of commercial space, which Feng says is almost as important as the housing. At a time when nonprofits and mom-and-pop businesses are being squeezed out to make room for upscale restaurants, Meda’s space will provide homes for arts, after-school programs, and affordable retailers that can’t afford the high rents charged in trendy areas like along Valencia Street.



Affordable housing projects in the Mission

	Address	Units	Completion
1	1950 Mission St.	150	2019
2	490 S. Van Ness Ave.	89	2019
3	1990 Folsom St.	143	2019
4	2060 Folsom St.	127	2020
5	2070 Bryant St.	130	2021
6	1296 Shotwell St.	94	2020

Todd Trumbull / The Chronicle

“We are looking at how we can re-establish the Mission as a family-oriented, Latino culture, whereas right now it’s transitioning very quickly to a young professional culture,” Feng said.

Supervisor Hillary Ronen, who represents the Mission, said affordable housing, along with combatting homelessness, is at the top of her agenda.

“Just like we want Chinatown to be Chinatown, we want our Latino cultural district to be a thriving business-and-arts district where actual Latino people will be able to continue to live and work,” Ronen said. “It’s a unique neighborhood in the entire world.”



Photo: Lea Suzuki, The Chronicle

Tara Brooks (left), who says she has been homeless for eight months, visits with artist Brian Singer as he fixes his installation, “Home Street Home,” on Folsom Street in the Mission District.

Getting Meda and Mission Housing into the housing development business has taken time and effort, but has been worth it, she said.

“Having two strong developers in the neighborhood is exactly what we need to continue what I believe is the pace of affordable housing that we need in order to stop further gentrification of the Mission,” she said.

While gentrification, and the role housing development plays in a changing neighborhood, is a politically charged topic in the Mission, nonprofit developers such as Meda benefit from market-rate development even as they often oppose individual projects.

Two of Meda’s affordable projects, 2070 Bryant St. and 1296 Shotwell St., will be built on parcels that market-rate developers donated to the Mayor’s Office of Housing. Oyster Development donated the Shotwell Street parcel to meet its affordable housing obligation on Vida at 2558 Mission St., the most upscale condo complex built in the Mission to date. Developer Nick Podell gave the city a 21,000-square-foot site on Bryant Street to satisfy the affordable housing requirements of the adjacent 2000 Bryant St., which opponents had attacked as the Beast on Bryant.

Feng said that Meda is not opposed to market-rate housing but wants to make sure affordable units are added at a similar pace as higher-end units.

“The Mission has gone from being one of the most affordable neighborhoods in San Francisco to one of the least affordable,” she said. “San Francisco can’t be a sanctuary city if nobody making less than \$200,000 a year can afford to live here.”

While the ground-up development projects regularly take three to five years to finance and build, Meda is also trying to stem the flight of low-income families by buying up existing rent-controlled buildings through Mayor Ed Lee’s small sites acquisition program, which provides funds for multifamily buildings of between five and 25 units. Meda bought six containing 44 units last year, and it has an additional eight

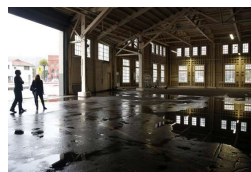
MORE BY J.K. DINEEN



Oakland halfway house operator had earlier troubles in Stockton



Deal made to OK new housing in Mission cultural district



Plan for shop on SF waterfront draws opposition



Popular Mid-Market housing proposals wait years for OK

buildings in escrow, all apartment complexes with longtime rent-controlled tenants that were on the market and seemed ripe for eviction. The program received \$25 million in funding for the current fiscal year.

Keeping on top of a hot apartment building market means scouring the neighborhood for buildings that are in transition. Feng and colleague Dario Romero look for run-down buildings that are suddenly being giving a fresh coat of paint.

“If your landlord is painting and asking for permission to do construction, you know they are probably looking to sell,” Romero said.

In those cases, Meda tries to get to the seller before a building hits the market.

Beatriz Garduño, who lives with her teenage daughter at 3800 Mission St., said she was sure she would be evicted when she saw a for-sale sign go up. But she and the other tenants persuaded the landlord — a friend and fellow Mexican immigrant — to go with Meda, even though another investor was offering slightly more money, \$1.9 million versus \$1.85 million.

“I told her, ‘Why do you want to make so much money? You know our story. You have known me since I came here,’” she said. “It’s not my building, I don’t own it, but after 24 years it feels like home.”

J.K. Dineen is a San Francisco Chronicle staff writer. Email: jdineen@sfchronicle.com Twitter: [@sfjdkdineen](https://twitter.com/sfjdkdineen)



J.K. Dineen

Reporter

Deal made to OK new housing in Mission cultural district

By J.K. Dineen | March 20, 2017 | Updated: March 20, 2017 5:38pm

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Photo: Gabrielle Lurie, The Chronicle

IMAGE 1 OF 23

The exterior of 1515 South Van Ness Avenue in the Mission District of San Francisco. The developer has agreed to 25 percent affordable housing to gain approval for their new building in the Calle 24 Latino ... [more](#)

A four-month impasse over a key Mission District housing project is headed toward resolution after the developer agreed to new community benefits including discounted “trade shop” space for local businesses and a \$1 million contribution to a cultural district formed in 2014 to preserve the neighborhood’s Latino heritage and community.

In a deal hammered out with Supervisor Hillary Ronen, Lennar Multifamily Communities has committed to leasing out its six 700-square-foot trade shop spaces at 1515 S. Van Ness Ave. for 50 percent of the market rate. The \$1 million contribution would be made through the San Francisco Foundation to a cultural stabilization fund that could be spent on building or acquiring sites for affordable housing.

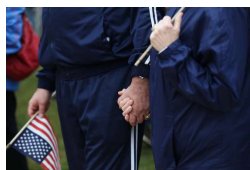
In addition, Lennar, which had previously agreed to make 25 percent of the 157 housing units affordable and to use 100 percent union labor, has agreed to let the city use the current building that is on the property as a navigation center — a pop-up shelter for homeless services. That would last roughly nine months to a year, or until Lennar is ready to start construction.

“Housing projects that both add to our housing stock, and protect what we love about the (Calle 24) Latino Cultural District, is exactly what the Mission needs,” Ronen said.

The project is one of a pair of market-rate projects that were appealed to the Board of Supervisors after winning approval at the Planning Commission. Opponents argued that both projects — the other is at 2675 Folsom St. — would accelerate the frenzied pace of gentrification that over the last decade has transformed the Mission District into one of San Francisco’s trendiest and most expensive neighborhoods.

While Erick Arguello, President of the Calle 24 Council, has frequently opposed market-rate development, he said he felt comfortable with the 1515 S. Van Ness deal.

ALSO



Political events in the Bay Area: pro-Trump rally, town halls



Farmers’ market to close as Berkeley braces for pro-Trump rally



Man fatally struck while walking on San Mateo highway

“Preventing displacement and preserving our rich Latino culture are our top priorities,” Arguello said. “When developers work with us and our supervisor to accomplish these goals, we can feel good about moving these projects forward.”

The project will include 39 units affordable to a range of families making between 55 percent and 120 percent of area median income, or \$59,000 and \$129,000 for a family of four.

With this deal in place, it will be interesting to see what happens to the second project at 2675 Folsom St. As with 1515 S. Van Ness, opponents of that development argued that city planners failed to take into account the impact the complex would have on displacement and gentrification in a district that has been the heart of the city’s working-class Latino community.

Under the state’s byzantine California Environmental Quality Act, proposed developments require a detailed analysis of everything from noise to air quality to traffic to historical and biological resources. Up to now, however, efforts by antigentrification advocates to argue that displacement is an environmental impact have gone nowhere. And that point was reiterated last week when the Planning Department released a report on 2675 Folsom, saying that project would not result in “indirect displacement of existing residents or businesses as a secondary effect of gentrification.”

The report was seized on by pro-housing advocates, like Sonja Trauss of the San Francisco Bay Area Renters Federation, which is in favor of more housing at all income levels.

“The upside of all of this is we have yet another report saying what is true, which is that development is symptomatic of rising population and rising income levels, it doesn’t cause it,” said Trauss.

Attorney Scott Weaver, the appellant in the 2675 Folsom case, said that the study didn’t reflect the reality that new high-end condos are changing the neighborhood. After 40 years of representing Mission tenants in eviction cases, Weaver scoffed at the notion that high-end housing doesn’t bring with it higher rents, more expensive restaurants and fancier shops.

“That is just wrong,” he said. “Development makes a neighborhood more desirable, and rents go up. Any Realtor will tell you that.”

While she supports 1515 S. Van Ness going forward, Trauss said the project-by-project deal-making undermines city planning laws.

“If we are going to do deal-making for every project, I don’t know what the point is in having zoning in the first place,” said Trauss. “It’s the opposite of planning.”

Arguello said that he is more comfortable supporting a 75 percent market rate development like 1515 S. Van Ness in part because there are six 100 percent projects totaling 733 units in the pipeline in the Mission.

“But even though we have more than 700 units coming, we are still in a hole,” he said.

J.K. Dineen is a San Francisco Chronicle staff writer. Email: jdineen@sfchronicle.com Twitter: [@SFJKDineen](https://twitter.com/SFJKDineen)



J.K. Dineen

Reporter

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Subject: PROJECT SPONSOR LETTER: - Appeal of Community Plan Exemption - Proposed 2675 Folsom Street Project - Appeal Hearing on March 21, 2017
Date: Monday, March 20, 2017 9:54:07 AM
Attachments: [image001.png](#)

Good morning,

Please find linked below an additional received March 20, 2017 by the Office of the Clerk of the Board from the Pelosi Law Group, on behalf of the project sponsor, concerning the Community Plan Exemption Appeal for the proposed project at 2675 Folsom Street.

[Project Sponsor Letter - March 20, 2017](#)

The appeal hearing for this matter is scheduled for a 3:00 p.m. special order before the Board on March 21, 2017.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the link below:

[Board of Supervisors File No. 161146](#)

Regards,

Brent Jalipa

Legislative Clerk

Board of Supervisors - Clerk's Office

1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

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March 19, 2017

Hon. London Breed
San Francisco Board of Supervisors
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: 2675 Folsom Street
File No. 161146 (CEQA Appeal)
Hearing Date: March 21, 2017

Dear President Breed and Supervisors,

On behalf of Axis Development Group (Axis), the Respondent in the 2675 Folsom Street CEQA Appeal (Board of Supervisors File No. 161146), on Friday March 17, 2017, we submitted a batch of documents into the Administrative Record that consists primarily of previously vetted and approved documents from prior hearings on the validity of the Eastern Neighborhoods Programmatic Environmental Impact Report (EN PEIR). **The documents did not include any new information that had not previously been considered by the Board of Supervisors** or referenced in the technical studies prepared by Planning Department. We submitted the documents to ensure that they were part of the Administrative Record should there be continuing legal actions related to the validity of the EN PEIR.

Over the past six (6) months, the Board of Supervisors has heard three (3) CEQA appeals challenging the validity of the EN PEIR. In each instance, Planning Department staff has presented substantial evidence supporting the validity of the EN PEIR. These documents are relevant to the 2675 Folsom Street CEQA Appeal and the validity of the EN PEIR and were submitted into the Administrative Record simply to document that the Planning Department has consistently produced substantial evidence of the validity of the EN PEIR, that the arguments raised by appellants challenging the EN PEIR are nearly identical, and that in each instance those challenges have been defeated and the EN PEIR upheld. **Again, none of this information is new information as it was all part of previous challenges heard by the Board of Supervisors related to the EN PEIR.**

The following is a summary of the documents submitted. They fall into the following two categories:

1. A mixture of public record documents (Board Package, Hearing Transcripts) associated with the Board's approval of other development projects that, like 2675 Folsom Street, rely on the EN PEIR for compliance with the California Environmental Quality Act (CEQA); and,
2. Hard copies of reports and studies that ALH identified, and relied on, in preparation of its study on Gentrification and Displacement issues that was included with Board Package/Staff Report for 2675 Folsom Street.

CATEGORY 1 - Public Record Documents

2070 Bryant Street:

- Board Package, approved Motion and Hearing Transcript associated with 2070 Bryant Street project that the Board of Supervisors approved on September 14, 2016 (unanimously) after appeal of its CEQA/Community Plan Exemption (CPE) authorization that was based on the EN PEIR. The Board determined that the EN PEIR was not fundamentally flawed as the appellants claimed.

1296 Shotwell Street:

- Board Package, approved Motion and Hearing Transcript associated with the 1296 Shotwell Street project that the Board of Supervisors approved on February 14, 2017 (unanimously) after appeal of its CEQA/Exemption that was based on the EN PEIR. The Board determined that the EN PEIR was not fundamentally flawed as the appellants claimed.

340 Bryant Street:

- Hearing Transcript and Approved Motion, associated with the 340 Bryant Street project that the Board of Supervisors approved, on appeal, on April 7, 2015 after the project's CEQA/CPE was appealed. In approving the CEQA/CPE the Board rejected the appellants claim that the CPE and the EN PEIR was fundamentally flawed.

1515 South Van Ness

- Board Package and Hearing Transcript associated with the November 15, 2016 hearing on the 1515 South Van Ness project.

CATEGORY 2 – Background Reports and Studies on Displacement and Gentrification

On Monday, March 13, 2017, the Planning Department submitted their updated response to the 2675 Folsom Street CEQA Appeal. As part of that response, two technical studies were also submitted. One of those technical studies was a report prepared by Amy Herman from ALH Urban & Regional Economics (ALH), commissioned by the City to assesses the causes of displacement, issues surrounding gentrification and the lack of causality between new market rate housing and displacement, completed a literature review of the following documents. The report cited numerous background reports and studies. The document submitted on Friday, March 17, 2017, by this office included copies of those background reports and studies for the Administrative Record. Specifically, they include the following background report and studies each of which is cited in the ALH report:

- SF City Controller “Inclusionary Housing Working Group Report, Sept. 2016.
- SF City Controller “Effects of limiting Market Rate Housing in the Mission” Sept 2015.
- Lance Freeman and Frank Braconi, “Gentrification and Displacement: New York City the 1990s” *Journal of the American Planning Association*; Winter 2004;

- Terra McKinnish, Randall Walsh, Kirk White. “Who Gentrifies Low-Income Neighborhoods?” Natl Bur Economic Research Working Paper (May 2008).
- Ingrid Gould Ellen, Katherine M. O'Regan, “How Low-Income Neighborhoods Change: Entry, Exit, and Enhancement,” Regional Science and Urban Economics, Volume 41, Issue 2 (March 2011).
- Silva Mathema, “Gentrification: An Updated Literature Review,” Poverty & Race Research Action Council (October 2013).
- Harvard University, Kennedy School of Government, Shorenstein Center on Media Politics and Public Policy, “Gentrification, Urban Displacement and Affordable Housing: Overview and Research Roundup,”(August 2014).
- Joe Cortright, “How *Governing* got it wrong: The problem with confusing gentrification and displacement,” *Cityobservatory.org* Commentary (June 2, 2015).
- Richard Florida, “The Complicated Link Between Gentrification and Displacement,” *Citylab* (Atlantic Magazine), September 8, 2015.
- University of California, Berkeley, “Urban Displacement Project,” (funded by the U.S. Department of Housing and Urban Development (December 2015).
- Miriam Zuk, Karen Chapple, “Housing Production, Filtering and Displacement: Untangling the Relationships,” University of California, Berkeley, Institute of Governmental Studies Research Brief (May 2016).
- Lei Ding, Jackelyn Hwang, Eileen Divringi, “Gentrification and Residential Mobility in Philadelphia,” Federal Reserve Bank of Philadelphia, (September 2016).
- Derek Hyra, “Commentary: Causes and Consequences of Gentrification and the Future of Equitable Development Policy,” *Cityscape*, Volume 18, Number 3, Office of Policy Development and Research, U.S. Dept HUD (November 2016).
- Mac Taylor, Legislative Analyst, California Legislative Analyst’s Office, “California’s High Housing Costs: Causes and Consequences,” March 17, 2015.
- Mac Taylor, Legislative Analyst, California Legislative Analyst’s Office, “Perspectives on Helping Low-Income Californians Afford Housing,” (February 2016).
- Paavo Monkkonen, Associate Professor UCLA “Understanding and Challenging Opposition to Housing Construction in California’s Urban Areas,” Housing, Land Use and Development Lectureship & White Paper, December 1, 2016.

*

*

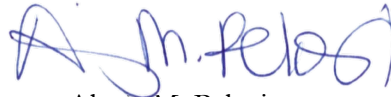
*

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If you have any questions, please do not hesitate to contact me at (415) 273-9670.

Very truly yours,



Alexis M. Pelosi

From: [BOS Legislation, \(BOS\)](#)
To: [jscottweaver@aol.com](#); [mnadhiri@axisdevgroup.com](#); [toliphant@axisdevgroup.com](#)
Cc: [Givner, Jon \(CAT\)](#); [Stacy, Kate \(CAT\)](#); [Byrne, Marlena \(CAT\)](#); [Sanchez, Scott \(CPC\)](#); [Rodgers, AnMarie \(CPC\)](#); [Starr, Aaron \(CPC\)](#); [Sucre, Richard \(CPC\)](#); [Horner, Justin \(CPC\)](#); [Gibson, Lisa \(CPC\)](#); [Ionin, Jonas \(CPC\)](#); [BOS-Supervisors](#); [BOS-Legislative Aides](#); [Calvillo, Angela \(BOS\)](#); [Somera, Alisa \(BOS\)](#); [Rahaim, John \(CPC\)](#); [Lew, Lisa \(BOS\)](#); [Goldstein, Cynthia \(PAB\)](#); [victormarquezsq@aol.com](#); [alexis@pelosilawgroup.com](#); [Flores, Claudia \(CPC\)](#); [Peterson, Pedro \(CPC\)](#); [Kern, Chris \(CPC\)](#); [BOS Legislation, \(BOS\)](#)
Subject: PROJECT SPONSOR LETTER: - Appeal of Community Plan Exemption - Proposed 2675 Folsom Street Project - Appeal Hearing on March 21, 2017
Date: Friday, March 17, 2017 5:42:46 PM
Attachments: [image001.png](#)

Good afternoon,

Please find linked below two letters received March 17, 2017 by the Office of the Clerk of the Board from the Pelosi Law Group, on behalf of the project sponsor, concerning the Community Plan Exemption Appeal for the proposed project at 2675 Folsom Street. **The second letter is a 4400+ page document.**

These files were received after this office prepared the Board packet for Tuesday's hearing.

[Project Sponsor Letter - March 17, 2017](#)

[Project Sponsor Letter - March 17, 2017 - LARGE FILE](#)

The appeal hearing for this matter is scheduled for a 3:00 p.m. special order before the Board on March 21, 2017.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the link below:

[Board of Supervisors File No. 161146](#)

Regards,

John Carroll

Legislative Clerk

Board of Supervisors

San Francisco City Hall, Room 244

San Francisco, CA 94102

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hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.



March 17, 2017

Hon. London Breed
San Francisco Board of Supervisors
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: 2675 Folsom Street
File No. 161146 (CEQA Appeal)
Hearing Date: March 21, 2017

Dear President Breed and Supervisors,

Our office represents Axis Development Group (Axis), the project sponsor for the proposed development at 2675 Folsom Street (Project Site). On March 21, 2017, the Board of Supervisors will consider an appeal (CEQA Appeal) filed by the Calle 24 Latino Cultural Community Council (Appellant) challenging the Community Plan Exemption (CPE) issued under the California Environmental Quality Act (CEQA) for Axis' proposed development at 2675 Folsom (CEQA Appeal).

CEQA sets forth a very clear evidentiary standard that must be met in challenging the decision of whether to issue a CPE. CEQA also sets forth a clear standard for when a CPE is not appropriate. The Appellant has not met either standard. On the other hand, the Planning Department, in their November 28, 2016 Response to the CEQA Appeal and in the March 13, 2017 Supplement to that response (collectively referred to as 'Planning Response'), has clearly established that a CPE is legally appropriate and included substantial evidence in the record to support that decision.

For all these reasons, and as discussed in more detail below, we respectfully request that you approve the CPE prepared under CEQA. This request is based on the entirety of the evidence in the administrative record, including the supplemental information provided with this letter. **It is not intended to discount or question the concerns that the Appellant has regarding socio-economic changes and gentrification in the Latino Cultural District and the Mission, but rather to clarify that those concerns, as shown in the technical studies prepared, are policy, not CEQA issues.**

I. CPE DETERMINATION

On June 27, 2016, Planning Department staff, based on substantial evidence in the record, issued a CPE for the Project¹. A detailed discussion of the Project is outside the scope of this letter as the issue before the Board of Supervisors is **not** whether to uphold the Project approvals, but

¹ The project is a 117-unit multi-family development with 23 on-site affordable units and 5,200 square feet of production distribution and repair (PDR) space on three lots between Folsom Street and Treat Avenue near the corner of 23rd Street (Assessor's Block 3963, Lots 006, 007 and 024) (Project).

whether the CEQA analysis prepared for the Project was legally adequate.² The CPE was issued after review and analysis of technical studies prepared in house, and by outside experts under Planning Department staff's direction (i.e., historic and transportation), to determine whether the Project would have a peculiar or new significant or potentially significant environmental impact that was not previously identified in the Eastern Neighborhoods Programmatic Environmental Impact Report (EN PEIR). After reviewing and analyzing the substantial evidence, the Planning Department determined that the Project, which is consistent with the development density established for the Project Site under the Eastern Neighborhoods Rezoning, qualified for a CPE.

Public Resources Code (CEQA) section 21083.3 and 14 Cal. Code Regs. Chapter 3 (CEQA Guidelines) include very specific requirements for when a CPE is required. As stated in the Planning Department's November 28, 2016, Response to the CEQA Appeal:

“CEQA Section 21083.3 and CEQA Guidelines Section 15183 mandate that projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, shall not require additional environmental review except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site and that were not disclosed as significant effects in the prior EIR.” (emphasis added)³

The Project is consistent with the zoning, community plan or general plan policies of the Eastern Neighborhood Rezoning for which the Eastern Neighborhoods Programmatic Environmental Impact Report (EN PEIR) was certified. As a result, the City's review is limited to whether there are Project-specific impacts peculiar to the Project or its site that were not disclosed as significant impacts in the prior EN PEIR.⁴ As shown in the analysis conducted by Planning Department staff and technical experts, there are no impacts peculiar to the Project or Project Site that were not disclosed in the EN PEIR. Thus, the City cannot require any further CEQA review. The Planning Department therefore complied with CEQA in issuing the CPE for the Project.

Based on this evidence, the Planning Commission, on September 22, 2016, relied on the CPE prepared to approve the Project. As discussed below, the Appellant, on October 21, 2016, challenged that reliance and Planning Department staff's decision to prepare a CPE by filing a CEQA Appeal.⁵

II. CEQA APPEAL

The CEQA Appeal, as set forth in our letter dated March 14, 2017, has now been pending for 150 days. As noted in that letter, the CEQA appeal has been continued three (3) times to provide the Planning Department time to respond to the Board's request for additional information on socio-

² Any details of the Project that are relevant to that discussion or analysis are included in the body of this letter as needed.

³ November 28, 2016, Planning Department Response to CEQA Appeal, p. 4.

⁴ 14 Cal. Code Regs. § 15183, subd. (a); *Muzzy Ranch Co. v. Solano Cty. Airport Land Use Comm'n*, 41 CA4th 372, 388–89, 160 P.3d 116 (2007); *Gilroy Citizens for Responsible Planning v. City of Gilroy*, 140 Cal. App. 4th 911, 935, 45 Cal. Rptr. 3d 102, 120–21 (2006); *Gentry v. City of Murrieta*, 36 Cal. App. 4th 1359, 1374, 43 Cal. Rptr. 2d 170, 182 (1995), as modified on denial of reh'g (Aug. 17, 1995).

⁵ The Appellant also challenged the Planning Commission's issuance of a Conditional Use Authorization and Large Project Authorization (Board File No. 161150). Both these appeals were subsequently dropped and are no longer before the Board of Supervisors or the Board of Appeals for consideration.

economic and transportation issues. This request was made as part of the 1515 South Van Ness CEQA appeal (Board of Supervisors File No. 161001).⁶

The CEQA Appeal filed by the Appellant asserts that a higher level of CEQA review is required for the Project because (1) the cumulative impact of the Project and other development on the Latino Cultural District was not analyzed in the EN PEIR, (2) the number of units in the pipeline exceed the number of units contemplated in the EN PEIR and (3) the EN PEIR is out of date. Underlying all these claims is the assertion that new market-rate housing in the Mission and Latino Cultural District is causing the socio-economic changes that warrant further review under CEQA. Socio-economic issues, however, are not CEQA issues unless a causal link is established between socio-economic impacts and a physical impact on the environment.

The following is a detailed response to the Appellant's claims or CEQA Appeal. It is divided into four (4) sections. The first is an overview of the burden of proof or standard of review that the Appellant must meet to overcome the assumption that a CPE was the appropriate document under CEQA. The second is a discussion of the Latino Cultural District as a CEQA resource. The third is a discussion of the status of the EN PEIR and whether a Supplemental or Subsequent EIR is required, and the fourth is a broad discussion of socio-economic impacts and their relation to CEQA.

A. Appellant Has Not Submitted Substantial Evidence in the Record in Support of its Claims.

In challenging the City's CEQA Analysis, the Appellant has the burden of proof to establish, by substantial evidence, that the City's reliance on a CPE for the Project was legally inadequate. The Appellant, however, has not met this burden and has not presented any substantial evidence to support its claims or counter the analysis prepared by Planning Department staff. The information provided by the Appellant is unsubstantiated opinion, which is not substantial evidence.

Substantial evidence is "reasonable assumptions predicated upon facts, and expert opinion supported by facts. [Citations.] It does not include '[a]rgument, speculation, unsubstantiated opinion or narrative, [or] evidence which is clearly inaccurate or erroneous. . . .' [Citations.]" (emphasis added)" (*North Coast Rivers Alliance v. Kawamura* (2015) 243 Cal.App.4th 647.) **Substantial evidence** is **not unsubstantiated opinion** nor is it "[c]omplaints, fears, and suspicions about a projects potential environmental impact...[Citations]" and "in the absence of a specific factual foundation in the record, **dire predictions** by nonexperts regarding the consequences of a project [also] do not constitute substantial evidence. [Citations.]" (1 Kostka & Zischke, Practice under the Cal. Environmental Quality Act (2d ed. 2015) § 6.42, pp. 6-47-6-48; *Gentry v. City of Murrieta* (1995) 36 Cal.App.4th 1359, 1417.)

While the Appellant has cited several cases about how a lay person's opinion can support a "fair argument" that a project may have a significant impact, **those cases are not on point**. They either apply to decisions where the applicable standard of review is the "fair argument test"⁷ (not

⁶ A record of that proceeding, and the entirety of the Board's actions on the 1515 South Van Ness appeal is included under separate cover and added to the administrative record for this Project.

⁷ *Keep Our Mountains Quiet v. County of Santa Clara* (2015) 236 CA4th 714, *Pocket Protectors v. City of Sacramento* (2004) 124 CA4th 903, *Citizens Assn. for Sensible Development of Bishop Area v. County of Inyo* (1985) 172 CA3d 151 and *Rominger v. County of Colusa* (2014) 229 CA4th 690 all involved Negative or Mitigated Negative Declarations, which are subject to a standard

substantial evidence test) or they cite *only* a portion of the findings of the decision, misleading the reader into thinking that the courts relied *only* a layperson's opinion as substantial evidence.⁸

Based on established case law, the information provided by the Appellant does not meet the legal burden of proof to find the CPE legally inadequate.⁹ In contrast, the record includes ample substantial evidence to support the preparation of a CPE under CEQA section 21083.3 and CEQA Guidelines section 15183.¹⁰ The Planning Department has conducted technical studies, retained experts and analyzed socio-economic changes, the Project and whether those changes cause an impact on the physical environment. The substantial evidence presented clearly establishes that a CPE is appropriate and that no causal link between socio-economic issues and the physical environment exists.

B. The Latino Cultural District is Not a CEQA Resource Nor Would the Project Impact It.

Appellant has asserted the Project's impacts on the Latino Cultural District are a new and significant impact that has not been analyzed in the EN PEIR.¹¹ As noted in the Planning Response, the Latino Cultural District is not an historic resource under CEQA.¹² The Latino Cultural District is an intangible cultural heritage asset that is not eligible for listing on a state, local or federal registry of historic properties and therefore does not meet the definition of an "historic resource" under CEQA Guidelines Section 15064.5(a). The Latino Cultural District's eligibility as a historic district is not something that has been overlooked as the Planning Department studied the area as part of the 2011 South Mission Historic Resource Survey. That survey did not identify the boundaries of the Latino Cultural District as an historic district, and the Appellant has not presented any evidence as to why the Latino Cultural District should be considered an historic district under CEQA. The Planning Department's survey did identify several other potential historic districts, but none of those districts

of review that only requires a "fair argument" that a potential significant environmental impact may occur. This is different than the standard of review for a CPE, which requires that the lead agency's decision be upheld if there is substantial evidence in the record to support the decision.

⁸ In *Banker's Hill, Hillcrest, Park West Community Preservation Group v. City of San Diego* (2006) 139CA4th 249, the court found that "although local residents may testify to their observations regarding existing traffic conditions, **in the absence of a specific factual foundation in the record, dire predictions by non-experts regarding the consequences of a project do not constitute substantial evidence**... [and] we conclude that substantial evidence supports a finding that the Project will not have a significant effect on traffic relating to the offset intersection." (citing *Gentry, supra*, 36 Cal.App.4th at p. 1417, italics added.) The **bolded** language is what was excluded from the quotation cited by the Appellants.

⁹ The technical reports included in the record from the Appellant is not substantial evidence because it is general in nature and not Project specific. The information regarding changing demographics and new demographics do not create a causal link between that demographic change and specific physical impacts to the environment.

¹⁰ See *Wal-Mart Stores, Inc. v. City of Turlock* (2006) 138 CA4th 273, overruled on other grounds in *Hernandez v. City of Hanford* (2007) 41 C4th 279; *Gentry v. City of Murrieta* at 1406 n24; *Citizens for Responsible Equitable Ent'l Dev. V. City of San Diego Redevel. Agency* (2005) 134 CA4th 598, 610.

¹¹ The Appellant has raised several claims related to the Project's potential impact on the Latino Cultural District as a CEQA Resource. A discussion of the socio-economic impacts of the Project on the Latino Cultural District is included in Section III below, including a discussion of the Appellant's claims regarding commercial gentrification. This section discusses only issues raised related to the Latino Cultural District as a CEQA Resource.

¹² This issue was also raised in the CEQA appeal on 1296 Shotwell Street (Board File No. 170024) and it was publicly noted, on the record by the Board of Supervisors, that the Latino Cultural District is not a historic resource under CEQA. A copy of that transcript and audio file as well as the Board packet for that appeal is provided under separate cover and added to the Administrative Record.

are near the Project site, and therefore cannot be impacted by the Project. Thus, the Appellant's claims about the impact of the Latino Cultural District on the determination to prepare a CPE are without merit.

Regardless, a review of the Latino Cultural District and the Project indicates that the Project is not inconsistent with the intent and key components of the district nor is the Project Site listed as a cultural asset or its previous use a cultural asset theme to be protected. Based on numerous discussions with the community facilitated by Planning Director John Rahaim, there are three key components of the Latino Cultural District. They are as follows: (1) protecting commercial spaces; (2) providing high quality jobs; and (3) affordable housing. The Project is consistent with each of these components.

First, the Project does not eliminate the type of commercial space envisioned for protection under the Latino Cultural District. The existing building to be demolished is a large space previously occupied by a regional restaurant equipment salvage and auction service business. It is not a commercial space that caters to the Mission District or a commercial space occupied by a small, local Latino business. While the existing commercial space does not meet the intent of the Latino Cultural District, the Project is creating over 5,000 square feet of PDR (i.e., community art space) to be managed by local Mission residents and community groups. This PDR space will be provided at a cost of \$1 per year and the Project sponsor has committed to building out or funding the necessary tenant improvements for the space to allow immediate occupancy.

Second, the Project creates high quality jobs. It is committed to using union labor and has signed not only with the Carpenters Union, but has selected Fisher Construction, a union signatory, as its General Contractor. Finally, the last component, affordable housing, has been met by the Project Sponsor's commitment to provide approximately 20% of the units on-site as affordable units, which exceeds the requirement under the Trailing Legislation. The inclusionary housing provided by the Project, combined with the 473 affordable units in the pipeline will result in more than 42% of the units to be built in the Mission (including in the Latino Cultural District) being set aside for affordable housing. This high percentage of affordable units meets the intent of the Latino Cultural District.¹³

C. The EN PEIR Remains Valid.

Appellant has raised several claims questioning the validity of the EN PEIR. Those claims are based on an assertion that the information in the EN PEIR is out of date and that development under the EN PEIR has exceeded what was analyzed. These assertions are without merit.

¹³ This figure is based on Appellant's Claims that 666 new market-rate units will be constructed in and around the Latino Cultural District and the facts in the record that there are 473 new affordable housing units being proposed in independent housing developments. As this figure of 473 new affordable housing units does not take into consideration on-site inclusionary housing units in many Mission developments, the 42% affordable housing figure is likely below the actual number of affordable housing units to be developed.

Under CEQA section 21166, a Supplemental or Subsequent EIR is only required for the Eastern Neighborhoods if one or more of the following events occurs:

- a. Substantial changes are proposed to the zoning in the Eastern Neighborhoods that requires major revisions to the EN PEIR;
- b. Substantial changes to the circumstances under which the Eastern Neighborhoods Rezoning is being undertaken that require major revisions to the EN PEIR¹⁴; and/or,
- c. New information, which was not known and could not have been known at the time the EN PEIR was certified as complete, becomes available.¹⁵

None of the three triggers for preparing a Supplemental or Subsequent EIR have been met. The City is not proposing a rezoning or to change the zoning in the Eastern Neighborhood and the Project is not seeking a Zoning Map or other amendment.¹⁶ There are no new significant environmental effects nor is there a substantial increase in the severity of **previously identified significant effects** than what was studied in the EN PEIR and there is no evidence of a significantly new or significantly worse impact that **was not and could not have been known** when the EN PEIR was prepared.¹⁷

Concerns regarding displacement were well known at the time the EN PEIR was prepared and the EN PEIR carefully considered these issues and built it into the EN PEIR's analysis of physical impacts on the environment. No evidence has been presented that shows "changed conditions" or that there are "new significant environmental effects or a substantial increase in the severity of

¹⁴ This standard is only met where evidence shows "new significant environmental effects or a substantial increase in the severity of previously identified significant effects." 14 Cal. Code Regs. § 15162, subd. (a)(2).

¹⁵ New CEQA analysis cannot be ordered if the new information presented could have been known at the time the original EIR was prepared. See *Citizens for a Megaplex-Free Alameda v City of Alameda* (2007) 149 CA4th 91, 113 (a petitioner failed to establish why a report that was not available at the time the mitigated negative declaration was prepared could not have been prepared earlier with the exercise of reasonable diligence); *Citizens for Responsible Equitable Env't'l Dev. v City of San Diego* (2011) 196 CA4th 515, 531 (impacts relating to global warming caused by greenhouse gas emissions are not new information, because that information had been available at the time the EIR was certified in 1994).

¹⁶ The Planning Department has released Mission Area Plan (MAP) 2020, which could result in zoning changes in the Mission Area Plan. Until those zoning changes are adopted, the zoning under the Eastern Neighborhood Plan Rezoning remain valid.

¹⁷ *Concerned Dublin Citizens v City of Dublin* (2013) 214 Cal.App.4th 1301, 1320 (adoption of new GHG guidelines was not new information because information about the potential effects of GHG emissions was known and could have been addressed in original EIR). *A Local & Reg'l Monitor (ALARM) v City of Los Angeles* (1993) 12 Cal.App.4th 1773, 1802 (a letter containing reformulated quantifications of traffic study information that was already included in the EIR did not permit subsequent CEQA review). *Friends of the College of San Mateo Gardens v. San Mateo Cnty. Cmty. College* (2016) 1 CA5th 937, 949 (CEQA's limits on subsequent EIRs "are designed to balance CEQA's central purpose of promoting consideration of the environmental consequences of public decisions with interests in finality and efficiency").

previously identified significant effects.”^{18,19} Moreover, EN PEIR thoroughly studied traffic and air quality impacts anticipated to occur under the Eastern Neighborhoods Community Plan, and there is no evidence that development occurring pursuant to that Plan is causing impacts that exceed those analyzed in the EN PEIR.

In sum, there is no evidence in the record to support a finding that the statutory standards for supplemental review contained in section 21166 of CEQA have been met.

1. Recent Precedent Indicates the EN PEIR Remains Legally Valid.

The issue of the validity of the EN PEIR has been before the Board of Supervisors multiple times over the last three years.

On April 7, 2015, the Board of Supervisors heard the appeal of a CPE for a 45,000-square foot commercial project located at 340 Bryant Street (Board File No. 150171). The CPE for the project relied on the EN PEIR. The appellants in that case alleged that the project’s transportation impacts were not adequately studied in the EN PEIR. The Board of Supervisors rejected the appeal finding that the appeal did not raise substantial evidence supporting a fair argument that the project would result in a new significant environmental effect, nor an environmental effect of greater severity than already analyzed under the EN PEIR, confirming the validity of the EN PEIR.²⁰

On September 13, 2016, the Board of Supervisors heard the appeal of a CPE for a 199-unit residential project located at 2070 Bryant Street. The CPE for the project relied on the EN PEIR environmental analysis, analogous to the CPE for the Project. The appellant in that case claimed that the EN PEIR was “out of date” and that changed circumstances required “major revisions” to the EN PEIR. The Board of Supervisors rejected the appeal and in support of the EN PEIR stating that, “...the project is consistent with the development density established by the zoning, community plan and general plan policies in the Eastern Neighborhood Rezoning and Area Plan project area, for which the FEIR was certified...and is therefore exempt from further environmental review...”²¹ In rejecting the appeal, the Board affirmed that the EN PEIR remains analytically sound and absent a particular project’s new significant environmental effects, or effects of greater severity than were analyzed in the EN PEIR, a CPE can appropriately rely on the EN PEIR.

¹⁸ 14 Cal. Code Regs. § 15162, subd. (a)(2); *Bowman v City of Petaluma* (1986) 185 Cal.App.3d 1065 (changes in project’s street configuration were not substantial, because the project’s overall impact, including the changed circumstances, was essentially the same as had been projected in the EIR). Note that the development that has occurred pursuant to the Eastern Neighborhood EIR is *below* the level projected in the EIR. See also *Fed. of Hillside & Canyon Ass’ns v. City of Los Angeles* (2004) 126 Cal.App.4th 1180, 1200 (no supplemental EIR required because petitioners had not shown that change in circumstances would result in new or substantially more severe impact); *Fund for Env’tl Defense v County of Orange* (1988) 204 Cal.App.3d 1538 (project permitted to use 5-year old EIR, despite the fact that the project site had since been included within a wilderness park, because the record demonstrated that the change in circumstances raised no new adverse effects that were not analyzed and discussed in the original EIR).

¹⁹ While Appellant has asserted that the Latino Cultural District is new and was not studied in the EN PEIR, as noted above in Section II.B, the Latino Cultural District is not a CEQA resource.

²⁰ A copy of the transcript and Board Motion M15-069 for this matter is provided under separate cover and is hereby included in the Administrative Record.

²¹ A copy of the transcript, Board packet and Board Motion No. M16-119 dated September 13, 2016 is provided under separate cover and is hereby included in the Administrative Record.

Most recently, on February 14, 2017, the Board of Supervisors considered these same issues related to a 94-unit senior housing project at 1296 Shotwell Street.²² While 1296 Shotwell Street relied on CEQA's "In-Fill Exemption"²³, the issues raised by the appellants in that appeal also involved analysis of whether the project would cause any significant environmental effects that were not analyzed in or that are substantially greater than previously analyzed and disclosed in the EN PEIR. In response to claims raised by the appellant in that case, that the EN PEIR was "out of date," Planning Department staff concluded that "[a]bsent a change in the Eastern Neighborhoods Rezoning and Area Plan reopening the Eastern Neighborhoods PEIR is neither warranted nor required under CEQA."²⁴ Moreover, staff found that **"the growth projections contained in the EIR were not intended as a cap or limit to growth within the areas that would be subject to the Eastern Neighborhoods Plan** and were based upon the best estimates available at the time the Eastern Neighborhoods PEIR was prepared." (emphasis added)²⁵ In upholding the EN PEIR for 1296 Shotwell Street, the Board of Supervisors found not only the growth projections in the EN PEIR continued to be valid, but that none of the triggers to prepare a Supplemental or Subsequent EIR existed.²⁶

The Board of Supervisor's findings on the 340 Bryant Street project, the 2070 Bryant Street project and the 1296 Shotwell Street project not only establish recent precedent finding that the EN PEIR remains valid, but is consistent with **established case law that find that "[a]fter an initial EIR is certified, there is a strong presumption against additional environmental review."**²⁷

2. The Number of Units in the Pipeline and Developed in the Mission is Consistent with the Assumptions in the EN PEIR.

The Appellant has raised on multiple occasions claims that the number of housing units in the development pipeline exceeds the number of units analyzed in the EN PEIR.²⁸ Planning Department staff has responded to these assertions, on multiple occasions, providing evidence that these claims are inconsistent with the well-documented facts on completed developments and the current pipeline. Most recently, in the context of the CPE appeal for the project located at 1515 S. Van Ness Avenue (Board File No. 161001), the Planning Department noted that the EN PEIR projected an increase of approximately 7,400 to 9,900 residential units in the plan area during the life of the plan and as of October 17, 2016 only 4,829 residential building permits had been granted. Thus, the Planning

²² The 1296 Shotwell Street project site is located approximately ½ mile from the Project at 2675 Folsom Street.

²³ Pub. Res. Code § 21094.5.

²⁴ See the February 14, 2017 Planning Department memorandum "Appeal of Infill Project Determination 1296 Shotwell Street Project" p. 8.

²⁵ See the February 14, 2017 Planning Department memorandum "Appeal of Infill Project Determination 1296 Shotwell Street Project" p. 8.

²⁶ A copy of the Board File for the 1296 Shotwell Street CEQA Appeal [Board File No. 170024] and the transcript and audio file from the hearing are provided under separate cover and hereby entered into the Administrative Record.

²⁷ *San Diego Navy Broadway Complex Coalition v City of San Diego* (2010) 185 Cal.App.4th 924, 934.

²⁸ Appellant has also asserted that there has been a significant influx of "luxury housing" in the Mission. As shown in the City's Housing Balance Report, fewer than 600 units have been built in the Mission District under the Eastern Neighborhoods Plan adopted in 2008.

Department concluded, unequivocally, that "...the number of units approved, let alone constructed, is well below the PEIR projection."²⁹

Regardless, even if this were true, as noted in the staff report for the 1296 Shotwell Avenue appeal, "growth projections contained in the EIR **were not intended as a cap or limit to growth**...they were based upon the best estimates available at the time."³⁰ Exceeding those growth projects do not by themselves trigger a requirement to prepare a Supplemental or Subsequent EIR under CEQA section 21166. As noted above, those triggers have not been met and further CEQA review is not required.

3. Traffic Impacts Are the Same or Slightly Less Severe Than Anticipated Under the EN PEIR.

In response to claims raised by the Appellant regarding the traffic analysis in the EN PEIR and questions raised by the Board of Supervisors, Fehr & Peers prepared a technical study to determine whether new or substantially more severe transportation impacts exist than were identified in the EN PEIR (Supplemental Traffic Analysis). This Supplemental Traffic Analysis was in addition to the 222-page Project-specific transportation analysis that Fehr & Peers prepared to evaluate the Project-level and cumulative impacts of the Project on vehicle miles traveled, transit, bicycle and pedestrian safety (including pick up and drop off at the nearby Cesar Chavez Elementary School), loading, and emergency services and access.

The Supplemental Traffic Analysis was prepared using the latest transportation models and impact assessment methodologies, incorporating up-to-date transportation, population, growth, and demographic data to evaluate the effects of the proposed project on both existing and 2040 cumulative transportation conditions. It was prepared to specifically answer the following three questions:

- i. Whether the potential displacement of low-income workers as part of market-rate housing generates more automobile trips from workers commuting from distant suburbs;
- ii. Whether new housing that attracts higher income residents with more cars thereby generates more automobile trips; and,
- iii. Whether commuter shuttles create traffic not previously analyzed.

Although there was insufficient data to determine with certainty whether displacement of lower income workers is leading those workers to increase their vehicle miles traveled, Fehr & Peers was able to use regional traffic modelling and traffic counts to answer the three questions above. Specifically, if displaced workers were generating more automobile trips or if higher income residents had more cars or if commuter shuttles created traffic, then traffic counts in the areas studied in the Eastern Neighborhood PEIR would or should be higher than anticipated. **What Fehr & Peers found instead, with certainty, was that observed traffic volumes in 2016 were around 5 - 10 percent**

²⁹ Planning Department response the Appeal of Community Plan Exemption for 1515 South Van Ness Avenue, October 17, 2016. p.12-13.

³⁰ See the February 14, 2017 Planning Department memorandum "Appeal of Infill Project Determination 1296 Shotwell Street Project" p. 8.

lower than expected under the EN PEIR and that at three of the four intersections counted, total traffic volume had in fact decreased from the 2000 baseline count data.³¹ Specifically, Fehr & Peers found that:

“...the Eastern Neighborhoods Plan EIR took a fairly conservative approach to transportation analysis and findings. The EIR generally estimated that a slightly higher percentage of new trips would be made by private vehicles than recent traffic counts as well as census travel survey data would suggest are occurring. On a more detailed level, Fehr & Peers found that while the Mission has undergone significant demographic and economic change, residents on average still appear to own around the same number of vehicles, and use non-auto modes at similar rates as in the period from 2000- 2009.”³²

Fehr & Peers also found, relying on census data, that between 2000-2014, the number of vehicles per household in the Mission District has not increased, that the same percentage of households have zero cars, the average number of vehicles per household has remained nearly constant over that same period and the share of Mission residents commuting to work by driving alone has remained steady.³³ These findings are further supported by the decreased traffic counts noted above, reflecting unchanged or better counts than would be expected if vehicle ownership rates were unchanged.

Finally, Fehr & Peers found that City estimates are that shuttle vehicles remain less than 10 percent of vehicles traveling on arterials.³⁴ Similarly, despite the impression that transportation network companies (e.g., Lyft or Uber) increase traffic counts, the combination of taxi and on-demand/smartphone-based transportation represents only between three to eight percent (3%-8%) of all trips. These trip percentage and the empirical data showing that current levels of traffic within the Mission remain below expected volumes based on the amount of development completed under the EN PEIR, indicate that trips from commuter shuttles and transportation network companies have not led to growth in traffic in the Eastern Neighborhoods study intersections that exceed what was predicted under the EN PEIR.³⁵

For all these reasons and based on all the evidence in the record, claims by the Appellant that the EN PEIR is outdated and that a Supplemental or Subsequent EIR is needed are unsupported by any factual data and are therefore without merit.³⁶ **The Project is consistent with the Eastern**

³¹ Fehr & Peers Letter p. 14.

³² Fehr & Peers Letter p.1-2.

³³ Fehr & Peers Letter p. 10.

³⁴ Fehr & Peers Letter p. 17.

³⁵ Fehr & Peers Letter, p. 17.

³⁶Planning Staff found as follows: “On September 20, 2016 the Department determined that the proposed application did not require further environmental review under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3. The Project is consistent with the adopted zoning controls in the Eastern Neighborhoods Area Plan and was encompassed within the analysis contained in the Eastern Neighborhoods Final EIR. Since the Eastern Neighborhoods Final EIR was finalized, there have been no substantial changes to the Eastern Neighborhoods Area Plan and no substantial changes in circumstances that would require major revisions to the Final EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Final EIR.” (Staff Report to Planning Commission, at Page 3.)

Neighborhood Area Plan, the EN PEIR and none of the standards for a subsequent CEQA analysis have been met.

III. GENTRIFICATION AND SOCIO-ECONOMIC ISSUES

The Appellant's primary claim regarding the validity of the CPE relates to socio-economic changes and gentrification. While the Appellant's claims are based on real feelings and emotions, "CEQA does not require an analysis of subjective psychological feelings or social impacts."³⁷ Rather, CEQA's overriding and primary goal is to protect the physical environment.³⁸ "Economic or social effects of a project shall not be treated as significant effects on the environment....[and] [t]he focus of [] analysis shall be on [] physical changes."³⁹

The CPE prepared for the Project is consistent with that established standard. Based on the analysis conducted and as set forth in established case law the Projects qualifies for an exemption under Public Resources Code section 21083.3 and 14 Cal. Code Regs. Chapter 3 ("CEQA Guidelines"), section 15183) as **substantial evidence exists to support the decision that the Project is exempt and that evidence exists in the record.**⁴⁰ This evidence has been presented by the Planning Department in the preparation of the CPE and in the detailed response to the Appellant's Claims. By contrast, no substantial evidence has been presented by the Appellant that counters the analysis conducted as part of the CPE nor has any substantial evidence been submitted to create the necessary link between the Project and any physical environmental impacts.⁴¹

As noted above, the socio-economic issues become CEQA issues only where there is a causal link between the Project, individually or cumulatively and a physical impact on the environment. This causal link is necessary **and required** under *Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 CA4th 1184 and related line of cases. The Board of Supervisors has acknowledged the requirement for this link in two prior CEQA appeals before the Board of Supervisors (i.e., 2070 Bryant Street and 1515 South Van Ness Avenue). In both cases, the City Attorney and the Board of Supervisors clearly stated that gentrification and socio-economic issues are only CEQA issues if there is a causal link between them and a physical impact on the environment. Nothing in the evidence presented by the Appellant creates that link.

³⁷ See *City of Pasadena v. State of California* (1993) 14 Cal.App.4th 810, 829, 17 Cal.Rptr.2d 766 ["CEQA does not address the purely social effects of a project."], disapproved on other grounds as stated in *Western States Petroleum Assn. v. Superior Court* (1995) 9 Cal.4th 559, 570, fn. 2, 38 Cal.Rptr.2d 139, 888 P.2d 1268.

³⁸ A "significant effect on the environment" is defined under CEQA as a "substantial, or potentially substantial, adverse changes in *physical* conditions" (§ 21100. subd. (d) (*italics added*). Moreover, the "environment" is defined under CEQA as the "*physical* conditions which exist within the area which will be affected by a proposed project...." (§ 21060.5. (*italics added*). Thus, CEQA analyzes the physical, not sociological impact associated with a Project.

³⁹ *Preserve Poway v. City of Poway* (2016) 245 Cal. App. 4th 560, 579, rehearing denied (Apr. 4, 2016), review denied (June 22, 2016). (*emphasis added*); (Guidelines, § 15131, subd. (a).)

⁴⁰ See *Wal-Mart Stores, Inc. v. City of Turlock* (2006) 138 CA4th 273, overruled on other grounds in *Hernandez v. City of Hanford* (2007) 41 C4th 279; *Gentry v. City of Murrieta* at 1406 n24; *Citizens for Responsible Equitable Ent'l Dev. V. City of San Diego Redeve. Agency* (2005) 134 CA4th 598, 610.

⁴¹ The technical reports included in the record as evidence note facts related to changing demographics and information regarding the new demographic, but fail to create a causal link between that demographic change and specific physical impacts to the environment.

Although the Appellant has not provided evidence to support a link between socio-economic impacts and a physical impact, in response to the Board of Supervisor's questions on this important issue, Amy Herman of ALH Urban and Regional Economics ("ALH"), an economist with over 35 years of urban and regional economic analysis and consulting, was retained to analyze the issue and prepare a report answering the following three (3) questions:

- i. Whether the development of market-rate housing results in displacement of existing commercial tenants in the Latino Cultural District;
- ii. Whether based on a review of academic and related literature there is a relationship between market-rate development and displacement or gentrification⁴²; and,
- iii. Whether the conclusions reached in #1 and #2 above result in a physical impact under CEQA that requires further CEQA review.

As detailed below, ALH found that while commercial gentrification and residential displacement are occurring in the Latino Cultural District and the Mission, these changes are the result of many factors and are not linked to new market-rate development. Moreover, new market-rate development is not creating socio-economic changes that result in a physical impact on the environment and because CEQA analyzes physical impacts only, these are not issues to be analyzed or considered in making a decision on the CEQA Appeal.⁴³

A. Market-Rate Development Will Not Cause Indirect Displacement and Gentrification of Commercial Tenants in the Latino Cultural District or the Mission.

Appellant claims, without offering any substantial evidence, that the Project would lead to the displacement of Latino-owned businesses in the Latino Cultural District. The Planning Department's Staff Report notes:

"[T]he assertion that the project [at 2675 Folsom] would contribute to or accelerate the "Valenciazation of the Calle 24 District –is presented only as a theoretical possibility, without empirical evidence as to the causes of the changes along Valencia Street. The transition of Valencia Street to a regional shopping, dining and entertainment dictation has been underway at least since the early 2000s, pre-dating the recent uptick in the residential development in the corridor. ***The types of "gentrifying" business cited by the appellants, such as "high end restaurants, clothing and accessory stores, and personal trainer gyms and yoga***

⁴² The ALH report includes a literature review of five (5) published papers on the relationship of housing production/supply and housing costs, as well as a review of 11 separate published papers on the relationship between gentrification and displacement. Copies of all 16 published reports will be submitted into the record under separate cover.

⁴³ That does not, however, mean they were not considered by the Planning Commission in approving the Project. In January 2016, the Planning Commission adopted Mission District Interim Controls which require all projects in the Mission District to prepare an analysis of the project's potential socio-economic impact on the neighborhood and community. Mission Interim Control findings were prepared by the Project sponsor that provided information on the socio-economic characteristics of the neighborhood and the Project's potential impact on existing and future residents and businesses.

studios,” have been in operation along Valencia Street since well before the adoption of the Mission Area Plan.” (Staff Report Page 13, emphasis added)

Notwithstanding the lack of empirical evidence offered by the Appellants, ALH prepared a neighborhood retail demand taking into consideration household income as well as the retail demand generated by proposed new residential projects in or near the Latino Cultural District, including the Project. The analysis included the amount of net new retail space to be included in the proposed new residential projects.

ALH found that new residential projects proposed in or near the Latino Cultural District are expected to generate a demand for 34,400 square feet of new commercial space. These same new projects will generate 30,447 square feet of net new commercial space thereby creating an “almost equilibrium between the amount of neighborhood-oriented retail demand and the net new amount of planned retail space in Pipeline projects in both the LCD and near the LCD.”⁴⁴

Because some of the new demand is expected to shop in other neighborhoods, ALH concluded that new development will actually likely create a surplus of net new neighborhood oriented retail space. This surplus means there will not be rent pricing pressure on existing retail base from new residential projects since they are generating the amount of retail space they demand. This analysis is also true for the Mission District as whole where the supply of “total retail is 2.5 times the amount of retail supportable by its residents.”⁴⁵

Looking beyond San Francisco, the Mission District and the Latino Cultural District, ALH also analyzed a 2016 study of gentrification and its impacts on commercial displacement in New York City.⁴⁶ This detailed examination of New York City neighborhoods is one of the only detailed published studies on the topic and examined neighborhoods that had undergone changes due to development. It concluded that commercial displacement is no more likely in a gentrifying neighborhood than in a non-gentrifying neighborhood. Based on this report and its findings, ALH concludes that “it is therefore reasonable to conclude that ...commercial displacement is no more likely to occur in the LCD where gentrification is presumed to be occurring than in other San Francisco neighborhoods not experiencing gentrification....and that opportunity exists for neighborhoods...to...retain more businesses under conditions of gentrification, perhaps due to new and increased spending power locally.”⁴⁷

B. Market-Rate Development Does Not Cause Indirect Residential Displacement in the Latino Cultural District or the Mission.

Appellant asserts that the Project and other market-rate developments are causing displacement in the Latino Cultural District and the Mission and that the number of units in the

⁴⁴ ALH, “Socioeconomic Effects of Market Rate Development on the Calle 24 Latino Cultural District, San Francisco CA” March 2017. p. 11.

⁴⁵ ALH, “Socioeconomic Effects of Market Rate Development on the Calle 24 Latino Cultural District, San Francisco CA” March 2017. p. 12.

⁴⁶ Rachel Meltzer, *Gentrification and Small Business: Threat or Opportunity?*, Cityscape: A Journal of Policy Development and Research, Volume 18, Number 3, 2016

⁴⁷ ALH, “Socioeconomic Effects of Market Rate Development on the Calle 24 Latino Cultural District, San Francisco CA” March 2017. p. 1.

planning pipeline exceeds the number of units contemplated in the EN PEIR rendering the EN PEIR is out of date. Regarding the number of units in the pipeline and built, the Planning Department based on substantial evidence and facts, has repeatedly disproved the Appellant's assertions. The facts and evidence presented by the Planning Department, however, has been continually disregarded.⁴⁸ As shown in the City's Housing Balance Report in the Mission District between 2011-2015, there was a net increase of 564 housing units and between 2006-2011, there was a net increase of 861 net units. Based on the data collected by the Planning Department, fewer than 600 units have been built in the Mission District under the Eastern Neighborhoods Plan adopted in 2008. Given the number of new units built, the Appellant's claims regarding thousands of "luxury apartments" in the Mission District is simply not true.

As for whether the construction of market-rate development causes displacement, ALH analyzed this issue by looking first at the link between housing production/supply and housing costs. The purpose of this analysis was to assess whether increased housing production can lead to a rise in rents. The analysis was based on a review of historical housing costs data for the City of San Francisco, the Mission District and the Latino Cultural District and a review of five (5) studies prepared by experts on the topic of housing supply/production and housing costs.

ALH found that, in general, rents are always rising. In San Francisco those rents have increased at a nominal annual average rate of 5.5% or an inflation-adjusted annual increase of 2.9%. In 2016, however, rent growth actually tapered off.⁴⁹ This reduction in rent may be due to several factors, including the release of thousands of new residential units in San Francisco. Citing increased supply, this reduction in rents has been observed in media reports indicating that in some cases rents are down as much as 8.9% since March 2016.⁵⁰

In reviewing the data and empirical studies, ALH found that on a macro basis "studies find that both market-rate and affordable housing development help to suppress price appreciation and reduce displacement"⁵¹ and that "**housing production does not result in increased costs of the existing housing base, but rather helps suppress existing home prices and rents.**"⁵² This finding is consistent with the September 2016 San Francisco Controller's report.⁵³

As for the relationship between gentrification and displacement, ALH found that based on the literature reviewed, changes to a neighborhood do not trigger displacement of existing residents. ALH found that "[i]n general, leading experts in the field appear to coalesce around the understanding that there is weak causation between gentrification and displacement, with some experts concluding

⁴⁸ See 1515 South Van Ness board packet [Board File No. 161001] included under separate cover and added to the administrative record for this Project.

⁴⁹ ALH, "Socioeconomic Effects of Market Rate Development on the Calle 24 Latino Cultural District, San Francisco CA" March 2017. p. 1

⁵⁰ See, "Median Market Rents Tumble 9 Percent Since 2016" S.F. Curbed, March 1, 2017 <http://sf.curbed.com/2017/3/1/14779370/san-francisco-average-rent-march-2017> and "San Francisco Rent Growth Slows Following New Supply Output, Inman October 11, 2016 <http://www.inman.com/2016/10/11/san-francisco-rent-growth-slows-following-new-supply-output/>

⁵¹ ALH, "Socioeconomic Effects of Market Rate Development on the Calle 24 Latino Cultural District, San Francisco CA" March 2017. p. 2.

⁵² ALH, "Socioeconomic Effects of Market Rate Development on the Calle 24 Latino Cultural District, San Francisco CA" March 2017. p. 2.

⁵³ San Francisco Controller, "Inclusionary Housing Working Group Preliminary Report September 2016." p. 17.

that the ability for residents to relocate or move (i.e., mobility rates) are not distinguishable between neighborhoods experiencing gentrification and neighborhoods not experiencing gentrification.”⁵⁴

ALH’s findings are even supported in the report cited by the Appellant.⁵⁵ According to ALH, the Zuk and Chappelle report, “appears to conclude that at the local level in San Francisco, the relationship between gentrification and displacement is indeterminate.”⁵⁶ The ALH analysis and literature review does not downplay the reality of displacement in San Francisco. Instead, it provides insight into the causes of displacement, which are more general in nature and driven by macro-economic forces not neighborhood level market-rate residential development.

C. The Socio-Economic Issues of Gentrification And Displacement Do Not Meet The Level Of Physical Impacts Required Under CEQA.

Appellant’s socio-economic concerns are not CEQA issues as evidenced by the detailed and extensive substantial evidence in the record. ALH analyzed this issue specifically, in its report which addressed whether socio-economic issues of displacement and gentrification in the Latino Cultural District and the Mission District were properly studied in the context of CEQA. Citing CEQA Guidelines, case law and City’s position summarized in this letter above, ALH confirms that CEQA is limited to impacts that result in significant physical environmental impacts. Displacement and gentrification in the Latino Cultural District and the Mission District “does not demonstrate the significant physical impact required under CEQA to warrant further review [based on] [t]he evidence cited [by the Appellants] as well as research and literature review conducted by ALH Economics, supports this conclusion.”⁵⁷ ALH noted that there are very few instances where physical changes in the environment have been linked to social or economic effects and that questions of community character are not CEQA issues.⁵⁸

“Changes in the types of businesses, cost of housing or demographics in a project area are not considered physical environmental impacts under CEQA. These are examples of social and economic effects, not physical environmental impacts.”⁵⁹

The law is firmly established that CEQA does not include economic or social effects such as changes to community character.⁶⁰ No evidence has been provided by the Appellant to meet the legal threshold noted above to establish those effects as physical impacts on the environment subject to CEQA review. Moreover, the City has on numerous occasions found that infill housing, like what is

⁵⁴ ALH, “Socioeconomic Effects of Market Rate Development on the Calle 24 Latino Cultural District, San Francisco CA” March 2017. p. 24.

⁵⁵ Miriam Zuk, Karen Chapple, “Housing Production, Filtering and Displacement: Untangling the Relationships,” University of California, Berkeley, Institute of Governmental Studies Research Brief (May 2016) www.urbandisplacement.org/sites/default/files/images/udp_research_brief_052316.pdf

⁵⁶ ALH, “Socioeconomic Effects of Market Rate Development on the Calle 24 Latino Cultural District, San Francisco CA” March 2017.

⁵⁷ ALH, “Socioeconomic Effects of Market Rate Development on the Calle 24 Latino Cultural District, San Francisco CA” March 2017. p. 27.

⁵⁸ ALH, “Socioeconomic Effects of Market Rate Development on the Calle 24 Latino Cultural District, San Francisco CA” March 2017. p. 26.

⁵⁹ Staff Report Page 8.

⁶⁰ Pub Res Code §21060.5, 14 Cal. Code Regs. §§ 15141, subd. (a); 15360; *Preserve Poway v. City of Poway* (2016) 245 Cal. App. 4th 560, 581; *Cathay Mortuary, Inc. v. San Francisco Planning Com.* (1989) 207 Cal.App.3d 275, 280.

being proposed by the Project, actually assists in *avoiding and mitigating* impacts on traffic and air emissions.⁶¹

IV. THE NECESSARY FINDINGS CANNOT BE MADE UNDER CEQA FOR FURTHER CEQA REVIEW

Given the “strong presumption” against further CEQA review when a previous EIR has already been certified, the Board would need to make a series of mandatory findings to legally order further CEQA review. Those findings cannot be a “post hoc rationalization.”⁶² The draft motion before the Board granting the appeal of the CPE, directs staff to prepare findings to support that determination. Before taking that motion and legally ordering further CEQA review, the Board must first determine that the mandatory prerequisites for further CEQA review have been met. In this case, based on the evidence presented, those findings simply be made.

The Appellants have not met the high burden for a new CEQA analysis. To meet that burden there needs to be substantial evidence of *all* of the following: (1) displacement caused by the Project (2) that causes physical impacts on the environment (3) that could not have been known at the time of the EN PEIR or which would require “substantial revision” of the EN PEIR, and (4) impacts that are “peculiar” to this project or its location.

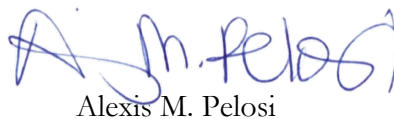
As noted throughout this letter, there is not substantial evidence of *any* of the above, much less *all* of the above. Without substantial evidence in the record before the Board to justify ordering further CEQA review, the high evidentiary bar for further CEQA analysis cannot be cleared and the CPE must be upheld.

* * * * *

In sum, the law is clear as to what is required to overturn the CPE determination. The Appellant has not met that burden nor is there substantial evidence in the record to support not preparing a CPE. The robust administrative record and significant substantial evidence within it, all support the preparation of a CPE. To overturn that decision the Board of Supervisors must make findings that legally cannot be made based on the evidence before it.

For all these reasons, we respectfully request that you reject the appeal and uphold the CPE.

Very truly yours,



Alexis M. Pelosi

⁶¹ See, e.g., San Francisco 2004 and 2009 Housing Element EIR (http://sfmea.sfplanning.org/2007.1275E_CR.pdf), 5M EIR (http://sfmea.sfplanning.org/2011.0409E_RTC-Final.pdf); SF Greenhouse Gas Reduction Strategy, pp. V-13 & 16, available online at http://sfmea.sfplanning.org/GHG_Reduction_Strategy.pdf; Eastern Neighborhoods Rezoning and Area Plans EIR, pp. 361-362, available online at http://sf-planning.org/sites/default/files/FileCenter/Documents/4003-EN_Final-EIR_Part-7_Trans-Noise-AQ.pdf

⁶² *T-Mobile South, LLC v. City of Roswell, Ga.* (U.S. 2015) 135 S.Ct. 808, 816, n. 3; see also *Topanga Assn. for a Scenic Cmty. v. Cty. of Los Angeles*, 11 Cal. 3d 506, 514 (1974).

Jalipa, Brent (BOS)

From: BOS Legislation, (BOS)
Sent: Tuesday, March 14, 2017 1:25 PM
To: jscottweaver@aol.com; mnadhiri@axisdevgroup.com; toliphant@axisdevgroup.com
Cc: Givner, Jon (CAT); Stacy, Kate (CAT); Byrne, Marlena (CAT); Sanchez, Scott (CPC); Rodgers, AnMarie (CPC); Starr, Aaron (CPC); Sucre, Richard (CPC); Horner, Justin (CPC); Gibson, Lisa (CPC); Ionin, Jonas (CPC); BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela (BOS); Somera, Alisa (BOS); Rahaim, John (CPC); Lew, Lisa (BOS); Goldstein, Cynthia (PAB); victormarquezesq@aol.com; alexis@pelosilawgroup.com; Flores, Claudia (CPC); Peterson, Pedro (CPC); Kern, Chris (CPC); BOS Legislation, (BOS)
Subject: PROJECT SPONSOR LETTER: - Appeal of Community Plan Exemption - Proposed 2675 Folsom Street Project - Appeal Hearing on March 21, 2017
Categories: 161146

Good afternoon,

Please find linked below a letter received by the Office of the Clerk of the Board from the Pelosi Law Group, on behalf of the project sponsor, concerning the Community Plan Exemption Appeal for the proposed project at 2675 Folsom Street.

[Project Sponsor Letter - March 14, 2017](#)

The appeal hearing for this matter is scheduled for a 3:00 p.m. special order before the Board on March 21, 2017.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the link below:

[Board of Supervisors File No. 161146](#)

Regards,

Brent Jalipa

Legislative Clerk

Board of Supervisors - Clerk's Office

1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

(415) 554-7712 | Fax: (415) 554-5163

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Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form

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March 14, 2017

Hon. London Breed
San Francisco Board of Supervisors
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: 2675 Folsom Street
File No. 161146 (CEQA Appeal)
Hearing Date: March 21, 2017

Dear President Breed and Supervisors,

On March 21, 2017, the Board of Supervisors (Board) is scheduled to hear the appeal filed against the CEQA document prepared for the project at 2675 Folsom Street (CEQA Appeal). The CEQA Appeal was filed five months ago, on October 21, 2016, and has been “on hold” while the Planning Department prepared two technical studies requested by the Board on another CEQA Appeal also located in the Latino Cultural District. After four months, those studies are now finally complete and the CEQA Appeal is ready to be heard. On behalf of Axis Development Group (Axis), the project sponsor of 2675 Folsom Street, we respectfully request the CEQA Appeal be heard on March 21, 2017, and that a decision be made on that date.

The project at 2675 Folsom Street initially filed a Preliminary Project Assessment and an Environmental Evaluation on October 20, 2014 and has been in the entitlement process for approximately 2 ½ years. The project was approved by the Planning Commission on September 22, 2016, and on October 21, 2016, an appeal of the Community Plan Exemption (CPE) prepared under CEQA was filed. Appeals of the Large Project Authorization (LPA) and Conditional Use authorization (CU authorization) were also filed, but were since dropped by the opponents.

The CEQA Appeal was first scheduled to be heard by the Board on November 29, 2016. It was then continued to December 13, 2016 and January 10, 2017, to allow the Planning Department time to prepare technical studies previously requested by the Board. On January 10, 2017, when it was clear that the Planning Department needed more time, the CEQA Appeal was once more continued to March 21, 2017.¹

Finally, after four months, on March 13, 2017, the reports requested by the Board have been released. They include an updated staff report and two technical studies. The first study prepared by Amy Herman at ALH Urban & Regional Economics (ALH), evaluated whether market-rate development in the Latino Cultural District would have a significant physical impact on the environment requiring further review under CEQA. The second study, prepared by Fehr & Peers, evaluated whether the assumptions made in the Eastern Neighborhoods Programmatic

¹ At this same time, as noted above, the appeal of the LPA and CU authorization were dropped. Those appeals are no longer pending before the Board or the Board of Appeals.

Environmental Impact Report (EN PEIR) related to traffic remain valid given the changing demographics in the Latino Cultural District and Mission and recent transportation trends.

The ALH analysis found that while commercial gentrification and residential displacement may be occurring in the Latino Cultural District and the Mission, these changes are the result of many factors and are *not* linked to new market-rate development. Retail demand in the Latino Cultural District and Mission is much more influenced by regional trends than local neighborhood changes, and displacement is not the inevitable result of gentrification nor are increased rents the inevitable result of the development of market-rate housing. Displacement is caused by many factors and new development can be beneficial in decreasing pressure on existing housing and increasing residential opportunities.

Further, the staff report dated March 13, 2017, for the Appeal of the Community Plan Exemption for 2675 Folsom Street Project states: “the Eastern Neighborhoods PEIR identified the potential effects of the rezoning and area plans on housing supply and affordability, gentrification, displacement, locally owned businesses, and PDR use, and evaluated whether these socioeconomic effects would result in significant impacts on the physical environment consistent with the requirements of CEQA. ***The appellant’s contention that these socioeconomic effects represent new information or changed circumstances that the Eastern Neighborhoods PEIR failed to consider is therefore incorrect.***” (Staff Report at page 13, emphasis added)

The Fehr & Peers analysis found that the EN PEIR traffic analysis took a very conservative approach to studying traffic and as a result, in 2016 traffic volumes were 5-10% lower than expected under the EN PEIR. Regionally, the distance a worker was assumed to travel from home and work was less and even though there have been demographic and economic changes in the Mission, residents own the same number of cars and use non-automobile transportation (i.e., buses, bikes, etc.) at the same rates. Commute shuttles and ride-share apps, while new, do not generate increased traffic or new traffic impacts that were not previously analyzed or captured in the Eastern Neighborhoods EIR.

In sum, both the ALH and Fehr & Peers report include important information regarding the socio-economic changes occurring the Latino Cultural District and the Mission. They both have found, however, that these changes are not creating or resulting in a physical impact on the environment, or creating a new or more significant impact, that was not adequately studied in the EN PEIR. Thus, the socioeconomic issues raised are policy issues, not issues that required further CEQA review.

This conclusion is echoed by the staff report which states: “[i]n conclusion, the Planning Department’s determination that the 2675 Folsom Street project would *not* result in new or substantially more severe significant effects on the physical environment than were already disclosed in the Eastern Neighborhoods PEIR is valid. ***The department therefore recommends that the Board reject the appeal and uphold the department’s CEQA determination in accordance with CEQA section 21080.3 and CEQA Guidelines section 15183.***” (Staff Report at page 5, emphasis added).

Now that the technical studies requested by the Board are complete, Axis submits to you that it is time to hear the CEQA Appeal. The Board has already exceeded the 90-days allowed under Administrative Code section 31.16(b)(7), which provides that CEQA Appeals are to be heard by the

Board within 90-days of filing. That date expired on January 19, 2017. When the CEQA Appeal is finally heard by the Board on March 21, 2017, it will be 150 days from filing and 60 days past the statutory hearing deadline.

We believe that any further delay in hearing the CEQA Appeal would be indefensible and is unwarranted. As a result, Axis would not agree to a further continuance. At this point, in our opinion, there is no rational basis for any further delays.

* * * * *

For these reasons, we respectfully request the CEQA Appeal be heard and decided on March 21, 2017.

If you have any questions, please do not hesitate to contact me at (415) 273-9670.

Very truly yours,



Alexis M. Pelosi

Jalipa, Brent (BOS)

From: BOS Legislation, (BOS)
Sent: Monday, March 13, 2017 4:58 PM
To: jscottweaver@aol.com; mnadhiri@axisdevgroup.com; toliphant@axisdevgroup.com
Cc: Givner, Jon (CAT); Stacy, Kate (CAT); Byrne, Marlena (CAT); Sanchez, Scott (CPC); Rodgers, AnMarie (CPC); Starr, Aaron (CPC); Sucre, Richard (CPC); Horner, Justin (CPC); Gibson, Lisa (CPC); Ionin, Jonas (CPC); BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela (BOS); Somera, Alisa (BOS); Rahaim, John (CPC); Lew, Lisa (BOS); Goldstein, Cynthia (PAB); victormarquezsq@aol.com; alexis@pelosilawgroup.com; BOS Legislation, (BOS); Flores, Claudia (CPC); Peterson, Pedro (CPC); Kern, Chris (CPC)
Subject: PLANNING DEPT APPEAL RESPONSE: - Appeal of Community Plan Exemption - Proposed 2675 Folsom Street Project - Appeal Hearing on March 21, 2017
Categories: 161146

Good afternoon,

Please find linked below an appeal response received by the Office of the Clerk of the Board from the Planning Department, concerning the Community Plan Exemption Appeal for the proposed project at 2675 Folsom Street.

[Planning Department Memo - March 12, 2017](#)

The appeal hearing for this matter is scheduled for a 3:00 p.m. special order before the Board on March 21, 2017.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the link below:

[Board of Supervisors File No. 161146](#)

Thank you,

John Carroll
Legislative Clerk
Board of Supervisors
San Francisco City Hall, Room 244
San Francisco, CA 94102
(415)554-4445 - Direct | (415)554-5163 - Fax
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Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors website or in other public documents that members of the public may inspect or copy.

From: [Kern, Chris \(CPC\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Horner, Justin \(CPC\)](#); [Somera, Alisa \(BOS\)](#); [Gibson, Lisa \(CPC\)](#); [Starr, Aaron \(CPC\)](#); [Rodgers, AnMarie \(CPC\)](#); [Byrne, Marlena \(CAT\)](#); [Flores, Claudia \(CPC\)](#); [Peterson, Pedro \(CPC\)](#); [Sucre, Richard \(CPC\)](#); [Rahaim, John \(CPC\)](#)
Subject: 2675 Folsom supplemental appeal response materials
Date: Monday, March 13, 2017 11:51:03 AM
Attachments: [BOS appeal transmittal memo 031317.pdf](#)
[2675 Folsom Socioeconomic Impact Analysis with Appendices.pdf](#)

Attached is a supplemental response to the appeal of the community plan exemption for the 2675 Folsom Street project for distribution to the Board, the appellant, and the project sponsor. The appeal is scheduled to be heard on March 21. We delivered a hard copy to your office this morning. Thanks,

Chris Kern
Senior Environmental Planner

Planning Department, City and County of San Francisco
1650 Mission Street, Suite 400, San Francisco, CA 94103
Direct: 415-575-9037 **Fax:** 415-558-6409
Email: chris.kern@sfgov.org
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SAN FRANCISCO PLANNING DEPARTMENT

MEMO

Notice of Transmittal

Planning Department Response to the Appeal of Community Plan Exemption for 2675 Folsom Street Project

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DATE: March 13, 2017

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Lisa M. Gibson, Acting Environmental Review Officer – (415) 575-9032
Chris Kern, Senior Environmental Planner – (415) 575-9037
Joy Navarrete, Senior Environmental Planner – (415) 575-9040
Justin Horner, Environmental Coordinator – (415) 575-9023

RE: File No. 161146, Planning Department Case No. 2014.000601ENV – Appeal of the Community Plan Exemption for the 2675 Folsom Street Project. Block/Lot: 3639/006, 007

PROJECT SPONSOR: Muhammad Nadhiri, Axis Development Corporation – (415) 992-6997

APPELLANT: J. Scott Weaver, Law Office of J. Scott Weaver, on behalf of the Calle 24 Latino Cultural District Community Council – (415) 317-0832

HEARING DATE: March 21, 2017

The Planning Department is submitting additional information and analysis in response to the appeal of the community plan exemption granted for the 2675 Folsom Street project. This transmittal supplements the Planning Department's original appeal response provided on November 28, 2016, and provides additional analysis addressing the appellant's concerns regarding potential socioeconomic effects of the proposed project. Attached is one hard copy of the supplemental appeal response, which includes:

- March 13, 2017, appeal response memorandum
- Appendix A – Socio-Economic Effects of Market-Rate Development on the Calle 24 Latino Cultural District, San Francisco, CA, March 2017, prepared by Amy Herman, ALH Urban & Regional Economics
- Appendix B – Eastern Neighborhoods / Mission District Transportation and Demographic Trends, January 2017, prepared by Fehr & Peers

The Planning Department is providing these documents to the Clerk of the Board for distribution to the appellant, project sponsor, and Board of Supervisors.



SAN FRANCISCO PLANNING DEPARTMENT

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APPEAL OF COMMUNITY PLAN EXEMPTION 2675 FOLSOM STREET PROJECT

DATE: March 13, 2017

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Lisa M. Gibson, Acting Environmental Review Officer – (415) 575-9032
Chris Kern, Senior Environmental Planner – (415) 575-9037
Joy Navarrete, Senior Environmental Planner – (415) 575-9040
Justin Horner, Environmental Coordinator – (415) 575-9023

RE: File No. 161146, Planning Department Case No. 2014.000601ENV – Appeal of the Community Plan Exemption for the 2675 Folsom Street Project. Block/Lot: 3639/006, 007

PROJECT SPONSOR: Muhammad Nadhiri, Axis Development Corporation – (415) 992-6997

APPELLANT: J. Scott Weaver, Law Office of J. Scott Weaver, on behalf of the Calle 24 Latino Cultural District Community Council – (415) 317-0832

HEARING DATE: March 21, 2017

ATTACHMENTS: Appendix A – Socio-Economic Effects of Market-Rate Development on the Calle 24 Latino Cultural District, San Francisco, CA
Appendix B – Eastern Neighborhoods / Mission District Transportation and Demographic Trends

1 INTRODUCTION

This memorandum and the attached documents are supplements to the Planning Department's (the "Department") November 29, 2016 responses to letters of appeal to the Board of Supervisors (the "Board") regarding the Department's issuance of a Community Plan Exemption ("CPE") under the Eastern Neighborhoods Rezoning and Area Plan Final Environmental Impact Report ("Eastern Neighborhoods PEIR or PEIR")¹ in compliance with the California Environmental Quality Act ("CEQA")

¹ [The Eastern Neighborhoods Rezoning and Area Plan Final EIR](#) (Planning Department Case No. 2004.0160E), State Clearinghouse No. 2005032048) was certified by the Planning Commission on August 7, 2008. The project site is within the Eastern Neighborhoods Rezoning and Area Plan project area.

for the 2675 Folsom Street project. Specifically, this memorandum expands on the Planning Department's previous response to the appellant's contentions concerning socioeconomic impacts.

On October 21, 2016, J. Scott Weaver, on behalf of the Calle 24 Latino Cultural District Community Council ("the appellant"), filed an appeal of the Planning Department's CEQA determination for the proposed project. On November 28, 2016, the Planning Department provided a response to the CEQA appeal. On November 29, 2016, the Board of Supervisors opened a hearing on the appeal of the CPE and continued the hearing to December 13, 2016, to allow additional time for the Department to prepare an analysis of potential socioeconomic effects of the proposed project within the Calle 24 Latino Cultural District.² The Board voted on December 13, 2016, to continue the appeal hearing to January 10, 2017, and on January 10, 2017, the Board continued the hearing to March 21, 2017, to provide additional time to allow the Department to complete the aforementioned socioeconomic impact analysis.

The decision before the Board is whether to uphold the Planning Department's determination that the proposed project is exempt from further environmental review (beyond what was conducted in the CPE Checklist) pursuant to CEQA section 21083.3 and CEQA Guidelines section 15183³ and deny the appeal, or to overturn the Department's CPE determination for the project and return the CPE to the Department for additional environmental review.

² The Calle 24 Latino Cultural District is the area bound by Mission Street to the west, Potrero Street to the East, 22nd Street to the North and 25th Street to the South, including the 24th Street commercial corridor from Bartlett Street to Potrero Avenue.

³ 14 Cal. Code of Reg. Section 15000 *et seq.* (CEQA Guidelines). The CEQA Guidelines are state regulations, developed by the California Office of Planning and Research and adopted by the California Secretary for Resources. They are "prescribed by the Secretary for Resources to be followed by all state and local agencies in California in the implementation of the California Environmental Quality Act." (CEQA Guidelines Section 15000.)

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2 EXECUTIVE SUMMARY

This memorandum addresses concerns about gentrification of the Calle 24 Latino Cultural District and related displacement of existing residents and local businesses. The Planning Department acknowledges that gentrification and displacement are occurring in the Mission District and other San Francisco neighborhoods, and is devoting substantial resources aimed at addressing these socioeconomic issues with the community, Planning Commission, elected leaders, and City partners to undertake a series of policy and implementation efforts. However, these socioeconomic effects are generally beyond the scope of the CEQA⁴ environmental review process. Under CEQA, socioeconomic effects may be considered only to the extent that a link can be established between anticipated socioeconomic effects of a proposed action and adverse physical environmental impacts.

CEQA mandates streamlined review for projects like the 2675 Folsom Street project that are consistent with the development density established by existing zoning, community plan, or general plan policies for which an environmental impact report ("EIR") was certified. Accordingly, additional environmental review for such projects shall not be required except to examine whether there are project-specific significant impacts that are peculiar to the project or its site. Pursuant to CEQA Guidelines section 15183(a): "This streamlines the review of such projects and reduces the need to prepare repetitive environmental studies." As such, the additional analysis presented in this memorandum is limited to examining whether the project would cause or contribute to socioeconomic effects that would in turn lead to significant physical impacts beyond those identified in the Program EIR certified for the adoption of the Eastern Neighborhoods Rezoning and Area Plans ("Eastern Neighborhoods PEIR").

The Eastern Neighborhoods PEIR included an extensive analysis of the socioeconomic effects of the area plans and rezoning generally concluding that: (1) the rezoning would have secondary socioeconomic effects, (2) these effects would be more severe without the rezoning, and (3) these socioeconomic effects would not in turn lead to significant physical environmental impacts. The PEIR identifies improvement measures to address less than significant effects of potential displacement of some neighborhood-serving uses. Thus, the concerns about the socioeconomic effects of development under the area plans and rezoning are not new and were not overlooked by the plan-level EIR.

The Planning Department worked with ALH Urban & Regional Economics to prepare analyses of retail supply and demand, commercial and residential displacement, as well as a review of the relevant academic literature to evaluate whether gentrification and displacement of existing residents or businesses can be attributed to market-rate residential and mixed-use development under the Eastern

⁴ California Environmental Quality Act (CEQA), Public Resources Code Section 21000 *et seq.*

Neighborhoods rezoning and area plans. Neither these analyses nor the literature establishes empirical evidence supporting the position that market-rate development under the rezoning and area plans is responsible for residential or commercial displacement.

The department also conducted additional analysis to evaluate whether the proposed project would cause or contribute to significant impacts on the physical environment related to population growth, such as transportation, air quality, and greenhouse gas emissions, beyond those identified in the Eastern Neighborhoods PEIR. This analysis, like that previously provided in the community plan exemption ("CPE") prepared for the project, is based on current data and modelling and uses the Planning Department's latest environmental impact analysis standards and methodologies. The analysis includes a report prepared by transportation consultant Fehr & Peers assessing transportation and demographic trends in the Mission District. This analysis shows that cumulative impacts on traffic congestion are the same or slightly less severe than anticipated in the Eastern Neighborhoods PEIR. In addition, current data provided by the San Francisco Municipal Transportation Agency ("SFMTA") show that transit capacity on most lines serving the Eastern Neighborhoods is better than previously anticipated. This is due largely to SFMTA's implementation of a number of major transportation system improvements that were assumed to be infeasible at the time that the Eastern Neighborhoods PEIR was certified. Thus, there is no evidence that transportation and related air quality, greenhouse gas, and other impacts in the Eastern Neighborhoods plan areas are substantially more severe than the Eastern Neighborhoods PEIR disclosed.

In conclusion, the Planning Department's determination that the 2675 Folsom Street project would not result in new or substantially more severe significant effects on the physical environment than were already disclosed in the Eastern Neighborhoods PEIR is valid. The department therefore recommends that the Board reject the appeal and uphold the department's CEQA determination in accordance with CEQA section 21080.3 and CEQA Guidelines section 15183.

3 BACKGROUND

The central issues raised by the appellant focus on gentrification of the Mission and displacement of both Mission residents and local small businesses.⁵ As discussed in this supplemental appeal response, these socioeconomic issues, while real, are largely beyond the scope of CEQA environmental impact analysis.

Because the intent of CEQA is to provide information about the physical environmental impacts of a proposed action, public agencies have very limited authority under CEQA to address the non-physical effects of an action, such as social or economic effects, through the CEQA environmental review process.

The basic purposes of CEQA are to⁶:

1. Inform governmental decision makers and the public about the potential, significant environmental effects of proposed activities.
2. Identify the ways that environmental damage can be avoided or significantly reduced.
3. Prevent significant, avoidable damage to the environment by requiring changes in projects through the use of alternatives or mitigation measures when the governmental agency finds the changes to be feasible.
4. Disclose to the public the reasons why a governmental agency approved the project in the manner the agency chose if significant environmental effects are involved.

These objectives are achieved through the preparation of informational reports for review by the public and adoption by public agencies. A public agency's adoption of a CEQA environmental review document (e.g., certification of a final environmental impact report or adoption of a community plan evaluation) is the agency's determination that the informational requirements of CEQA have been satisfied, but is neither a judgement of the merits of the subject project, nor an approval of the project itself. Rather, the adoption of a CEQA document is an agency's determination that the document provides sufficient information about the potential environmental effects of a project to inform subsequent discretionary actions on the project, such as consideration of whether to grant a conditional use permit for the project.

The focus of CEQA is on *physical* environmental impacts, such as impacts of a project on air quality, water quality, or wildlife habitat. CEQA Guidelines section 15131(a) states:

Economic or social effects shall not be treated as significant effects on the environment. An EIR may trace a chain of cause and effect from a proposed decision on a project through anticipated economic or social changes resulting from the project to physical changes caused in turn by the economic or social changes. The intermediate economic or social changes need not be analyzed in any detail greater than necessary to trace the chain of cause and effect. The focus of the analysis shall be on the physical changes.

Moreover, CEQA section 21082.2 states, in part:

⁵ *Gentrification* is a process associated with increased investment in existing neighborhoods and the related influx of residents of higher socioeconomic status and increased property values. The effects of gentrification on residential, cultural, social, and political displacement have been the subject of substantial economic and planning research and analysis in the U.S. since at least the 1970s.

⁶ CEQA Guidelines section 15002.

- (a) The lead agency shall determine whether a project may have a significant effect on the environment based on substantial evidence in light of the whole record.
- (b) The existence of public controversy over the environmental effects of a project shall not require preparation of an environmental impact report if there is no substantial evidence in light of the whole record before the lead agency that the project may have a significant effect on the environment.
- (c) Argument, speculation, unsubstantiated opinion or narrative, evidence which is clearly inaccurate or erroneous, or evidence of social or economic impacts which do not contribute to, or are not caused by, physical impacts on the environment, is not substantial evidence. Substantial evidence shall include facts, reasonable assumptions predicated upon facts, and expert opinion supported by facts.

[Emphasis added.]

CEQA Guideline section 15360 defines the term *environment* as follows:

“Environment” means the physical conditions which exist within the area which will be affected by a proposed project including land, air, water, minerals, flora, fauna, ambient noise, and objects of historical or aesthetic significance. The area involved shall be the area in which significant effects would occur either directly or indirectly as a result of the project. The “environment” includes both natural and man-made conditions.

Neither the CEQA statute nor the CEQA Guidelines provide an express definition of non-physical effects such as social or economic effects. However, the Planning Department understands non-physical social and economic effects under CEQA to include for example changes in demographics, changes in property ownership or occupancy, and changes in the types of retail businesses in a neighborhood. Such changes are not impacts on the physical environment as defined in CEQA Guidelines section 15360.

Recognizing that CEQA is not an effective or appropriate tool for managing the socioeconomic changes affecting the Mission and other San Francisco neighborhoods, the Planning Department is devoting substantial resources outside of the CEQA process towards this end. The Department is working with the community, Planning Commission, elected leaders, and City partners to undertake a series of policy and implementation efforts aimed at addressing socioeconomic issues. While economic displacement is a citywide phenomenon, the Department recognizes the heightened effects are acutely felt in communities of color, families, and neighborhoods that have historically been havens for immigrants and others seeking opportunity or freedom. The Department is at work on its Racial and Ethnic Equity Action Plan to train staff on these issues, and has been especially engaged in efforts with District 9 former Supervisor Campos and the Mayor’s Office to preserve the viability of the Latino community in the Mission, including the Mission 2016 Interim Zoning Controls, and Calle 24 Special Use District, which is developing commercial controls to help preserve the commercial character of the LCD, and 24th Street in particular.

The most robust effort to date, the Mission Action Plan 2020 (“MAP2020”) is a major and unprecedented collaboration between the City family and Mission community organizations and residents. MAP2020 has involved an ongoing dialogue with community members, City agencies, and elected leaders over the past two years. The Department has taken an innovative approach to building a set of broad strategies to preserve, strengthen and protect existing residents, community services, local businesses, and the Mission’s unique character. The most significant of these efforts is to provide nearly 1,000 affordable housing units in the neighborhood. The Planning Commission endorsed MAP2020 on March 2, 2017, and the Department will continue to work with the Board to advance its specific strategies through legislation in the spring and summer of 2017.

In addition, the Planning Department is undertaking a broader socioeconomic analysis of displacement and gentrification issues citywide with a focus on equity. City staff acknowledges that such an analysis is beyond the scope of environmental review under CEQA, but wish to inform decision-makers and the public that the Planning Department is working to address the socioeconomic issues of affordability, economic displacement, and gentrification through land use planning and policy efforts.

4 APPROACH TO ANALYSIS

The analysis provided in this memorandum examines whether the proposed project would cause, either individually or cumulatively, socioeconomic changes within the Calle 24 Latino Cultural District that would in turn lead to significant physical environmental impacts beyond those identified in the Eastern Neighborhoods PEIR. The analysis consists of three parts.

The first part of this analysis examines whether the proposed project would *cause* gentrification or displacement, either individually or cumulatively. It is not enough under CEQA to show only that economic or social changes are occurring in the project area. Rather, the analysis must examine whether the project, either individually or in combination with other past, present, and reasonably foreseeable future projects, would cause these socioeconomic effects. The analysis need proceed further only if it establishes, based on substantial evidence, that the proposed project would cause the socioeconomic effects claimed by the appellant.

If the analysis determines that the project would cause gentrification or displacement, either individually or cumulatively, then the analysis must consider the second question: Would the economic or social effects attributable to the project result in a significant adverse physical impact on the environment? Changes in the types of businesses, cost of housing, or demographics in a project area are not considered physical environmental impacts under CEQA. These are examples of social and economic effects, not physical environmental impacts. As stated above, the focus of CEQA is on physical environmental impacts. Examples of physical impacts that could be linked to social or economic effects include impacts on transportation and related air quality, greenhouse gas, and noise impacts where such impacts are a direct or indirect result of social or economic changes.

Finally, if the analysis traces a chain of cause and effect establishing that the proposed project would result in significant adverse physical environmental impacts as a direct or indirect result of socioeconomic changes, the analysis must consider whether such impacts would constitute new or substantially more severe significant impacts than were identified in the Eastern Neighborhoods PEIR.

Because the proposed project is consistent with the development density established for the project site under the Eastern Neighborhoods area plans and rezoning, consideration of the potential socioeconomic impacts of the proposed project must be limited to significant physical impacts that are peculiar to the project or the project site in accordance with CEQA section 21083.3 and CEQA Guidelines section 15183.

CEQA Guidelines section 15183 states, in part:

- (a) CEQA mandates that projects which are consistent with the development density established by existing zoning, community plan, or general plan policies for which an EIR was certified shall not require additional environmental review, except as might be necessary to examine whether there

are project-specific significant effects which are peculiar to the project or its site. This streamlines the review of such projects and reduces the need to prepare repetitive environmental studies.

- (b) In approving a project meeting the requirements of this section, a public agency shall limit its examination of environmental effects to those which the agency determines, in an initial study or other analysis:
- (1) Are peculiar to the project or the parcel on which the project would be located,
 - (2) Were not analyzed as significant effects in a prior EIR on the zoning action, general plan, or community plan, with which the project is consistent,
 - (3) Are potentially significant off-site impacts and cumulative impacts which were not discussed in the prior EIR prepared for the general plan, community plan or zoning action, or
 - (4) Are previously identified significant effects which, as a result of substantial new information which was not known at the time the EIR was certified, are determined to have a more severe adverse impact than discussed in the prior EIR.

Accordingly, the analysis below examines whether socioeconomic effects of the proposed project would result in significant adverse impacts on the physical environment that:

- Are peculiar to the project or the parcel on which the project would be located
- Were not analyzed as significant effects in the Eastern Neighborhoods PEIR
- Are potentially significant off-site impacts and cumulative impacts which were not discussed in the Eastern Neighborhoods PEIR, or
- Are previously identified significant effects which, as a result of substantial new information which was not known at the time the Eastern Neighborhoods PEIR was certified, are determined to have a more severe adverse impact than discussed in the PEIR

5 EASTERN NEIGHBORHOODS PLAN-LEVEL SOCIOECONOMIC EFFECTS

To evaluate whether socioeconomic effects that might be caused or exacerbated by the proposed project would result in new or more severe significant environmental impacts than were previously identified in the Eastern Neighborhoods PEIR, it is necessary to first review how such effects are addressed in the PEIR. The Eastern Neighborhoods PEIR included a thorough analysis of the socioeconomic effects of the rezoning and area plans. Specifically, the Population, Housing, Business Activity, and Employment section of the PEIR examines whether adoption of the area plans and rezoning would cause or substantially contribute to gentrification and the displacement of existing residents and businesses in the Eastern Neighborhoods plan areas, and if so, whether such effects would result in significant adverse

impacts on the physical environment⁷. A socioeconomic impact study prepared as a background report to the PEIR⁸ provides the basis for this analysis.

The PEIR determined that the adoption and implementation of the area plans and rezoning would induce substantial growth and concentration of population in San Francisco. In fact, one of the four citywide goals that serve as the “project sponsor’s objectives” for the Eastern Neighborhood Rezoning and Area Plans is:

Increase Housing: To identify appropriate locations for housing in the City’s industrially zoned land to meet a citywide need for more housing, and affordable housing in particular.

Notably, unlike other sections of the PEIR that base their analysis on *projected* growth through 2025, the Population, Housing, Business Activity, and Employment section considers the *total* housing supply potential of up to 26,500 new housing units on undeveloped parcels and soft sites under the rezoning. The analysis of potential gentrification and displacement effects in the PEIR is based on this full build out scenario, which assumes substantially greater population growth than the 2025 projections used to assess potential impacts on transportation, air quality and other growth-related impacts on the physical environment.⁹

The PEIR determined that the increase in population expected as a secondary effect of the rezoning and area plans would not, in itself, result in adverse physical effects, and would serve to advance some key City policy objectives, such as decreasing the air quality impacts of development by coordination of land use and transportation decisions (General Plan Air Quality Element Objective 3); provision of new housing, especially permanently affordable housing, in appropriate locations that meets identified housing needs and takes into account the demand for affordable housing created by employment demand (Housing Element Objective 1); encouragement of higher residential density in areas adjacent to downtown, in underutilized commercial and industrial areas proposed for conversion to housing, and in neighborhood commercial districts where higher density will not have harmful effects, especially if the higher density provides a significant number of units that are affordable to lower income households (Housing Element Policy 1.1); identification of opportunities for housing and mixed-use districts near downtown and former industrial portions of the City (Housing Element Policy 1.2); identification of opportunities for housing and mixed use districts near downtown and former industrial portions of the City (Housing Element Policy 1.3); establishment of public transit as the primary mode of transportation in San Francisco and as a means through which to guide future development and improve regional mobility and air quality (Transportation Element Objective 11); and giving first priority to improving transit service throughout the city, providing a convenient and efficient system as a preferable alternative to automobile use (Transportation Element Objective 20).

⁷ City and County of San Francisco, *Eastern Neighborhoods Rezoning and Area Plans, Final EIR*, p. 175-252, August 7, 2008.

⁸ Hausrath Economics Group, *San Francisco’s Eastern Neighborhoods Rezoning – Socioeconomic Impacts*, March 29, 2007.

⁹ City and County of San Francisco, *Eastern Neighborhoods Rezoning and Area Plans, Final EIR*, p. 240-241, August 7, 2008.

Moreover, the PEIR concluded that implementation of the plans would result in more housing options and a broader range of housing prices and rents, compared to conditions under the No-Project scenario. The PEIR determined that the rezoning and area plans could result in a better match between housing supply and demand in San Francisco than would otherwise be the case without the rezoning while potentially providing benefits such as a reduction in traffic and vehicle emissions if San Francisco workers could live closer to their jobs. The PEIR anticipated that the population increase expected from the rezoning could also generate economic growth by increasing demand for neighborhood-serving retail and personal services, although some existing businesses could be displaced by other businesses that might better serve new residents. The PEIR also determined that the additional population would increase demand for other City services (parks, libraries, health care and human services, police and fire protection, schools, and childcare).¹⁰

Second, the PEIR determined that none of the proposed rezoning options would result in the direct displacement of residents, given that the rezoning would not lead to the demolition of existing residential development and would result in a substantial increase in residential units throughout the plan areas. As stated above, the PEIR determined that the rezoning would result in less displacement because of housing demand than otherwise expected under the No-Project scenario, because the addition of more new housing in the Eastern Neighborhoods would provide some relief for housing market pressures without directly affecting existing residents.

However, the PEIR recognized that residential displacement is not solely a function of housing supply, and that adoption of the area plans and rezoning could result in indirect, secondary effects on neighborhood character—through gentrification—that could result in some displacement of existing residents over time. The PEIR disclosed that the replacement of former industrial uses with housing could result in gentrification of existing nearby residential areas and displacement of lower income households. The PEIR also observed, however, that the rezoning could help to ameliorate the potential effects of residential displacement by increasing the supply of affordable dwelling units sized to accommodate families.

The PEIR also disclosed that as a result of the rezoning and area plans, the real estate market would favor residential, retail, and other higher-value uses, leading to PDR displacement, either to other locations in the city or outside San Francisco, and to some business closures. While this was an existing trend prior to adoption of the area plans and rezoning, the PEIR anticipated that this trend would accelerate in areas rezoned for non-PDR uses. The PEIR further anticipated that displacement of PDR businesses would result in some San Franciscans, including Eastern Neighborhoods residents, with limited education, skills, and language abilities losing opportunities for local, higher wage jobs, which in turn could increase demand for affordable housing in San Francisco.

The PEIR concluded that adoption and implementation of the area plans and rezoning would not create a substantial demand for additional housing in San Francisco, or substantially reduce the housing supply. As stated above, the PEIR determined that adoption of the area plans and rezoning would not substantially increase the overall economic growth potential in San Francisco and would not result in

¹⁰ Ibid. p. 240-250

substantially more primary employment growth than otherwise expected in the city or the region, because most of the employment growth that would result from new housing in the Eastern Neighborhoods would be in neighborhood-serving retail and services, which are employment categories that tend to respond to increased population, not employment that precedes or leads to population growth.

Instead, the PEIR determined that implementation of the rezoning and area plans would increase the housing supply potential in the Eastern Neighborhoods and citywide, compared to conditions under the No-Project scenario without implementation of the proposed rezoning and area plans. The PEIR determined that by increasing housing supply relative to demand, more housing choices, and more (relatively) affordable housing units would be developed than without the rezoning, and that the Inclusionary Affordable Housing Program would require below-market-rate units to be developed in conjunction with market-rate projects. Therefore, housing prices and rents for both new and existing housing would generally be lower than would be the case with the more limited housing supply potential in these areas under the prior zoning and continuation of existing market trends. Additionally, the PEIR determined that the area plans and rezoning would reduce pressure to convert existing rental housing stock to relatively affordable for-sale housing (such as through condominium conversions and the tenants-in-common process), compared to No-Project conditions.

Still, the PEIR anticipated that for-sale housing in the Eastern Neighborhoods (and citywide) is likely to remain too expensive for most residents, underscoring the importance of providing and maintaining below-market-rate housing. A possible secondary impact of the area plans and rezoning would be a reduction in the number of sites where City-funded and other subsidized affordable housing units could be built, particularly on new development sites. The PEIR determined however, that maintaining the previous less-restrictive zoning would result in continued increase in land values in the Eastern Neighborhoods, which would also result in elimination of potential affordable housing sites, albeit on a more *ad hoc* basis. Nevertheless, the PEIR included Improvement Measure D-2: Affordable Housing Production and Retention, to reduce the less-than-significant physical effects of potential displacement of existing residents as a secondary effect of the rezoning.

The PEIR also determined that the rezoning would result in economic impacts that could displace existing neighborhood-serving businesses because, despite potential increases in business activity, some smaller, marginally profitable, and locally owned businesses would be likely to be displaced as economic conditions change, landlords begin to increase commercial rents, and more strongly capitalized businesses seek to locate in higher-priced neighborhoods. The PEIR identified improvement measures that could reduce the less-than-significant physical effects of potential displacement of neighborhood serving uses (i.e., Improvement Measure D-1: Support for Local, Neighborhood-Serving Businesses; Improvement Measure D-2: Affordable Housing Production and Retention; Improvement Measure D-3: Affordable Housing Sites; Improvement Measure D-4: Support for PDR Businesses; Improvement Measure D-5: Support for PDR Workers). The PEIR also notes that physical environmental impacts resulting from the growth under the rezoning and area plans are addressed under the relevant sections of the PEIR, such as transportation, air quality, noise, parks and open space, and public services.¹¹

¹¹ Ibid p. 239

In summary, the Eastern Neighborhoods PEIR identified the potential effects of the rezoning and area plans on housing supply and affordability, gentrification, displacement, locally owned businesses, and PDR use, and evaluated whether these socioeconomic effects would result in significant impacts on the physical environment consistent with the requirements of CEQA. The appellant's contention that these socioeconomic effects represent new information or changed circumstances that the Eastern Neighborhoods PEIR failed to consider is therefore incorrect.

6 PROJECT-LEVEL SOCIOECONOMIC EFFECTS

The proposed project at 2675 Folsom Street would demolish three existing warehouses and construct a mixed-use building with 100 market rate and 17 below market rate residential units (15 percent) and 5,200 square feet of PDR space. Because it would not directly displace any existing residents, the proposed project would not result in any related socioeconomic effects.¹²

The appellant contends, however, that even in the absence of direct displacement the project would have indirect displacement effects on existing residents and businesses as a result of gentrification pressures in the Calle 24 Latino Cultural District. As discussed above, the Eastern Neighborhoods PEIR analyzed the possibility that the increase in market rate housing anticipated under the area plans and rezoning could result in indirect displacement of existing residents and businesses as a secondary effect of gentrification and found that these socioeconomic effects would not result in significant physical environmental impacts. Because, as discussed in Section 5 above, the Eastern Neighborhoods PEIR identified potential cumulative gentrification and displacement effects of development under the rezoning and area plans, any such effects attributable to the proposed project would not be peculiar to the project or its site.

In the appellant's letter, the argument that market rate development may cause displacement through gentrification in the Latino Cultural District is primarily supported in two ways. The appellant asserts that displacement of "mom and pop Latino owned and operated concerns" with "high end restaurants, clothing and accessory stores, and personal trainer gyms and yoga studios," (p. 7) along Valencia Street was caused by new market rate development. The appellant also argues that a research brief by UC Berkeley's Institute for Governmental Studies ("IGS") supports the position that market rate development causes displacement.

6.1 COMMERCIAL GENTRIFICATION

The first part of the appellant's argument—the assertion that the project would contribute to or accelerate the "Valencization" (p. 7) of the Calle 24 District—is presented only as a theoretical possibility, without

¹² As reported in the project-specific CPE, the proposed project would result in the net loss of 25,322 square feet of warehouse (PDR) space, which represents a considerable contribution to the significant unavoidable cumulative impact on land use within the Eastern Neighborhoods plan areas resulting from the loss of PDR space.

empirical evidence as to the causes of the changes along Valencia Street. The transition of Valencia Street to a regional shopping, dining, and entertainment destination has been underway at least since the early 2000s, predating the recent uptick in residential development in the corridor. The types of “gentrifying” businesses cited by the appellants, such as “high end restaurants, clothing and accessory stores, and personal trainer gyms and yoga studios,” have been in operation along Valencia Street since well before the adoption of the Mission Area Plan. For example, the French bistro Garcon opened in 2005, the flagship store of the Weston boutique has been on Valencia Street since 2003, and the Yoga Tree studio opened in 2002. During the five-year period preceding the opening of Garcon (2001-2005), the number of market-rate units on Valencia increased by 108 (2.5% above the number of units in 2001) while the housing stock citywide expanded by 3.4%. While it is clear that the mix of businesses along Valencia has changed in recent decades, there is no evidence that market rate residential development caused the displacement of “mom and pop” businesses with upscale shopping and dining establishments.

The relatively slow pace of residential development on Valencia (compared to the rest of the city) is also evident over a longer time period. Market rate units along Valencia Street increased by 318 between 2001 and 2015, or roughly 7.9 percent, while the growth of market rate units citywide during the same period has been roughly 9.1 percent. A 2015 report by the City’s Office of Economic Analysis finds, through the analysis of census microdata, that 97 percent of all high-income households new to San Francisco move into existing housing.¹³ As the stock of new market rate housing units on the Valencia corridor has only expanded by roughly 0.5 percent each year over the past 15 years, it is more likely that the shift towards higher end retail along the corridor was caused by an influx of higher income residents into the existing housing stock. Therefore, appellant’s position that new market rate units caused the changes in that corridor and that the project would contribute to a similar process in the Calle 24 District is not supported by empirical evidence.

Although the appellant does not provide evidence in support of the contention that the proposed project would lead to the displacement of Latino-owned businesses, the Planning Department engaged ALH Urban & Regional Economics to evaluate the potential effects of new development under the Eastern Neighborhoods rezoning and area plans on existing businesses in the Calle 24 District.¹⁴ The results of this analysis are summarized below, and the full report is attached as Appendix A.

ALH found that there is little existing literature or study of commercial gentrification effects of new development, but cites a 2016 case study analysis in New York City, which indicates that: “The results of gentrification are mixed and show that gentrification is associated with both business retention and

¹³ City and County of San Francisco Office of the Controller, “Potential Effects of Limiting Market-Rate Housing in the Mission”, September 10, 2015.

¹⁴ Amy Herman, ALH Urban & Regional Economics, *Socio-Economic Effects of Market-Rate Development on the Calle 24 Latino Cultural District, San Francisco, CA*, February 2017.

disruption.”¹⁵ The study further found that most businesses stay in place, and “displacement is no more prevalent in the typical gentrifying neighborhood than in non-gentrifying neighborhoods.”¹⁶ The study concludes that: “The fact that displacement is not systematically higher in New York City’s gentrifying neighborhoods bodes well for cities experiencing less aggressive gentrification; however, cities with less vibrant neighborhood retail markets could be more vulnerable to gentrification-induced displacement.”¹⁷ These findings are similar to the conclusions in the Eastern Neighborhoods PEIR as discussed in Section 5 above.

Based on this study, ALH suggests that it is reasonable to conclude that commercial displacement is no more likely to occur in the Calle 24 District than in other San Francisco neighborhoods not experiencing gentrification. ALH also notes that the study suggests that opportunity exists for neighborhoods to gain quality-of-life services through new businesses and retain more businesses under conditions of gentrification, perhaps due to new and increased spending power locally, recognizing, however, that in “neighborhoods where services grow and/or change, the new products, price points, or cultural orientation could be more alienating than useful for incumbent residents.”¹⁸

ALH observes that this latter point is similar to the appellant’s concern about the “Valenciazation” of the Calle 24 District. However, as discussed above, the changes in the commercial character of the Valencia Street corridor occurred during a period with a limited amount of new market rate development on or near Valencia Street. This suggests that other factors may be more directly associated with commercial gentrification in the Mission than market rate residential development. Thus, in the absence of evidence, and supported by the limited existing academic literature, ALH does not accept the appellant’s premise that market rate residential development causes gentrification of commercial space.

Nevertheless, at the Planning Department’s direction, ALH conducted an analysis of the effects of development anticipated under the Eastern Neighborhoods rezoning and area plans on retail supply and demand within the Calle 24 District. The results of this analysis are summarized below, and the complete analysis is presented in Appendix A.

ALH’s analysis considers entitled projects and projects in the pipeline (i.e., projects with filed permit applications but not yet approved) within a three to four block radius of the Calle 24 District. ALH

¹⁵ Rachel Meltzer, *Gentrification and Small Business: Threat or Opportunity?*, Cityscape: A Journal of Policy Development and Research, Volume 18, Number 3, 2016, page 57. See <https://www.huduser.gov/portal/periodicals/cityscpe/vol18num3/index.html>.

¹⁶ Ibid.

¹⁷ Ibid p. 80.

¹⁸ Ibid.

conservatively estimates¹⁹ demand for retail services that could be generated by new residential development within this study area. Although the focus of the appellant's concern is on market rate development, the analysis estimates retail demand of all residential development, both market rate and below market rate.

ALH estimates that new residential development within the study area would generate demand for a total of 34,400 square feet of neighborhood-oriented retail and commercial space, representing 3.6 percent of the existing approximately 480,000 square feet of commercial base within the Calle 24 District. The largest share of the total demand includes services, followed by grocery stores (food and beverage stores), and restaurants and bars (food services and drinking places). The remaining increments are relatively small, all less than 4,000 square feet. ALH notes that a large portion of this demand comprises grocery store demand, which could help support the Grocery Outlet store currently under construction at 1245 South Van Ness, the location of the defunct DeLano's Market closed since 2010, as well as other existing small markets in the area. ALH also observes that because residents of new development within the study area would not likely shop and dine exclusively within the Calle 24 District, some portion of new demand for neighborhood-oriented services would be expressed outside of the study area.

New development under the Eastern Neighborhoods rezoning and area plans would create a total of approximately 30,400 square feet of net new retail space within the study area. Thus, there is essentially equilibrium between the amount of neighborhood-oriented retail demand and net new retail space resulting from anticipated development within the study area. Because not all neighborhood-oriented demand is likely to be expressed for only the retail space in the Calle 24 District, there would likely be a relative surplus of net new neighborhood-oriented retail space relative to new demand. ALH therefore concludes that demand for retail services generated by new residential development within the study area would not result in substantial pressure on the existing retail base in the Calle 24 District.

This commercial displacement finding is reinforced by analysis regarding the existing balance between retail supply and demand in the Calle 24 District as well as the larger Mission District as a whole. As noted above, the Calle 24 District is estimated to have 480,000 square feet of retail space. The Mission District has 3,022,780 square feet of retail space.²⁰ Demand analysis for existing households in the Mission and Calle 24 District indicates that both areas are characterized by retail attraction, meaning they attract more retail sales, or demand, than is supportable by their population bases (see Exhibits 10 through 13 of Appendix A). The demand analysis for each area was prepared using the same methodology and assumptions as for the Calle 24 District pipeline households.

¹⁹ The ALH retail demand estimate is considered conservative for purposes of this analysis because assumptions made in the analysis (e.g., average household income and spending patterns) are more likely to result in overestimation rather than underestimation of the actual retail demand that could be generated.

²⁰ San Francisco Planning Department, *Mission Area Plan Monitoring Report: 2011- 2015*, Table 2.1.1, page 9.

The retail demand analyses are summarized in **Table 1**, which indicates that for the Mission as a whole, residents are estimated to generate total retail demand for 1.1 million square feet, with just under 500,000 square feet of this amount comprising neighborhood-oriented demand. Comparable figures for existing Calle 24 District households are 325,500 square feet of total demand, including 141,500 square feet of neighborhood-oriented demand.

Table 1: Retail Inventory and Demand Mission and Calle 24 Latino Cultural District					
		Square Feet Supported		Supply Multiplier	
Area	Retail Inventory	Total	Neighborhood Oriented	Total	Neighborhood Oriented
Mission District	3,022,780	1,134,500	493,200	2.7	6.1
Calle 24 District	480,000	325,500	141,500	1.5	3.4
Sources: San Francisco Planning Department, <i>Mission Area Plan Monitoring Report: 2011-2015</i> , Table 2.1.1, page 9 ALH Urban & Regional Economics					

These demand estimates indicate that the supply of retail in the Mission as a whole and the Calle 24 District outstrip locally-generated demand. In the Mission, the total retail supply is more than 2.5 times the amount of retail supportable by its residents. In the Calle 24 District, the figure is smaller at 1.5 times, but is still strongly suggestive of retail attraction, meaning that the existing retail base is attracting clientele from a broader geographic area. This is especially the case considering that neighborhood-oriented demand is only a small subset of total demand, with the supply of neighborhood-oriented businesses in both areas greatly exceeding demand for neighborhood retail.

The San Francisco Controller's Office peer reviewed the ALH report, and concurred with its conclusions, stating: "There is no reason to believe that development in the pipeline would increase commercial rents in the neighborhood, considering that new development in the pipeline would raise the neighborhood's supply of commercial space, as well as demand."²¹

In summary, neither the relevant literature, nor the available evidence support the appellant's contention that the proposed project would result, either individually or cumulatively, in commercial gentrification within the Calle 24 Latino Cultural District.

6.2 RESIDENTIAL DISPLACEMENT

ALH reviewed numerous studies and papers to identify the existing published research that best address the relationships between housing production, housing cost, and displacement. Based upon this review of the literature and related studies, five papers stand out in regards to their consideration of this issue.

²¹ City and County of San Francisco, Office of the Controller, *Review of ALH Socioeconomics Report*, February 22, 2017.

These papers were authored by state and local policy analysts as well as urban planning academics, and include the following:

Mac Taylor, Legislative Analyst, California Legislative Analyst's Office, "California's High Housing Costs: Causes and Consequences," March 17, 2015. <http://www.lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.pdf>

Mac Taylor, Legislative Analyst, California Legislative Analyst's Office, "Perspectives on Helping Low-Income Californians Afford Housing," (February 2016). <http://www.lao.ca.gov/Reports/2016/3345/Low-Income-Housing-020816.pdf>

City and County of San Francisco, Office of the Controller-Office of Economic Analysis, "Potential Effects of Limiting Market-Rate Housing in the Mission," (September 10, 2015). http://sfcontroller.org/sites/default/files/FileCenter/Documents/6742-mission_moratorium_final.pdf

Miriam Zuk, Karen Chapple, "Housing Production, Filtering and Displacement: Untangling the Relationships," University of California, Berkeley, Institute of Governmental Studies Research Brief (May 2016). http://www.urbandisplacement.org/sites/default/files/images/udp_research_brief_052316.pdf

Paavo Monkkonen, Associate Professor Urban Planning, University of California Los Angeles, "Understanding and Challenging Opposition to Housing Construction in California's Urban Areas," Housing, Land Use and Development Lectureship & White Paper, December 1, 2016. <http://uccs.ucdavis.edu/uccs-crre-housing-policy-brief-white-paper>

Appendix A includes a synopsis of the findings from each of these studies most specifically addressing housing production and housing costs, with an emphasis, if possible, on rental housing, as this is most applicable to the Calle 24 District and San Francisco.

The findings from the five studies identified above support the conclusion that housing production does not result in increased costs of the existing housing base, but rather helps suppress existing home prices and rents. In addition, through filtering²², new home development makes other units available for households with lower incomes than those occupying newer units, although the rate at which this filtering occurs can vary, depending upon the housing market dynamics. Further, the studies find that both market-rate and affordable housing development help to suppress price appreciation and reduce displacement, with affordable housing having double the protective effect of market-rate housing, although the rate at which this occurs in small, localized areas requires further analysis to best understand the relationship between development, affordability, and displacement at the local level.

²² *Filtering* is the process by which the cost of older market rate housing stock is suppressed through the increased availability of newer market rate development.

The appellant references one of the studies reviewed by ALH (the Zuk and Chapple brief) to argue that the proposed project would cause displacement. However, as further discussed in Appendix A, the Zuk and Chapple brief does not support this conclusion. As the appellant's letter itself highlights, the brief stresses the importance of building both market rate and subsidized housing in order to ease displacement pressures at the regional scale. The report finds "that market-rate housing built in the 1990s significantly reduces the incidence of displacement from 2000 to 2013",²³ and states further: "These findings provide further support for continuing the push to ease housing pressures by producing more housing at all levels of affordability throughout strong-market regions."²⁴ Another way of phrasing these findings is that if the project was not built, displacement pressures in the city and region would increase, as the project includes both market rate and affordable units, both of which have an attenuating effect on displacement, according to the study. Zuk and Chapple find that the effect at finer grained scales (such as the census block group level) is "insignificant"²⁵, meaning that neither a positive nor a negative impact could be detected. Thus, the Zuk and Chapple brief does not support the appellant's contention that development like the proposed project causes displacement.

The San Francisco Controller's Office concurred with ALH's analysis, stating: "There is no reason to believe that new housing increases the market rents of vacant rental units or the sales prices of for-sale units."²⁶

In addition to ALH's review of the relevant research, the Planning Department undertook exploratory analysis to test the proposition that market rate development has caused displacement at a finer grained scale (the census tract) in San Francisco over the past 15 years and has similarly found no clear cause and effect relationship. A statistical simple correlation analysis between new units added between 2000 and 2015 by census tract and eviction notices served between 2011 and 2015 shows only a weak *negative* correlation, that is census tracts with *more* development saw *fewer* evictions.²⁷²⁸ This analysis uses the

²³ Miriam Zuk & Karen Chapple, *Housing Production, Filtering and Displacement: Untangling the Relationships*, University of California, Berkeley, Institute of Governmental Studies Research Brief (May 2016), page 6.

²⁴ Ibid p. 3.

²⁵ Ibid p. 7.

²⁶ City and County of San Francisco, Office of the Controller, *Review of ALH Socioeconomics Report*, February 22, 2017.

²⁷ The Planning Department analyzed both "no fault" and "for cause" evictions, since "for cause" evictions currently make up a majority of all cases. This relationship holds for both types of evictions.

²⁸ This analysis standardized evictions in census tracts across the city by dividing them by the total number of rental units in the census tract in order to compare relative rates of evictions between tracts and not to compare absolute numbers of evictions, since tracts with greater amounts of rental housing would be assumed to have a proportionately greater absolute number of evictions.

frequency of eviction notices as an appropriate proxy and indicator for overall displacement pressure. In order to detect whether new market rate housing “signals” the desirability of neighborhoods and attracts high-income residents in a later period, staff correlated eviction notices given between 2011 and 2015 with new market rate units built during four periods (2001 to 2005, 2006 to 2010, 2011 to 2015, and 2001 to 2015). Each showed a weak and non-statistically significant correlation between evictions and new development and a very low “goodness of fit”, meaning that to the extent that a correlation exists, new market rate development explains very little of the variability of evictions across neighborhoods. In the absence of a statistically significant correlation between these two variables, the causal relationship between new market rate development and evictions/displacement claimed by the appellants is extremely speculative (if not unlikely) and is not supported by any empirical evidence in the record.

6.3 CONCLUSION

Neither the relevant published research nor available data support the appellant’s contention that the proposed project would result, either individually or cumulatively, in indirect displacement of existing residents or businesses as a secondary effect of gentrification. Moreover, even if the proposed project could have these effects, this would not represent a new or more severe impact that is peculiar to the project or its site because the Eastern Neighborhoods PEIR included a detailed analysis of this topic. Finally, to the extent that the proposed project would cause or contribute to gentrification or displacement effects identified in the Eastern Neighborhoods PEIR, these socioeconomic effects would not in and of themselves constitute environmental impacts under CEQA.

7 PHYSICAL ENVIRONMENTAL IMPACTS

Pursuant to CEQA Guidelines section 15131(a): “[a]n EIR may trace a chain of cause and effect from a proposed decision on a project through anticipated economic or social changes resulting from the project to physical changes caused in turn by the economic or social changes. The intermediate economic or social changes need not be analyzed in any detail greater than necessary to trace the chain of cause and effect. The focus of the analysis shall be on the physical changes.” Accordingly, the following analysis examines the appellant’s claim that the proposed project would result in *physical* changes to the environment as a consequence of gentrification and displacement that were not analyzed as significant effects in the Eastern Neighborhoods PEIR.

As discussed above, the Eastern Neighborhoods PEIR determined that adoption and implementation of the area plans and rezoning would result in economic impacts that could potentially displace existing businesses and residents, and identifies improvement measures that could reduce the less-than-significant physical effects of potential displacement of neighborhood serving businesses and residents. Although the PEIR did not establish a causal link between potential displacement effects and significant physical environmental impacts, the PEIR did identify physical environmental impacts related to growth under the area plans and rezoning. The PEIR analyses the physical environmental impacts caused by

growth anticipated under the area plans and rezoning in the relevant resource topic sections, such as transportation, air quality, noise, and parks and open space.

The appellant claims that the proposed project would cause or contribute to socioeconomic effects that would in turn cause significant physical environmental impacts beyond those identified in the Eastern Neighborhoods PEIR. Specifically, the appellant contends that the proposed project, through gentrification and displacement, would have significant cumulative impacts on traffic, parking, health and safety, and greenhouse gasses, and on aesthetic, historic, and cultural aspect of the Calle 24 Latino Cultural District. Since, as shown above, there is no evidence to support the appellant's claim that the proposed project would cause or contribute to gentrification or displacement effects, it follows that there is also no evidence to establish a causal link between gentrification and displacement and physical environmental impacts beyond those identified in the Eastern Neighborhoods PEIR. Notwithstanding the above, the following analysis tests the appellant's claims by examining whether, regardless of the cause, physical impacts are occurring within the Calle 24 Latino Cultural District beyond those anticipated in the Eastern Neighborhoods PEIR.

7.1 TRANSPORTATION

Pursuant to the requirements of CEQA section 21083.3 and CEQA Guidelines section 15183, the CPE checklist prepared for the 2675 Folsom Street project evaluates whether the proposed project would result in significant impacts on transportation, either individually or cumulatively, beyond those identified in the Eastern Neighborhoods PEIR.²⁹ This analysis is supported by a 222-page project-specific transportation impact study, that evaluates the project-level and cumulative impacts of the proposed project on vehicle miles traveled, transit, bicycle and pedestrian safety (including pick up and drop off at the nearby Cesar Chavez Elementary School), loading, and emergency services and access.³⁰ Contrary to the appellant's contentions, the project-specific transportation impact analysis does not rely on "outdated" information. Instead, the analysis uses the latest transportation models, forecasting, and impact assessment methodologies, incorporating up-to-date transportation, population, growth, and demographic data to evaluate the effects of the proposed project on both existing and 2040 cumulative transportation conditions. Based on this analysis, the CPE determines that the proposed project would not result in significant impacts on transportation beyond those identified in the Eastern Neighborhoods PEIR.

Even though the analysis provided in the CPE fully satisfies the requirements of CEQA and no further analysis of the transportation impacts of the proposed project is required, the Planning Department worked with transportation consultants at Fehr & Peers to explore the appellant's claims that the proposed project would cause or contribute to new or substantially more severe transportation impacts than were identified in the Eastern Neighborhoods PEIR due to new information or changed

²⁹ San Francisco Planning Department, *2675 Folsom Street Project Community Plan Exemption Checklist*, pp. 17-21, September 20, 2016.

³⁰ Fehr & Peers, *2675 Folsom Street Transportation Impact Study*, April 2016.

circumstances not previously considered. This analysis compares the transportation impacts anticipated in the Eastern Neighborhoods PEIR with up-to-date transportation impact data and models. As summarized below and further detailed in Appendix B, the results of this analysis demonstrate that current transit and traffic conditions are generally better than the Eastern Neighborhoods PEIR anticipated would be the case by this time. The PEIR anticipated there would be less transit capacity and correspondingly higher capacity utilization (crowding) on the Muni lines serving the Mission and estimated that a slightly higher percentage of new trips would be made by private vehicles than current data demonstrate. In addition, while the Mission has undergone significant demographic and economic change, residents on average still own around the same number of vehicles, and use non-auto modes at similar rates as they did prior to adoption of the rezoning and area plans.

7.1.1 Transit

The Eastern Neighborhoods PEIR determined that population growth under the rezoning and area plans would result in significant cumulative impacts on transit. Specifically, the PEIR anticipated that daily transit trips between 2000 and 2025 would increase by approximately 254,000 trips or about 20 percent over baseline conditions within San Francisco as a whole and by approximately 28,000 daily trips or approximately 38 percent in the Eastern Neighborhoods. The PEIR determined that without increases in peak-hour capacity, population growth in the Eastern Neighborhoods would result in significant cumulative impacts on transit capacity. The PEIR identified Mitigation Measures E-5 through E-11 to address impacts and transit capacity. These measures call for:

- Transit corridor improvements (e.g., along Mission Street between 14th and Cesar Chavez streets, 16th Street between Mission and Third streets, Bryant Street or other parallel corridor between Third and Cesar Chavez streets, a north-south corridor through portions of SoMa west of Fifth Street, and service connecting Potrero Hill with SoMa and downtown)
- Implementing service recommendations from the Transit Effectiveness Project, Better Streets Plan and Bicycle Plan when available and as feasible
- Providing additional funding for Muni maintenance and storage facilities
- Increasing passenger amenities, such as expanded installation of the Next Bus service and new bus shelters
- Expanding use of transit preferential street technologies to prioritize transit circulation, and
- Expanding the Transportation Demand Management program to promote the use of alternate modes of transportation.

The PEIR determined that while these measures would reduce operating impacts and improve transit service within the Eastern Neighborhoods, the adverse effects to transit could not be fully mitigated. Also, given the inability to determine the outcome of the Transit Effectiveness Program, Better Streets Plan, Bicycle Plan, and other plans and programs that were in process at the time that the PEIR was certified and uncertainty regarding future funding of these plans and programs, the PEIR determined that the feasibility of these mitigation measures could not be assured. Thus, the PEIR determined that cumulative impacts on transit under the rezoning and area plans would be significant and unavoidable.

Since the certification of the Eastern Neighborhoods PEIR, the City has implemented many of the plans, programs, and improvements identified in Eastern Neighborhoods PEIR Mitigation Measures E-5 through E-11 as summarized below.

In compliance with a portion of Mitigation Measure E-5: Enhanced Transit Funding, the City adopted impact fees for development in Eastern Neighborhoods that go towards funding transit and complete streets projects. In addition, the Board of Supervisors approved amendments to the San Francisco Planning Code, referred to as the Transportation Sustainability Fee (Ordinance 200-154, effective December 25, 2015).^[1] The fee updated, expanded, and replaced the prior Transit Impact Development Fee, which is in compliance with portions of Mitigation Measure E-5: Enhanced Transit Funding. With respect to Mitigation Measures E-5: Enhanced Transit Funding and Mitigation Measure E-11: Transportation Demand Management, on February 7, 2017 the Board of Supervisors adopted amendments to the planning code, referred to as the Transportation Demand Management Program.^[2] Additionally, SFMTA has sought grants through local Proposition A funds directly supporting the 14 Mission Rapid Project, the Potrero Avenue Project for the 9 San Bruno and 9R San Bruno Rapid routes (currently under construction), and the 16th Street Transit Priority Project for the 22 Fillmore (expected construction between 2017 and 2020). The SFMTA also pursued funding from the Federal Transit Administration and the Metropolitan Transportation Commission for the transit corridor projects for the 14 Mission along Mission Street and for the 22 Fillmore along 16th Street. In compliance with all or portions of Mitigation Measure E-6: Transit Corridor Improvements, Mitigation Measure E-7: Transit Accessibility, Mitigation Measure E-9: Rider Improvements, and Mitigation Measure E-10: Transit Enhancement, the SFMTA is implementing NextBus, Customer First, and the Transit Effectiveness Project, which was approved by the SFMTA Board of Directors in March 2014. There are about 850 NextBus displays throughout the City with strong coverage throughout the Mission District. Customer First improved lighting and shelters at stops. The Transit Effectiveness Project is now called Muni Forward and includes system-wide review, evaluation, and recommendations to improve service and increase transportation efficiency.

In addition, Muni Forward also includes transit service improvements to various routes with the Eastern Neighborhoods Plan area the service improvements include the creation of new routes such as the implementation of Route 55 on 16th Street between the intersection of 16th and Mission Streets and Mission Bay, changes to route alignment such as for the 27 Bryant, the elimination of underused existing routes or route segments, changes to the frequency and hours of transit service, changes to the transit vehicle type on specific routes, and changes to the mix of local/limited/express services on specific routes. Many of the service improvements analyzed as part of Muni Forward in the Transit Effectiveness Project EIR have been implemented, but some are receiving further study.

^[1] Two additional files were created at the Board of Supervisors for TSF regarding hospitals and health services, grandfathering, and additional fees for larger projects: see Board file nos. 151121 and 151257.

^[2] San Francisco Board of Supervisors. 2017. BOS File 160925. Available online at <https://sfgov.legistar.com/LegislationDetail.aspx?ID=2830460&GUID=EFCB06B2-19CB-4777-B3A5-1638670C3A2C> accessed February 21, 2017. Additional information is available at the Planning Department web page for TDM at <http://sf-planning.org/shift-transportation-demand-management-tdm> accessed February 21, 2017.

Mitigation Measure E-7 also identifies implementing recommendations of the Bicycle Plan and Better Streets Plan. As part of the San Francisco Bicycle Plan, adopted in 2009, a series of minor, near-term, and long-term bicycle facility improvements are planned within the Eastern Neighborhoods, including along 2nd Street, 5th Street, 17th Street, Townsend Street, Illinois Street, and Cesar Chavez Street. The minor improvements consist of a toolkit of treatments implemented on an as-needed basis to support bicycling in the city such as shared lane markings called sharrows and the provision of bicycle parking within the public right-of-way including bicycle racks on sidewalks and on-street bicycle corrals. Most near-term improvements have been implemented as indicated above. With the implementation of bicycle facilities as part of the Bicycle Plan and envisioned as part of the 2013 Bicycle Strategy, San Francisco has experienced an increase in bicycle ridership. Since 2006, the SFMTA has conducted annual bicycle counts during peak commute hours at various intersections throughout the city.³¹ While the bicycle counts at any one intersection may fluctuate from year to year, the most recent counts from 2015 demonstrate that the overall the number of bicyclists in the city, including in the Mission District, have increased over the counts from 2008, when the Eastern Neighborhoods PEIR was certified. For example, at the intersection of 17th and Valencia Streets in the p.m. peak there were 485 cyclists in 2008 compared with 1,219 in 2015, and at the intersection of 23rd Street and Potrero Avenue in the p.m. peak there were 50 cyclists in 2008 compared with 106 in 2015.

The San Francisco Better Streets Plan, adopted in 2010, describes a vision for the future of San Francisco's pedestrian realm and calls for streets that work for all users. The Better Streets Plan requirements were codified in section 138.1 of the planning code and new projects constructed in the Eastern Neighborhoods Plan area are subject to varying requirements, dependent on project size.

Another effort which addresses transit accessibility, Vision Zero, was adopted by various City agencies in 2014. Vision Zero focuses on building better and safer streets through education, evaluation, enforcement, and engineering. The goal is to eliminate all traffic fatalities by 2024. Vision Zero projects within the Eastern Neighborhoods Plan areas include pedestrian intersection treatments along Mission Street from 18th to 23rd streets, the Potrero Avenue Streetscape Project from Division to Cesar Chavez streets, and the Howard Street Pilot Project, which includes pedestrian intersection treatments from 4th to 6th streets.

Overall, compared to the transit service analyzed in the Eastern Neighborhoods PEIR, current transit service has increased by 8 percent in the a.m. peak hour, 14 percent during midday, and 6 percent in the p.m. peak hour. As a result, the significant impacts identified in the Eastern Neighborhoods PEIR on transit capacity have not materialized. The following analysis compares the impacts on transit capacity anticipated in the Eastern Neighborhoods PEIR with current and projected future transit conditions in light of the transit system improvements described above.

The SFMTA Board has adopted an 85-percent capacity utilization performance standard for transit vehicle loads, meaning that Muni transit lines should operate at or below 85 percent of transit vehicle capacity. This performance standard more accurately reflects actual operations and the likelihood of "pass-ups" (i.e., vehicles not stopping to pick up more passengers). The Planning Department applies this

³¹ SFMTA. 2009-2016. Bike Reports Available online at <https://www.sfmta.com/about-sfmta/reports/bike-reports>. Accessed February 21, 2017.

standard as a CEQA threshold of significance for determining peak period transit demand impacts to the SFMTA lines. **Table 2** shows the capacity utilization for the 11 Muni lines serving the Eastern Neighborhoods plan areas under the 2000 CEQA baseline and the 2025 no project and with project cumulative scenarios as reported in the Eastern Neighborhoods PEIR. The last two columns of the table show 2013 capacity utilization on these same lines based on SFMTA data and the SF-CHAMP³² 2040 cumulative scenario based on current model inputs. As shown in **Table 2**, capacity utilization on the Muni bus and light rail lines serving the Eastern Neighborhoods is generally lower than the PEIR baseline conditions, and the anticipated 2040 cumulative conditions are better than the anticipated 2025 cumulative conditions.

³² The San Francisco Chained Activity Modeling Process ("SF-CHAMP") is a regional travel demand model designed to assess the impacts of land use, socioeconomic, and transportation system changes on the performance of the local transportation system. The San Francisco County Transportation Authority developed SF-CHAMP to reflect San Francisco's unique transportation system and socioeconomic and land use characteristics. It uses San Francisco residents' observed travel patterns, detailed representations of San Francisco's transportation system, population and employment characteristics, transit line boardings, roadway volumes, and the number of vehicles available to San Francisco households to produce measures relevant to transportation and land use planning. Using future year transportation, land use, and socioeconomic inputs, the model forecasts future travel demand.

Table 2: Muni Capacity Utilization at Maximum Load Point Weekday PM Peak Hour Inbound/Outbound							
Line	EN PEIR 2000 Baseline	EN 2025 No Project	EN 2025 Option A	EN 2025 Option B	EN 2025 Option C	SFMTA Fall 2013	SF-CHAMP 2040
9-San Bruno	94%/110%	120%/151%	134%/151%	135%/149%	148%/165%	57%/68%	61%/84%
12-Folsom	94%/30%	109%/42%	112%/42%	113%/41%	120%/52%	73%/57%	N/A ¹
14-Mission	47%/86%	60%/113%	62%/113%	63%/112%	69%/122%	49%/40%	39%/76%
22-Fillmore	82%/85%	95%/102%	98%/102%	100%/101%	107%/109%	61%/58%	68%/83%
26-Valencia	26%/76%	33%/89%	33%/89%	33%/90%	35%/94%	N/A ²	N/A ²
27-Bryant	86%/57%	111%/78%	118%/78%	119%/77%	126%/84%	60%/46%	63%/55%
33-Stanyan	68%/56%	87%/74%	89%/74%	91%/73%	97%/81%	53%/42%	63%/55%
48-Quintara	87%/72%	112%/94%	113%/94%	115%/93%	119%/100%	57%/65%	67%/63%
49-Van Ness-Mission	73%/93%	85%/112%	89%/112%	91%/111%	100%/121%	48%/47%	N/A ³
53-Southern Heights	27%/31%	34%/44%	35%/44%	35%/43%	37%/48%	N/A ⁴	N/A ⁴
67-Bernal Heights	67%/68%	86%/88%	87%/88%	87%/88%	88%/88%	15%/46%	22%/66%
¹ Under Muni-Forward, the 12-Folsom may be replaced by the 10 Sansome on a portion of the route and by the 27 Bryant on the remainder of the route. ² The 26-Valencia route was eliminated in December 2009. ³ The 49-Van Ness-Mission will change to limited stop/rapid service at the time that the Van Ness BRT service commences. ⁴ The 53-Southern Heights route was eliminated in December 2009. Bold text denotes significant impact based on exceedance of 85-percent capacity utilization significance threshold. Sources: Eastern Neighborhoods PEIR p. 282 San Francisco Planning Department, <i>Transit Data for Transportation Impact Studies</i> , May 15, 2015. SFCTA, <i>SF-CHAMP model run for Central Corridor 2040 Cumulative Scenario</i> , November 12, 2013.							

In conclusion, as a result of substantial increases in transit capacity, the cumulative impacts on transit resulting from growth under the Eastern Neighborhoods rezoning and area plans is *less* severe rather than more severe than anticipated in the PEIR. As such, it is evident that the demographic changes occurring in the Mission have not resulted in significant impacts on transit service that were not anticipated in the Eastern Neighborhoods PEIR. Therefore, the proposed project would not result in significant impacts, either individually or cumulatively, on transit beyond those identified in the PEIR.

7.1.2 Traffic Congestion

At the time that the Eastern Neighborhoods PEIR was certified in 2008, the Planning Department considered increased traffic congestion as measured by the level of service metric to be a physical environmental impact under CEQA. However, in 2013, the state legislature amended CEQA adding Chapter 2.7: Modernization for Transportation Analysis of Transit Oriented Infill Projects. Accordingly, CEQA section 21099(b)(1) requires that the State Office of Planning and Research (OPR) develop revisions to the state CEQA Guidelines establishing criteria for determining the significance of transportation impacts of projects that promote the “reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses.” CEQA section 21099(b)(2) states that upon certification of the revised CEQA Guidelines for determining transportation impacts pursuant to

section 21099(b)(1), automobile delay, as described solely by level of service (LOS) or similar measures of vehicular capacity or traffic congestion, shall not be considered a significant impact on the environment under CEQA.

In January 2016, OPR published for public review and comment a *Revised Proposal on Updates to the CEQA Guidelines on Evaluating Transportation Impacts in CEQA*³³ (proposed transportation impact guidelines) recommending that transportation impacts for projects be measured using a vehicle miles traveled ("VMT") metric. VMT measures the amount and distance that a project might cause people to drive, accounting for the number of passengers within a vehicle.

OPR's proposed transportation impact guidelines provides substantial evidence that VMT is an appropriate standard to use in analyzing transportation impacts to protect environmental quality and a better indicator of greenhouse gas, air quality, and energy impacts than automobile delay. Acknowledging this, San Francisco Planning Commission Resolution 19579, adopted on March 3, 2016:

- Found that automobile delay, as described solely by LOS or similar measures of vehicular capacity or traffic congestion, shall no longer be considered a significant impact on the environment pursuant to CEQA, because it does not measure environmental impacts and therefore it does not protect environmental quality.
- Directed the Environmental Review Officer to remove automobile delay as a factor in determining significant impacts pursuant to CEQA for all guidelines, criteria, and list of exemptions, and to update the Transportation Impact Analysis Guidelines for Environmental Review and Categorical Exemptions from CEQA to reflect this change.
- Directed the Environmental Planning Division and Environmental Review Officer to replace automobile delay with VMT criteria which promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses; and consistent with proposed and forthcoming changes to the CEQA Guidelines by OPR.

Planning Commission Resolution 19579 became effective immediately for all projects that had not received a CEQA determination as of March 3, 2016, and for all projects that have previously received CEQA determinations, but require additional environmental analysis. Therefore, the CPE for the proposed project does not consider whether the proposed project would have significant impacts either individually or cumulatively on traffic congestion as measured by LOS. Instead, in accordance with CEQA section 21099 and Planning Commission Resolution 19579, the CPE evaluates whether the proposed project would result in significant impacts on VMT. As stated in the CPE checklist and supported by the project-specific transportation impact study, the proposed project would not have a significant impact either individually or cumulatively on VMT. As noted above, this analysis uses the latest transportation models and impact assessment methodologies, incorporating up-to-date transportation, population, growth, and demographic data to evaluate the effects of the proposed project on both existing and 2040 cumulative transportation conditions. Based on this analysis, the CPE concludes that the project would not have a significant impact on traffic that is peculiar to the project or

³³ This document is available online at: https://www.opr.ca.gov/s_sb743.php.

the project site, and that no further environmental review of the project's effects on traffic congestion is required in accordance with CEQA section 21083.3 and CEQA Guidelines section 15183.

Even though, as discussed above, the CPE establishes that the proposed project would not have significant impacts either individually or cumulatively related to increased VMT, the following analysis further examines the appellant's contentions that the project would have substantially more severe impacts on traffic than were identified in the Eastern Neighborhoods PEIR.

7.1.3 Travel Behavior

The appellant contends that gentrification and displacement that the proposed project would contribute to are resulting in increased traffic due to "reverse commutes," stating:

"The PEIR did not anticipate the "advanced gentrification" of the neighborhood, along with the extensive displacement of Latino families and businesses, the reverse commute to distant areas, and that impact on greenhouse gas emissions and on traffic congestion... Due to the unexpected rise in rents throughout the Bay Area, displaced residents are now required to commute distances as far as Vallejo and Tracy, distances was [sic] not contemplated in the PEIR for the Eastern Neighborhoods."

As presented in Appendix B and summarized below, updated local and regional transportation modeling, census data, and traffic counts at representative intersections in the Mission do not support the appellant's claim that increased commute distances by displaced workers is causing significant cumulative transportation impacts beyond those anticipated under the Eastern Neighborhoods PEIR.

Many factors affect travel behavior, including land-use density and diversity, design of the transportation network, access to regional destinations, distance to high-quality transit, development scale, demographics, and transportation demand management. Typically, low-density development located in areas with poor access to non-private vehicular modes of travel generate more automobile travel compared to development located in urban areas, where a higher density mix of land uses and travel options other than private vehicles are available. Given these travel behavior factors, San Francisco has a lower ratio of VMT per household than the San Francisco Bay Area regional average.

The San Francisco County Transportation Authority uses the SF-CHAMP model to estimate VMT by private automobiles and taxis for different land use types. The SF-CHAMP model assigns all predicted trips within, across, and to or from San Francisco onto the roadway network and the transit system by mode and transit carrier for a particular scenario. For example, the 2040 SF-CHAMP model run assigns trips to and from each of the 981 transportation analysis zones across San Francisco based on the land use development that is projected. Trips that cross San Francisco, but do not have an origin or destination in the city are projected using inputs from the regional transportation model. SF-CHAMP models travel behavior based on the following inputs:

- Projected land use development (based on the Planning Department's pipeline) and population and employment numbers – as provided by the Planning Department, based on the Association

of Bay Area Governments ("ABAG") Projections (currently the Projections 2013 (Sustainable Communities Strategy)).

- Observed behavior from the California Household Travel Survey 2010-2012
- Census data regarding automobile ownership rates and county-to-county worker flows
- Observed vehicle counts and transit boardings.

Neither SF-CHAMP nor the regional travel model³⁴ explicitly link low-income workers living in one area with lower paying jobs in another area, or high-income workers with high-paying jobs for that matter; this level of analysis is generally considered to be more fine-grained than is appropriate for regional travel forecasts. Instead, household-job links are established using existing research on typical commute patterns and distances, including the distribution of workers living in a given area who travel longer distances to work, and so forth³⁵. Based on the model inputs, which as noted above include development in the Planning Department's pipeline, both regional average and local San Francisco VMT is expected to decrease in the future.

Regardless of the model assumptions, some households will move from San Francisco and have increased commute distances, while others may change jobs and have decreased commute distances. However, the model indicates that overall aggregate regional growth is expected to reduce the average distance that a typical worker travels between home and work. The Transportation Authority estimates that existing average VMT per household is 17.2 for the region and 5.9 for the project area (Transportation Analysis Zone 170). VMT per household is expected to decrease to 16.1 for the region and to 5.3 for the project area by 2040³⁶. Employment data shows that the share of Bay Area residents living more than 10 miles from their employer increased from 2004 to 2014; over the same period, the absolute number of individuals living more than 10 miles from their employer also increased. As such, a larger number of individuals are likely driving alone to work across longer distances. This does not, however, translate into a higher share of individuals driving alone to work; the regional drive alone commute modes share is at its lowest point since 1960, based on census data. Moreover, the Eastern Neighborhoods PEIR anticipated traffic impacts due to increased vehicle trips associated with population growth.

The Eastern Neighborhoods PEIR determined that increased vehicle trips resulting from population growth and development under the rezoning and area plans would result in level of service impacts at representative intersections in the Mission. Of the 13 study intersections in the Mission, the PEIR determined that significant LOS impacts would occur at three intersections during the weekday p.m. peak hour under rezoning Option A, five under Option B, and four under Option C. The PEIR also

³⁴ SF-CHAMP is built using the regional travel model, and adding additional detail to TAZs located within San Francisco.

³⁵For additional detail on the process of developing the travel model, see the MTC documentation at:
<http://mtcgis.mtc.ca.gov/foswiki/Main/Development>

³⁶ Schwartz, Michael, Coper, Drew, *Quantification of Impacts under CEQA following new guidelines from the Governor's Office of Planning and Research*, February 2016. Kosinski, Andy, *VMT Analysis for 2675 Folsom Street, Case No 2014-000601*, April 2016.

determined that three additional intersections in the Mission would operate at unacceptable levels of service under both the no project and each of the three rezoning options by 2025.

To test the appellant's assertion that traffic conditions in the Mission are worse than anticipated in the PEIR, Fehr & Peers worked with Planning to select four of the intersections studied in the Mission for the Eastern Neighborhoods PEIR and conduct one-day p.m. peak hour turning movement counts in December 2016³⁷. In order to present a representative count of vehicles, these intersection counts do not include Mission Street due to the installation of bus-only lanes (which act to divert some private vehicle traffic from Mission Street) in 2015. These counts were then compared to the level of traffic expected in the PEIR based on the total change in housing units constructed in the Mission from 2011 to 2015. Full turning movement volumes and estimated calculations are included in Appendix B.

As shown in Appendix B, on average, observed traffic volumes in 2016 were around 5 to 10 percent *lower* than expected in the Eastern Neighborhoods PEIR and the percentage of estimated development completed; this indicates traffic volumes similar to or slightly below PEIR projections³⁸. At three of the four intersections counted, total traffic volume had in fact decreased from the 2000 baseline count data. The exception is at 16th Street and South Van Ness, where there was an increase in traffic volume traveling northbound and southbound. This likely reflects shifts from other north/south streets such as Mission Street that have seen changes in their roadway configurations that were not anticipated by the analysis in the Eastern Neighborhoods PEIR.

7.1.4 Private Car Ownership and Driving Rates in the Mission

The appellant contends that gentrification and displacement are also resulting in increased traffic and related impacts because higher income correlates with higher private car ownership and driving rates. Again, available evidence does not support the underlying premise that the proposed project would cause or contribute to gentrification or displacement in the first place. Moreover, the appellant's claim that the rate of private car ownership in the Mission has increased, and that this is causing significant cumulative traffic and greenhouse gas impacts beyond those anticipated under the Eastern Neighborhoods PEIR is not supported by the available evidence.

Partially due to the in-migration of higher income earners, the median household living in the Mission in 2014 has a significantly higher income than the median household living there in 2000. Median annual income increased from around \$67,000 to around \$74,000 during that time (in 2014 inflation-adjusted dollars). This reflects the migration patterns partially discussed above, as well as some level of general increases in incomes over that time. The same pattern can be seen by examining the share of all households with incomes above \$100,000, which has more than doubled from 2000 to 2014.

³⁷ While vehicle counts are typically not taken in December due to changes in travel patterns during that time, schedule constraints necessitated immediate counts. Counts were collected on a weekday with average weather, while area schools were still in session.

³⁸ Projected traffic volumes for EIR Option A (at 30% complete) and the No Project scenario were similar to those for Option C, and were on average higher than the observed 2016 traffic volumes.

However, although the typical household has a higher income, automobile availability on a per capita basis has not increased over the same period. The same percentage of households have zero cars available (39 percent to 40 percent of households), and the average number of vehicles available per household has remained nearly constant over that same period. Similarly, the share of Mission residents commuting to work by driving alone has also remained steady, at 25 percent to 29 percent. Due to population growth, this does result in more vehicles and more people driving alone compared to in 2000; however, the Eastern Neighborhoods PEIR transportation impact analysis accounted for this growth, and as discussed above, observed traffic volumes in 2016 were around 5 to 10 percent lower on average than expected in the Eastern Neighborhoods PEIR.

In addition to census data, the Planning Department has conducted three case studies at residential developments built in the past ten years in the Mission neighborhood. These sites are located at 2558 Mission Street, 555 Bartlett Street, and 1600 15th Street. Each building consists of newer, market-rate housing, although 555 Bartlett Street and 1600 15th Street each include between 15 and 20 percent onsite below market rate units. Surveys at these sites were conducted in 2014 and 2015 during the extended a.m. and p.m. peak hours, and consisted of intercepting individuals at all project entrances and exits to inquire about their mode choice. In addition, person counts and vehicle counts were conducted at all entrances. Results from these surveys are shown by site in Table 4.

Table 3: Comparison of Shifts in Income and Automobile Travel Indicators Mission Residents						
Year	Median Household Income (2014 Dollars)	Average Household Income (2014 Dollars)	Share of Households with Income Above \$100,000 (nominal)	Share of Commuters Driving Alone to Work	Share of Households with Zero Cars Available	Vehicles Available per Household
2000	\$67,000	\$81,000	15%	29 %	39%	0.85
2004 - 2009	\$70,000	\$98,000	31%	25 %	40%	0.82
(% Change from 2000)	+ 4%	+21%	+ 106%	- 14%	<1%	-3%
2009 – 2014	\$74,000	\$109,000	40%	27 %	40%	0.82
(% Change from 2000)	+ 10%	+35%	+ 166%	- 7%	<1%	-3%
Source: Decennial Census, 2000, Tables H044, P030, DP3; American Community Survey, 5-year averages, 2009 & 2014, Tables S1901, S0802, B25044; Fehr & Peers, 2016.						

Table 4: Observed Mode Splits at Residential Developments in the Mission								
Address	Drive Alone	Carpool	Walk	Taxi / TNC	Bike	SF Muni	BART	Private Shuttle
1600 15th St¹ (596 total person trips)	19%	15%	33%	4%	5%	7%	16%	2%
555 Bartlett Street² (183 total person trips)	25%	28%	19%	3%	6%	4%	14%	1%
2558 Mission Street³ (288 total person trips)	13%	13%	38%	8%	1%	7%	17%	4%
¹ Survey conducted August 13, 2014. ² Survey conducted August 27, 2014. ³ Survey conducted July 9, 2015. Based on trips made between 7 a.m. – 10 a.m. and 3 p.m. – 7 p.m. on a typical weekday in the summer. Total number of trips represented all counted person trips; response rates to survey varied between sites. Final percentages are imputed from survey responses and vehicle counts. Source: SF Planning, 2015; Fehr & Peers, 2016								

The three sites showed a drive alone mode share that ranged from 13 percent to 25 percent, all of which are below the average drive alone commute mode for the area (of around 27 percent; see Table 3). The total auto mode share (drive alone + carpool + taxi/TNC) ranges from 34 percent to 56 percent of all trips, which is similar to the total auto mode share for all trips as modeled by SF-CHAMP (ranging from 31 percent to 53 percent for key transportation analysis zones in the Mission).³⁹ Thus, the available evidence demonstrates that new or substantially more severe impacts on the Latino Cultural District are not occurring as a result of increased private vehicle ownership.

7.1.5 Commuter Shuttles

The appellant states that the increase in commuter shuttles since the Eastern Neighborhoods PEIR was certified constitutes substantial new information and/or changed circumstances that “render the current PEIR obsolete,” stating:

³⁹ SF-CHAMP auto mode share is based on the Central SoMa 2012 Baseline model run; the presented mode shares are for the analysis zones where each of the case study developments is located.

“The PEIR did not anticipate the impact of tech shuttles from a traffic standpoint, nor from that of the demand for housing. The specter of living within a few blocks of a free ride to work has caused many tech employees to move to areas where the shuttles stop – predominantly in the Mission. As such we have high earning employees exacerbating the already high demand for housing. The anti-eviction mapping project has documented the connection between shuttle stops and higher incidences of no fault evictions.”

CEQA Guidelines section 15183(b)(4) provides that in conducting the streamlined environmental review mandated for projects that are consistent with the development density established under an adopted community plan or zoning, a public agency must limit its examination of environmental effects to those which the agency determines are previously identified significant effects which, as a result of substantial new information which was not known at the time the EIR was certified, are determined to have a more severe adverse impact than discussed in the prior EIR. Accordingly, the increase in the use of commuter shuttles since the certification of the Eastern Neighborhoods PEIR is relevant only to the extent that the proposed project, either individually or cumulatively, would result in more severe adverse impacts than were identified in the Eastern Neighborhoods PEIR because of the increase in shuttles. Thus, whether or not commuter shuttles cause or exacerbate displacement as the appellant contends, which is a matter of substantial debate⁴⁰, is not relevant to determining if the proposed project would have new or more severe impacts on the physical environment than previously identified. Nevertheless, by increasing the supply of both market rate and below market rate housing, the proposed project along with other housing development under the Eastern Neighborhoods rezoning and area plans would serve to alleviate market pressures from any increased demand for housing attributable to commuter shuttles. Regardless, as discussed above, any such effects are socioeconomic in nature, and are not in and of themselves significant impacts on the physical environment.

7.1.5.1 San Francisco Commuter Shuttle Program

The number of privately operated shuttles in San Francisco has grown in recent years. Numerous employers, educational institutions, medical facilities, office buildings, and transportation management associations offer shuttle service to their employees, students, and clients. Some development projects are required to provide shuttle services as part of their conditions of approval (and the impacts of their shuttle services are considered within the development project’s environmental review), and an employer may comply with San Francisco’s Commuter Benefits Ordinance and the Bay Area’s Commuter Benefits Program by offering a free commute shuttle to employees. The majority of the commuter shuttles are closed systems that provide service to a specific population and are not open to the general public. Most shuttles are provided for free to employees (or students, tenants, etc.). There are two distinct markets within the shuttle sector: those that operate within San Francisco (intra-city) and those that operate between San Francisco and another county (inter-city regional). Shuttles support local San Francisco and regional goals by decreasing single occupancy vehicle trips, vehicle miles traveled, and private vehicle ownership.

⁴⁰ According to rider surveys conducted as part of the environmental review for SFMTA’s Commuter Shuttle Program, only 5 percent of shuttle riders would move closer to their jobs if shuttles were unavailable.

Prior to August 2014, San Francisco did not regulate commuter shuttle activity on city streets. Shuttles operated throughout the city on both large arterial streets, such as Van Ness Avenue and Mission Streets, and smaller residential streets. Shuttles loaded and unloaded passengers in a variety of zones, including passenger loading (white) zones, Muni bus stops (red) zones, and other vacant curb space. When curb space was unavailable, shuttles often would load or unload passengers within a travel lane. The lack of rules and guidelines for where and when loading and unloading activities were permitted, and the lack of vacant space in general, resulted in confusion for shuttle operators and neighborhood residents, inconsistent enforcement, and real and perceived conflicts with other transportation modes.

To address these issues, in January 2014, the SFMTA Board of Directors approved an 18-month pilot program to test sharing of designated Muni zones and establish permitted commuter shuttle-only passenger loading (white) zones for use by eligible commuter shuttles that paid a fee and received a permit containing the terms and conditions for use of the shared zones. The pilot program began in August 2014, and created a network of shared stops for use by Muni and commuter shuttle buses that applied to participate, and restricted parking for some hours of the day in certain locations to create passenger loading (white) zones exclusively for the use of permitted commuter shuttles.

Based on information collected through the pilot program, SFMTA developed and adopted a Commuter Shuttle Program effective February 2016. As required under CEQA, the Planning Department conducted a detailed evaluation of the potential environmental effects of the Commuter Shuttle Program prior to its adoption.⁴¹ The environmental review for the shuttle program concluded that the program would not have significant environmental impacts, including impacts on traffic, transit, bicycles, pedestrians, loading, air quality, greenhouse gas emissions, and noise. According to this review, the availability of commuter shuttles:

- Reduces the number of commuters who drive alone to work
- Reduces regional VMT
- Reduces regional emissions of ROG, PM₁₀, and PM_{2.5}
- Increases regional NO_x emissions, but not in excess of the applicable CEQA significance threshold
- Reduces greenhouse gas emissions
- Increases health risk from exposure to diesel exhaust, but not in excess of the applicable CEQA significance thresholds
- Increases traffic noise but not in excess of applicable CEQA significance thresholds

Thus, the available evidence demonstrates that the increased use of commuter shuttles has not resulted in new or substantially more severe significant impacts on transportation than previously identified in the Eastern Neighborhoods PEIR.

⁴¹ San Francisco Planning Department, Case No. 2015-007975ENV, October 22, 2015.

7.1.6 Parking

In accordance with CEQA section 21099 parking shall not be considered in determining if a project has the potential to result in significant environmental effects, provided the project meets all of the following three criteria:

- a) The project is in a transit priority area;
- b) The project is on an infill site; and
- c) The project is residential, mixed-use residential, or an employment center.

The proposed project meets each of the above three criteria and thus, the appellant's concerns regarding impacts of the proposed project on parking are not subject to review under CEQA.

7.1.7 Conclusion

Based on the evidence and analysis presented above, the transportation impacts resulting from planned growth under the Eastern Neighborhoods rezoning and area plans appear to be less severe than expected in the Eastern Neighborhoods PEIR. Therefore, socioeconomic effects of the proposed project would not result in an increase in the severity of previously identified significant impacts on transportation as a result of substantial new information that was not known at the time the Eastern Neighborhoods PEIR was certified.

7.2 AESTHETIC IMPACTS

In accordance with CEQA section 21099 – Modernization of Transportation Analysis for Transit Oriented Projects – aesthetics shall not be considered in determining if a project has the potential to result in significant environmental effects, provided the project meets all of the following three criteria:

- a) The project is in a transit priority area;
- b) The project is on an infill site; and
- c) The project is residential, mixed-use residential, or an employment center.

The proposed project meets each of the above three criteria and thus, the environmental review for the proposed project does not consider aesthetic effects.

7.3 HISTORIC AND CULTURAL IMPACTS

The Calle 24 Latino Cultural District is the area bound by Mission Street to the west, Potrero Street to the East, 22nd Street to the North and 25th Street to the South, including the 24th Street commercial corridor from Bartlett Street to Potrero Avenue. The district is defined as a region and community linked together by similar cultural or heritage assets, and offering a visitor experiences that showcase those resources.⁴²

⁴² Garo Consulting for the Calle 24 Latino Cultural District Community Council, Calle 24 Latino Cultural District Report on the Community Planning Process Report, December 2014. <http://www.calle24sf.org/wp-content/uploads/2016/02/LCD-final-report.pdf>, accessed June 8, 2016.

The district hosts longstanding activities, traditions, or organizations that have proven to bridge more than one generation, or approximately 25 years. Cultural heritage assets identified within the district fall under the following themes: cultural events; arts and culture - installations and public art, organizations and venues, and retail; religion; services and non-profits; food and culinary arts; and parks. Cultural heritage assets as such are not eligible for designation to local, state, and national historical resource registries. Cultural heritage assets may be associated with a physical property, but they are immaterial elements that are not eligible for listing on local, state, and federal registries of historic properties, and thus are not considered historical resources under CEQA or state or local landmarking law. Therefore, any effects that the proposed project might have on the cultural heritage assets within the Calle 24 Latino Cultural District (assuming those assets are not linked to a physical eligible historical resource) would be considered social or economic effects, and not impacts on the physical environment.

The appellant incorrectly characterizes economic and social effects as physical environmental impacts, stating:

“Here, the cumulative impacts of the proposed project and other projects poses the risk of accelerated Valenciaization [sic] of the LCD. Here, mom and pop Latino owned and operated concerns are at risk of being replaced by high end restaurants, clothing and accessory stores, and personal trainer gyms and yoga studios. This is a change in the physical environment...”

As discussed above in Section 5.1 Commercial Gentrification, the appellant’s claim that the proposed project would cause or contribute to commercial gentrification is not supported by empirical evidence. However, even if the project would lead to such effects, this would not constitute a physical environmental impact. The replacement of existing retail businesses with other retail businesses that the appellant claims the project would cause may constitute a change in the character of the 24th Street commercial corridor. Contrary to the appellant’s assertion, such a change is an economic and social effect that shall not be treated as a significant effect on the environment per CEQA Guidelines section 15131(a) (see Section 3.0 Approach to Analysis above).

7.4 GREENHOUSE GAS IMPACTS

The appellant claims that the proposed project would cause or contribute to displacement of lower income residents leading to increased transportation impacts, which in turn would result in significant greenhouse gas impacts that were not identified in the Eastern Neighborhoods PEIR. As discussed above, the appellant’s claim that the proposed project would cause displacement that would lead to new or more severe transportation impacts is not supported by the available evidence. As such, there is no basis for the appellant’s assertions regarding greenhouse gas impacts.

Moreover, unlike the PEIR, which was certified prior to the addition of greenhouse gas impacts to the Planning Department’s CEQA initial study checklist, the CPE includes an assessment of the proposed project’s greenhouse gas emissions. This analysis uses the Planning Department’s current greenhouse gas impact assessment methodology, which evaluates projects for conformity with San Francisco’s *Strategies*

*to Address Greenhouse Gas Emissions.*⁴³ The analysis presented in the CPE demonstrates that the proposed project would not result in a significant impact either individually or cumulatively due to greenhouse gas emissions not previously identified in the Eastern Neighborhoods PEIR. The appellant has not shown that this determination is not supported by substantial evidence.

7.5 AIR QUALITY IMPACTS

The appellant claims that the proposed project would cause or contribute to displacement of lower income residents leading to increased transportation impacts, which in turn would result in significant air quality impacts that were not identified in the Eastern Neighborhoods PEIR. As discussed above, the appellant's claim that the proposed project would cause displacement that would lead to new or more severe transportation impacts is not supported by the available evidence. As such, there is no basis for the appellant's assertions regarding air quality impacts.

The CPE evaluates whether the proposed project would result in significant impacts on air quality beyond those identified in the Eastern Neighborhoods PEIR. This analysis applies current air quality regulations and modelling to update the analysis conducted for the Eastern Neighborhoods PEIR. As presented in the CPE checklist, this up-to-date, project-specific analysis demonstrates that the proposed project would not result in new or more severe impacts on air quality than previously identified in the Eastern Neighborhoods PEIR. The appellant has not shown that this determination is not supported by substantial evidence.

8 CONCLUSION

The Planning Department agrees with the appellant that the Mission is undergoing socioeconomic changes that are affecting existing residents, local small businesses, employment, and the character of the Mission community. The department is actively engaging with the community, the Board of Supervisors, the Mayor's Office, and other City departments in initiatives designed to ease the socioeconomic pressures on the community. These efforts include the 2016 Mission Interim Controls, the Calle 24 Special Use District, MAP2020, and a broader citywide analysis of socioeconomic trends.

However, the Planning Department disagrees with the appellant's position that development under the Eastern Neighborhoods rezoning and area plans such as the 2675 Folsom Street project are responsible for residential or commercial displacement. As shown in the above analysis, the appellant's contention that the proposed project would cause or contribute to socioeconomic effects that would in turn result in significant impacts on the physical environment that were not previously identified in the Eastern Neighborhoods PEIR is contrary to the evidence. Based on the available data and expert opinion presented in the academic literature, it appears that the fundamental causes of gentrification and displacement in the Mission and elsewhere in San Francisco are likely related to broader economic and social trends, such as the mismatch between the supply and demand for housing at all levels, the strength of the regional economy, low unemployment, high wages, favorable climate, and a preference for urban

⁴³ San Francisco Planning Department, *Strategies to Address Greenhouse Gas Emissions in San Francisco*, November 2010. Available at http://sfmea.sfplanning.org/GHG_Reduction_Strategy.pdf, accessed March 3, 2016.

lifestyles and shorter commutes. These issues are clearly beyond the scope and reach of the environmental review process for individual projects under CEQA.

Finally, the issues raised by the appellant are not new. The Population, Housing, Business Activity, and Employment section of the Eastern Neighborhoods PEIR included a thorough analysis of these issues, examining, among other things, whether development under the rezoning and area plans would cause or contribute to gentrification or displacement. The impacts of growth afforded under the rezoning and area plans on the physical environment are evaluated and disclosed in both the plan level and project level CEQA documents under the relevant resource topics such as transportation, air quality, noise, parks and open space, and public services. The appellant has not demonstrated that the department's CEQA determination for the 2675 Folsom Street project is not supported by substantial evidence. The Planning Department therefore recommends that the Board reject the appeal and uphold the department's CEQA determination for the proposed project in accordance with CEQA section 21080.3 and CEQA Guidelines section 15183.

**Socioeconomic Effects of Market-Rate
Development on the Calle 24 Latino
Cultural District, San Francisco, CA**

Prepared for:

**The City and County of San Francisco
Planning Department**

Prepared by:

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March 2017

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March 1, 2017

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**Re: Socioeconomic Effects of Market-Rate Development on the Calle 24
Latino Cultural District, San Francisco, CA**

Dear Mr. Kern:

ALH Urban & Regional Economics (ALH Economics) is pleased to present this report addressing several issue areas associated with new market rate residential development in San Francisco's Calle 24 Latino Cultural District (LCD). The issue areas were identified and discussed in collaboration with the San Francisco Planning Department, and the research and findings are intended to complement materials the City Planning Department is preparing pursuant to a Board of Supervisor's November 2016 request.

It has been a pleasure working with you on this project. Please let me know if there are any questions or comments on the analysis included herein.

Sincerely,



Amy L. Herman
Principal

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I. INTRODUCTION AND SUMMARY OF FINDINGS AND CONCLUSION

INTRODUCTION

There are many market-rate residential apartment projects proposed in San Francisco's Mission District, and specifically within the Calle 24 Latino Cultural District (LCD). Locally, some concern has been raised about the adequacy of environmental analysis prepared for these projects, specifically regarding socioeconomic impacts, such as residential and commercial displacement, as well as housing cost impacts.

The City and County of San Francisco Planning Department is preparing a response to these concerns, and ALH Urban & Regional Economics (ALH Economics) was engaged as a technical expert to evaluate certain related issues. In collaboration with the Planning Department and at their direction, ALH Economics prepared the following:

- analysis of residential pipeline (e.g., the project and cumulative projects) impacts on commercial gentrification;
- an overview of pricing trends in San Francisco's rental housing market; and
- review of literature on the relationship between housing production and housing costs as well as gentrification and residential displacement.

ALH Economics also identified and reviewed court cases addressing the relevancy of socioeconomic impacts to CEQA.

The report includes a summary of the literature review findings, with a detailed literature overview included in an appendix. Another appendix includes an introduction to ALH Economics and the firm's qualifications to prepare this report. The founder of ALH Economics has been actively involved in preparing economic-based analysis for environmental documents and EIRS for well over ten years, and has been involved in environmental analysis pertaining to over 50 urban development projects throughout the San Francisco Bay Area and the State of California.

SUMMARY OF FINDINGS AND CONCLUSION

The detailed study findings are presented in the following report sections. Summary findings for each major topic are below, including a general conclusion for the overall research and analysis effort.

Pipeline Impacts on Commercial Gentrification. Research and analysis associated with the Pipeline residential projects in or near the LCD finds that the amount of neighborhood-oriented retail demand is unlikely to result in commercial market shifts, such as the displacement of existing commercial establishments. The amount of neighborhood-oriented demand generated by residents of the pipeline projects in and near the LCD (e.g., 34,400 square feet) is approximately equivalent to the amount of net retail space planned in those projects (e.g., 30,447 square feet). It is therefore not a likely result that commercial gentrification would result from pressure exerted on the existing retail base in the LCD, as this pressure is not anticipated to occur from the Pipeline projects. Thus, there is no basis to suggest that any existing commercial establishments will be displaced because of the Pipeline projects in the LCD or near the LCD.

Retail supply and demand analysis for the Mission and the LCD demonstrate that both areas are regional shopping destinations, providing more retail supply than can be supported by their residents.

This indicates three issues: (1) broad socioeconomic change is a greater influence on commercial uses than is the immediate population of the neighborhood; (2) new residential development in the LCD plays an insignificant role in influencing the overall commercial make-up of the district, as the commercial base is supported by a local as well as a regional clientele; and (3) that changes in occupancy within the existing housing stock likely have a much greater impact on the neighborhood-oriented commercial base than residents of new residential development.

Residential Displacement. The City of San Francisco has experienced strong apartment rent increases over the past 20 years. Over this time, average rents for investment grade properties with 50 or more units increased at an annual average rate of 5.5%. The inflation-adjusted annual increase over this time was 2.9%. Thus, rents increased at a rate of 2.6% per year over inflation. In 2016, market-rate apartment rents in San Francisco tapered off, characterized by relatively flat increases in rental rates overall, with some neighborhood variability. Historic market trends suggest that increases in rents will continue to occur; however, many San Franciscans live in rent-controlled apartments and are insulated from short-term annual increases that occur. Moreover, during 2016, the San Francisco entered a slower period of rent increases, including relative to nationwide trends in rent appreciation.

ALH Economics reviewed academic and related literature to probe whether market-rate apartment production in the LCD will impact rents of existing properties, thereby making housing less affordable for existing residents. The findings generally coalesce in the conclusion that housing production does not result in increased costs of the existing housing base, but rather helps suppress existing home prices and rents. In addition, through filtering, new home development makes other units available for households with lower incomes than those occupying newer units. Further, the studies find that both market-rate and affordable housing development help to suppress price appreciation and reduce displacement, although the rate at which this occurs in small, localized areas requires further analysis to best understand the relationship between development, affordability, and displacement at the local level.

ALH Economics reviewed additional literature on the topic of gentrification, addressing the causal relationship between market rate residential development and gentrification and displacement. In general, these studies indicate that experts in the field appear to coalesce around the understanding that there is weak causation between gentrification and displacement, with some experts concluding that the ability for residents to relocate or move (i.e., mobility rates) are not distinguishable between neighborhoods experiencing gentrification and neighborhoods not experiencing gentrification. The literature further demonstrates that displacement can occur without gentrification, and that displacement is not inevitable, with public policy tools available to stabilize communities. Some studies also suggest that in some instances, existing low-income households in a gentrifying neighborhood may benefit from gentrification because of neighborhood improvements perceived to be of value and increased housing satisfaction. The overall conclusion resulting from the literature review is that the evidence in the academic literature does not support the concern that gentrification associated with new LCD market-rate development will cause displacement. The findings overwhelmingly suggest that while some displacement may occur, it is not the inevitable result of gentrification, and that many factors influence whether or not displacement occurs.

Socioeconomic Effects in CEQA Analysis. Socioeconomic effects are not routinely included in EIR's prepared for projects pursuant to CEQA. CEQA does not require analysis of socioeconomic issues such as displacement, gentrification, environmental justice, or effects on "community character." There are very few court rulings on this topic, with the limited relevant cases suggesting very few instances where significant physical changes in the environment have been linked to social or

economic effects. As there are few examples of whether this has occurred, this suggests there is limited reason to anticipate that residential development in the Calle 24 LCD will result in socioeconomic impacts necessary to analyze under CEQA. Thus, case review does not demonstrate the significant physical impact required under CEQA to warrant further review.

General Conclusion. In conclusion, the evidence included in this report, resulting from the research and literature review, indicates that the socioeconomic impacts identified and discussed are policy considerations that do not meet the level of physical impacts required to warrant review and analysis under CEQA.

II. PIPELINE IMPACTS ON COMMERCIAL GENTRIFICATION

ISSUE OVERVIEW

Concern has been raised about the *commercial* gentrification impacts of new residential development in the Calle 24 Latino Cultural District LCD, both individually and cumulatively. This includes concern that existing small businesses will be replaced by upscale corporate-owned businesses, and concern about the vulnerability of non-profits that are on month-to-month tenancies. There is little existing literature or study of commercial gentrification effects of new development, however, a 2016 study published by Rachel Meltzer, Assistant Professor of Urban Policy at the Milano School of International Affairs, Management, and Urban Policy at The New School, cited that case study analysis in New York City indicated that “[t]he results of gentrification are mixed and show that gentrification is associated with both business retention and disruption.”¹ Meltzer further found that most businesses stay in place, and “displacement is no more prevalent in the typical gentrifying neighborhood than in nongentrifying neighborhoods.”² These are findings derived from citywide analysis of business displacement and replacement in New York City, and from three neighborhoods with both gentrifying and nongentrifying census tracts. These neighborhoods are East Harlem, Astoria, and Sunset Park. While the results vary by neighborhood, Meltzer concludes by stating that “[t]he fact that displacement is not systematically higher in New York City’s gentrifying neighborhoods bodes well for cities experiencing less aggressive gentrification; however, cities with less vibrant neighborhood retail markets could be more vulnerable to gentrification-induced displacement.”³

The Mission District, specifically the LCD, is a vibrant neighborhood retail market, characterized by a high proportion of Latino-oriented retailers, restaurants, and services, but also other ethnic restaurants, book stores, food markets, general merchandise stores/housewares stores, beauty/nail salons, jewelry stores, laundromats, and a variety of other neighborhood-oriented businesses, with only a limited number of commercial vacancies. Based on Meltzer’s paper, it is therefore reasonable to conclude that this vibrancy suggests that commercial displacement is no more likely to occur in the LCD where gentrification is presumed to be occurring than in other San Francisco neighborhoods not experiencing gentrification. Meltzer suggests that opportunity exists for neighborhoods to gain quality-of-life services through new businesses and retain more businesses under conditions of gentrification, perhaps due to new and increased spending power locally. Meltzer also recognizes, however, that in “neighborhoods where services grow and/or change, the new products, price points, or cultural orientation could be more alienating than useful for incumbent residents.”⁴

This latter point is similar to concerns expressed regarding the potential for new development in the LCD to result in changes similar to what has been seen in the Valencia Street Corridor – a commercial area that has experienced significant change in past decades. As demonstrated by City of San Francisco research, the change in the Valencia Street Corridor occurred despite the relative lack of new residential development, which suggests that other factors may be more directly associated with

¹ Rachel Meltzer, “Gentrification and Small Business: Threat or Opportunity?,” *Cityscape: A Journal of Policy Development and Research*, Volume 18, Number 3, 2016, page 57. See <https://www.huduser.gov/portal/periodicals/cityscape/vol18num3/index.html>.

² Ibid.

³ Ibid, page 80.

⁴ Ibid.

commercial gentrification in San Francisco than new area residential development. Thus, based on the evidence presented and existing academic literature, ALH Economics does not agree that new residential development causes gentrification of commercial space.

In reaching this conclusion, ALH Economics examined the potential for neighborhood-oriented retail and commercial demand generated by the Pipeline projects in the LCD, and other projects near the LCD whose residents could potentially generate retail and services demand in the LCD. The analysis estimates the amount of space likely to be supported by the Pipeline households, and assess if this could result in a change of the composition of the commercial base in the LCD. As noted previously, this commercial base currently includes a high proportion of Latino-oriented retailers, restaurants, and services, but also includes other ethnic restaurants, book stores, food markets, general merchandise store/housewares stores, beauty and nail salons, jewelry stores, laundromats, a variety of other neighborhood-oriented businesses, and a limited number of commercial vacancies.

The analysis finds that the amount of neighborhood-oriented retail demand is unlikely to result in commercial market shifts. The Pipeline projects will instead be increasing the retail base, eliminating risk of pressure on the existing commercial base. Thus, there is no basis to suggest that existing commercial establishments will be displaced because of the Pipeline projects in or near the LCD.

RESIDENTIAL PIPELINE

San Francisco's Development Pipeline for 2016 Q3⁵ was examined to identify proposed residential projects in and near the LCD. Projects were identified based on their location and approval status, including number of net new units, both market rate and affordable, and net new retail space included in the project. Specifically, the following type of projects are included:

- Projects that have filed applications, but are still under review
- Projects that have received Planning/DBI entitlements but have not yet broken ground
- Project that are under construction

Projects in the LCD were identified based on the LCD's boundaries, while other projects near but outside the LCD were identified within about a 3-4-block radius of the LCD's boundaries. There may be yet other projects close to this area, but to assess demand for neighborhood-oriented retail and services this analysis focuses on projects in the greatest proximity to the LCD. The projects and their net unit counts and net new retail square footage are listed in Table 1 on the following page.

Information extracted from the Development Pipeline, and supplemented by the Planning Department, indicates a total of 1,019 net new housing units. This includes 705 market rate units, comprising 298 in the LCD and 407 near the LCD, and 314 affordable housing units, comprising 158 in the LCD and 156 near the LCD (i.e., 35% affordable in the LCD and 28% affordable near the LCD, totaling 31% affordable overall). Most of the affordable housing units are rental, but a small number are owner units. In total, there are 456 units planned in the LCD and 563 units planned near the LCD. In addition, these projects include 10,735 net new square feet of retail space in the LCD and another 19,712 square feet near the LCD. This is a total of 30,447 square feet of net new retail space.

This residential pipeline reflects a significant increase over past housing production in the Mission District. Based upon the City's Housing Inventory reports, a total of 2,132 net new housing units were

⁵See <https://data.sfgov.org/dataset/SF-Development-Pipeline-2016-Q3/k7mk-w2pq> for the database.

built in the Mission between 2001 and 2015. This is equivalent to an average of 143 units per year.⁶ The specific share of these units in and around the LCD is indeterminate, but this low number for the Mission suggests the LCD had a much lower amount of development in this timeframe, which likely contributed to rising rents due to limited supply. With so more units planned on a relative basis, rents could contribute to soften as they did in 2016 (see next report section on rent trends).

Table 1. Pipeline Projects
By Location, Approvals Status, Type of Housing Units, and Net New Retail

Project Status and Location	Housing Unit Composition					Net New Retail
	Market Rate	Affordable		Senior Affordable	Total	
		Rental	Owner			
<u>LCD Projects</u>						
<i>Entitled</i>						
2600 Harrison St	20	0	0	0	20	0
<i>Non-entitled</i>						
1296 Shotwell St	0	0	0	96	96	0
2675 Folsom St	94	23	0	0	117	0
1515 South Van Ness Ave	118	39	0	0	157	5,241
2782 Folsom St	4	0	0	0	4	0
3314 Cesar Chavez St (1)	50	0	0	0	50	1,740
2799 24th Street	7	0	0	0	7	-269
3357 26th Street	5	0	0	0	5	4,023
<i>Sub Total LCD Projects</i>	298	62	0	96	456	10,735
<u>Projects Near but Outside the LCD</u>						
<i>Entitled</i>						
1198 Valencia St	43	0	6	0	49	5,050
1050 Valencia St	12	0	0	0	12	1,900
2000 Bryant Street	191	3	0	0	194	1,087
<i>Non-entitled</i>						
2070 Bryant Street (2)	0	0	136	0	136	0
2632 Mission St	14	0	2	0	16	7,766
1278 - 1298 Valencia St	35	0	0	0	35	3,737
2918 Mission St	48	7	0	0	55	-500
3620 Cesar Chavez St	24	0	0	0	24	672
3659 20th St	5	0	0	0	5	0
3700 20th St	1	0	0	0	1	0
606 Capp St	18	2	0	0	20	0
987 Valencia St	8	0	0	0	8	0
2610 Mission	8	0	0	0	8	0
<i>Sub Total Projects Near LCD</i>	407	12	144	0	563	19,712
Total Pipeline	705	74	144	96	1,019	30,447

Sources: San Francisco Development Pipeline, 2016, Q3; City and County of San Francisco Planning Department; and ALH Urban & Regional Economics.

(1) Affordable unit count as yet unknown.

(2) Unit range 99-136. Analysis assumes 136. Analysis also conservatively assumes units will be owner units, but the tenure has not yet been determined.

⁶ See San Francisco Planning Department, "San Francisco Housing Inventory for years 2001 through 2015.

PIPELINE RETAIL DEMAND

Approach to Estimating Residential Retail Demand

ALH Urban & Regional Economics prepared a neighborhood retail spending analysis, or demand analysis, for the Pipeline's households. This spending analysis takes into consideration average household income, the percent of household income spent on retail goods, prospective spending in the retail categories used by the State of California Board of Equalization (which collects and reports business count and taxable sales data by retail category), generalized store sales per square foot for these categories, percent of category spending assumed to be directed to neighborhood shopping outlets, and an adjustment for service demand relative to retail demand.

Average household incomes for the Pipeline projects were estimated based on estimated average rents for the market rate units and maximum income requirements for the affordable units, and percent of household income spent on housing. Since most of the Pipeline projects are planned and are not in lease up phase, project rents for all units are not available. However, preliminary pricing and unit mix for the proposed Axis Development Group project at 2675 Folsom Street, which includes 40% 2+ bedroom units, indicates average monthly rents of \$4,100 for market rate units.⁷ To support the analysis, this rate is assumed for all the identified market rate Pipeline apartment units. This assumption and the assumption for all the planned Pipeline units by location and type are presented in Exhibit 1. For the affordable rental units (excluding the senior units), households are assumed to comprise a 3-person household at 55% of Area Median Income (AMI). This results in an annual household income assumption of \$53,300 for 2016. The assumption for the senior households is \$41,450 a year, which is the 55% of AMI income for 1-Person households for 2016. This may be high, and thus conservative for the purpose of this analysis, as approximately 20% of the affordable senior housing units will be targeted to formerly homeless individuals. Finally, the affordable owner units are assumed to be occupied by 4-person households at 80% of AMI. This annual household figure is \$86,150.

The average household income for the market rate units is assumed to be three times the annual rent requirement, which is a standard housing cost to income convention. This results in annual household incomes of \$148,000 for the market rate units. In San Francisco, the rent burden is often much greater, but the analysis *conservatively* assumes a multiple of three, thus resulting in higher incomes and higher spending potential than would result from the assumption of a greater housing cost burden. In like manner, the rents or monthly mortgage payments for the affordable units are assumed to comprise one-third the household incomes, divided over a 12-month period. Thus, rents or mortgage payments are equivalent to \$1,481 to \$2,393 per month. These figures might be conservative because they do not consider utility or other monthly costs, and because of the unlikely one-third of income spent on housing costs assumption.

The amount households spend on retail goods varies by household income. Data published by the U.S. Bureau of Labor Statistics, 2015 Consumer Expenditures Survey, provides information regarding

⁷ Provided to ALH Urban & Regional Economics. The market rate rent is generally consistent with average San Francisco rents for investment-grade properties. Through most of 2016, rents averaged approximately \$2,830 for a studio, \$3,370 for a one-bedroom unit, \$3,620 to \$4,715 for a two-bedroom unit, and \$4,580 for a three-bedroom unit, with an overall average of \$3,570. These rates are pursuant to RealAnswers, a real estate resource that tracks apartment rents in major markets.

household spending on retail based upon income. This information is presented in Exhibit 2, pursuant to upon ALH Economics estimates of the percentage of income spent on retail goods based on the type of retail goods tracked by the California State Board of Equalization (BOE). As an example, households in the \$40,000 to \$49,999 annual income range, with an average household income of \$44,568, are estimated to spend 40% of income on retail goods. Extrapolating all the percentages of income spent on retail matched to the average household income per category results in percent of income spending estimates on retail for the Pipeline projects. The results range from 26% of income for the market rate units to 42% for the senior affordable rental units. These estimates are included in Exhibit 1 with the estimates of monthly rent and average household incomes.

Household and Pipeline Demand Estimates

Based upon the household income and percent of income spent on retail estimates Exhibit 1 also includes estimates of per household and total demand for retail pursuant to dollars spent. These figures total per household retail spending ranging from \$19,900 for the households in the affordable rental units to \$39,100. For the purpose of these projections, the market-rate units are assumed to operate at 95% occupancy and the affordable units at 100% occupancy.⁸ Therefore, given the occupancy assumptions, the total demand comprises \$14.0 million for the households in the Pipeline LCD units and \$19.3 million for the households in the Pipeline near LCD households. The grand total is \$33.3 million in retail demand. Notably, this is demand for all retail sales, not just neighborhood-oriented retail, which is the more comparable to the type of retail goods located in the LCD.

As a proxy for total household spending patterns (e.g., all retail, not exclusively neighborhood-oriented retail), Pipeline residents are assumed to make retail expenditures consistent with statewide taxable sales trends for 2014 converted to estimated total sales (adjusting for select nontaxable sales, such as a portion of food sales). Using California as a benchmark is more appropriate than San Francisco because the City of San Francisco is a significant retail attraction community, and thus using San Francisco's sales pattern as a baseline would distort typical household spending patterns. The results, presented in Exhibit 3, indicate that assumed household spending by the major retail categories tracked by the BOE ranges from a low of 5.2% on home furnishings & appliances to a high of 17.1% on food & beverage stores (e.g., grocery stores). Other key categories include 13.5% on general merchandise (e.g., department and discount stores), 12.2% on food services & drinking places (e.g., restaurants and bars), and 12.4% on other retail, which includes drug stores, electronics, health and personal care, pet supplies, electronics, sporting goods, and others. As noted, not all these sales represent neighborhood-oriented shopping goods. By retail category, assumptions on the share of sales made at neighborhood-oriented outlets were developed to hone in on anticipated demand for neighborhood shopping outlets. These assumptions by category are presented in Table 2, on the following page.

⁸ Per RealAnswers, a research group that tracks San Francisco apartment rents, in 2016 the apartment occupancy rate among investment grade properties is 95.3%, which rounds to 95%.

**Table 2. Assumed Percentage of Pipeline Residents
Spending at Neighborhood-Oriented Outlets**

Retail Category	Percent Assumed Neighborhood-Oriented
Motor Vehicle & Parts Dealers	0%
Home Furnishings & Appliances	50%
Building Materials & Garden Equipment	10%
Food & Beverage Stores	80%
Gasoline Stations	0%
Clothing & Clothing Accessories	25%
General Merchandise Stores	25%
Food Services & Drinking Places	75%
Other Retail Group (6)	33%

Source: ALH Urban & Regional Economics.

These assumptions are based upon an understanding of the nature of the retail shopping experience, such as comparison versus convenience goods, and the type of goods sold in retail outlets. Based upon the pattern of estimated spending and the percent neighborhood-oriented assumptions, the overall analysis assumes that 36% of retail spending by Pipeline households comprises neighborhood-oriented spending.

The aggregated retail demand estimates for the occupied LCD and near LCD pipeline households were converted to supportable square feet based upon the following: industry average assumptions regarding store sales performance; an adjustment to allow for a modest vacancy rate; and an allocation of additional space for services, such as banks, personal, and business services. The industry resource of Retail Maxim was relied upon to develop per square foot sales estimates. This resource prepares an annual publication that culls reports for numerous retailers and publishes their annual retail sales on a per square foot basis. Select adjustments including inflation were made to result in 2016 sales estimates. The resulting sales per square foot figures, presented in Exhibit 4, range from a low of \$309 per square foot for general merchandise stores to a high of \$669 per square foot for food and beverage stores (e.g., grocery stores). A 5% vacancy factor reflects a vacancy allowance to allow for market fluidity. The resulting space estimates were adjusted to comprise support for neighborhood-oriented retail outlets, based upon the assumptions per category. Finally, the analysis assumes 15% of retail space will be occupied by uses whose sales are not reflected in the major BOE categories, yet which require commercial space. This typically includes service retail, such as finance, personal, and business services, and is based on general retail occupancy observations. While 36% of overall retail spending is assumed to comprise support for neighborhood outlets, a factor of 75% was incorporated for services to recognize the more neighborhood orientation of these services.

The Pipeline projects include those located in the LCD and those located near but not in the LCD, typically within a 3-4 block radius. Much of the neighborhood-oriented demand generated by LCD households could be directed at commercial operations located in the LCD, but some could also be directed to commercial operations within walking distance of the LCD or beyond, and thus outside the LCD. This includes the net new retail space planned in the Pipeline projects. In like manner, some of the neighborhood-oriented demand generated by households near but outside the LCD could be directed to commercial operations in the LCD. However, the majority of demand generated by these households could most likely be directed to commercial operations located elsewhere instead of the LCD, including in their own projects as these Pipeline projects also include planned net new retail space. Hence, only a portion of the neighborhood-oriented demand generated by any of the Pipeline

households is likely to be directed to businesses located in the LCD, with other demand directed towards businesses in other neighborhoods, including within walking distance of the Pipeline households.

LCD Pipeline Projects Neighborhood-Oriented Retail and Service Findings. The demand findings for the Pipeline projects in the LCD indicate estimated support for 14,500 square feet of neighborhood-serving retail and commercial space (see Exhibit 5). The level of demand generated by the two largest market-rate projects includes the following: the 117-unit proposed project by Axis Development Group at 2675 Folsom Street with 4,100 square feet (see Exhibit 8) and the 157-unit proposed project by Lennar at 1515 South Van Ness with 5,300 square feet (see Exhibit 8). This means the remaining, smaller Pipeline LCD projects are estimated to generate demand for 5,100 square feet in neighborhood-serving retail and commercial space. As noted, the majority of this demand could be directed within the LCD, especially to the net new retail planned as part of the Pipeline projects, but some portion could likely be directed to other neighborhood-oriented businesses outside the LCD, thus not all the 14,300 square feet of demand may be directed at LCD establishments.

Near LCD Pipeline Projects Neighborhood-Oriented Retail Findings. The retail demand findings for the near LCD Pipeline projects indicate estimated support for 19,900 square feet of neighborhood-serving retail and commercial space (see Exhibit 8). This includes projects located outside the boundaries of the LCD, emanating in most directions. Much of this demand will be directed toward commercial operations near these projects and other adjoining areas, including the net new retail space planned as part of the near the LCD projects, with only a portion likely directed toward LCD operations. Thus, only a portion of the 19,900 square feet of demand could comprise demand for retail and services located in the LCD.

POTENTIAL IMPACTS ON COMMERCIAL GENTRIFICATION

The estimated composition of the neighborhood-oriented retail and commercial space demand generated by the Pipeline is presented in Exhibit 9, and summarized below in Table 3. The figures total 25,493 square feet of retail space, 8,900 square feet of service space, resulting in a rounded total of 34,400 square feet. The largest share of the total demand includes services, followed by grocery stores (food and beverage stores) and restaurants and bars (food services and drinking places). The remaining increments are relatively small, all less than 4,000 square feet. These are relatively small amounts of space, especially considering that these are total demand estimates, only a subset of which could be specifically directed to establishments located in the LCD. Moreover, a large portion of this demand comprises grocery store demand, which could help support the Grocery Outlet store currently under construction in the LCD at 1245 South Van Ness, the location of the defunct DeLano's Market closed since 2010, as well as other existing small markets in the area.

**Table 3. Pipeline Projects Neighborhood-Oriented
Commercial Square Feet of Demand**

Retail Category	Square Feet Supported (1)		
	LCD	Near LCD	Total
Motor Vehicles and Parts	0	0	0
Home Furnishings and Appliances	1,140	1,566	2,705
Building Materials and Garden Equip.	289	397	686
Food and Beverage Stores	3,018	4,146	7,164
Gasoline Stations	0	0	0
Clothing and Clothing Accessories	662	909	1,571
General Merchandise Stores	1,615	2,219	3,834
Food Services and Drinking Places	2,667	3,664	6,331
Other Retail Group	1,349	1,853	3,202
Subtotal	10,739	14,754	25,493
Additional Service Increment	3,749	5,151	8,900
Total	14,489	19,905	34,393
Total Rounded to Nearest 100	14,500	19,900	34,400
Net New Retail Planned	10,735	19,712	30,447

Sources: Exhibits 5, 8, and 9; and Table 1.

The summary in Table 3 also includes the net new retail space planned in the LCD and near the LCD. As noted earlier, this totals 10,735 square feet in the LCD and 19,712 square feet near the LCD, for a combined total of 30,447 square feet. *As these figures indicate, there is almost equilibrium between the amount of neighborhood-oriented retail demand and the net new amount of planned retail space in Pipeline projects in both the LCD and near the LCD.* Given that not all neighborhood-oriented demand is likely to be expressed for only the retail space in the identified areas, this likely signifies a relative surplus of net new neighborhood-oriented retail space in the LCD and Near LCD. Thus, *it is not a likely result that commercial gentrification would result from pressure exerted on the existing retail base in the LCD, as this pressure is not anticipated to occur from the Pipeline projects.* This supports our earlier assumption that there is a lack of evidence to support the premise that new residential development causes gentrification of commercial space.

Moreover, even without the net new addition of retail space in the Pipeline projects the amount of neighborhood-oriented demand is relatively insignificant given the volume of retail in the LCD. Pursuant to review of the City's Land Use database, which identifies square footage of building area by type by city block, ALH Economics estimates that the LCD has approximately 480,000 square feet of retail space.⁹ If, say, 75% of the LCD demand and 33% of the Near LCD demand were specifically directed to LCD establishments, this would equate to just about 17,500 square feet of space, or 3.6% of the existing commercial base in the LCD. This is a relatively small increment of the existing space, and unlikely to be a sufficient share to result in commercial market shifts. However, this analysis is moot, as the Pipeline projects will instead be increasing the retail base, therefore eliminating any risk of pressure on the existing commercial base. *Thus, there is no basis to suggest that any existing commercial establishments will be displaced because of the Pipeline projects in the LCD or near the LCD.*

⁹See <https://data.sfgov.org/Housing-and-Buildings/Land-Use/us3s-fp9q> for the database.

This commercial displacement finding is reinforced by analysis regarding the existing balance between retail supply and demand in the LCD as well as the Mission District. As noted above, the LCD is estimated to have 480,000 square feet of retail space. The Mission District has 3,022,780 square feet of retail space.¹⁰ Demand analysis for existing households in the Mission and LCD indicates that both areas are characterized by retail attraction, meaning they attract more retail sales, or demand, than is supportable by their population bases. This is demonstrated by the analysis in Exhibits 10 through 13, with Exhibit 10 presenting the household counts and weighted average household incomes for area households in 2015.¹¹ These household counts and average household incomes are 15,062 and \$103,551 in the Mission, respectively, and 4,083 and \$109,587 in the LCD, respectively. The demand analysis for each area was prepared using the same methodology and assumptions as for the LCD pipeline households, with Exhibit 11 estimating total retail demand and Exhibits 12 and 13 distributing these sales across retail categories and converted to supportable space.

The retail demand analyses are summarized in Table 4, which indicates that for the Mission as a whole, residents are estimated to generate total retail demand for 1.1 million square feet, with just under 500,000 square feet of this amount comprising neighborhood-oriented demand. Comparable figures for existing LCD households are 325,500 square feet of total demand, including 141,500 square feet of neighborhood-oriented demand.

**Table 4. Mission and LCD Retail Inventory and
Total and Neighborhood-Oriented Commercial Square Feet of Demand**

Area	Retail Inventory	Square Feet Supported (1)		Supply Multiplier	
		Total	Neighborhood-Oriented	Total	Neighborhood-Oriented
Mission District	3,022,780	1,134,500	493,200	2.7	6.1
LCD	480,000	325,500	141,500	1.5	3.4

Sources: "Mission Area Plan Monitoring Report: 2011- 2015," Prepared by the City and County of San Francisco Planning Department, Table 2.1.1, page 9; Exhibits 12 and 13; and ALH Urban & Regional Economics.

These demand estimates indicate that the supply of retail in the Mission as a whole and the LCD outstrip locally-generated demand. In the Mission, the total retail supply is more than 2.5 times the amount of retail supportable by its residents. In the LCD, the figure is smaller at 1.5 times, but is still strongly suggestive of retail attraction, meaning that the existing retail base is attracting clientele from a broader geographic area. This is especially the case when one considers that neighborhood-oriented demand is only a small subset of total demand, with the supply of neighborhood-oriented businesses in both areas greatly exceeding demand for neighborhood retail.

¹⁰ See "Mission Area Plan Monitoring Report: 2011- 2015," Prepared by the City and County of San Francisco Planning Department, Table 2.1.1, page 9. This figure was generated by the Planning Department pursuant to analysis of the City's Land Use Database, which can be found at: <https://data.sfgov.org/Housing-and-Buildings/Land-Use/us3s-fp9q>.

¹¹ The household count and income figures for the LCD are derived from a procedure that estimates the area demographics based upon the percentage share of each constituent census tract located in the LCD. These shares were estimated by ALH Economics based upon the visual overlap of the LCD physical boundary with the census tract boundaries.

This analysis demonstrates that the Mission and the LCD are both regional shopping destinations, and that broad socioeconomic change (i.e., citywide, regionally) is a greater influence on commercial uses than is the immediate population of the neighborhood, which can only support a portion of the existing commercial space on its own. Because the existing commercial base in the LCD exceeds the demand from existing residents and is largely supported by persons living beyond the LCD, new residential development within the LCD does not determine its overall commercial make-up. Furthermore, since the existing housing stock comprises the vast majority of all housing units, it is quite likely that changes in occupancy of existing housing units have a much greater impact on the commercial base than residents of new residential development.

III. RESIDENTIAL DISPLACEMENT

OVERVIEW OF RENTAL HOUSING MARKET TRENDS

The following is a brief overview of the historic trends for rental housing in San Francisco. It is based on a review of available databases for tracking rents and provides background context on the existing market, in which the planned market rate rental units in the LCD will be delivered.

Over time, research shows that in San Francisco and across the nation, apartment rents are consistently rising. The occurrence of rising rents, therefore, is not a new phenomenon and appears to occur irrespective of individual market changes. In San Francisco, the increase in housing market costs has trended not in a straight line but more in a “boom and bust” pattern. In San Francisco, the data show that there are often years of strong price and rent increases, followed by periods of slow rent increases or even price and rent declines.

The Association of REALTORS has tracked these trends in San Francisco for the for-sale market and RealAnswers, a data information company (previously named RealFacts, Inc.), has tracked these trends generally for the San Francisco apartment market, including for the past 20 years. RealAnswers, however, only includes “investment grade” properties with 50 or more units, which, as of December 2016, is 24,066 units, or about 11% of San Francisco’s rental housing stock.¹² This is only a portion of San Francisco’s rental stock, likely represents the highest quality units, and would probably not include units influenced by San Francisco’s rent control provision. For this reason, rental trends exemplified by these units are likely reasonably representative of overall trends impacting newer market-rate rental stock in San Francisco. Rents cited by RealAnswers would not, however, be representative of what most San Franciscans pay in rent as it does not capture San Francisco’s large number of rental units that are subject to rent control.

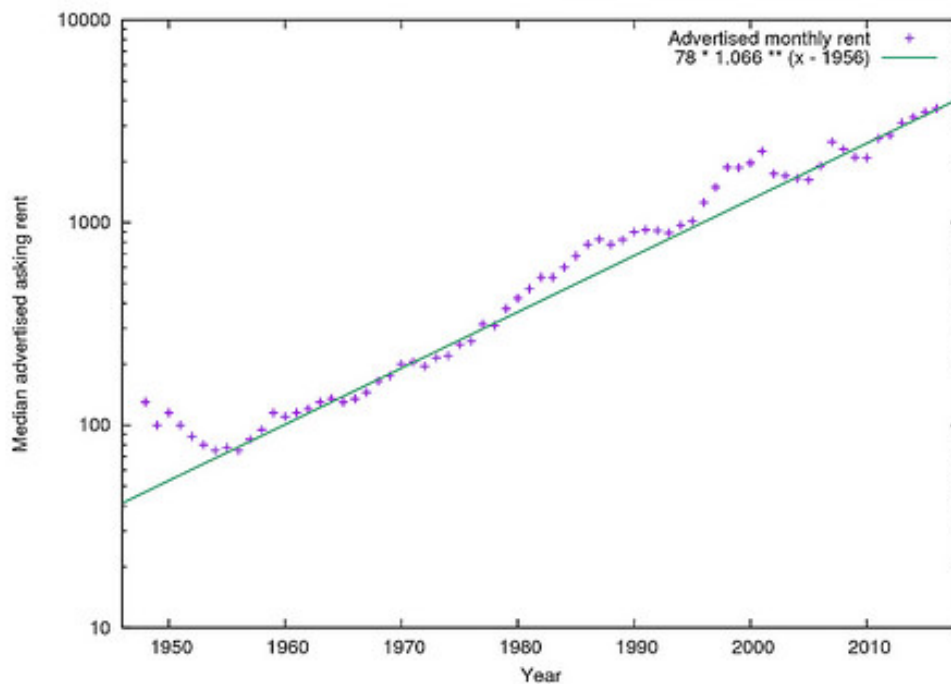
Exhibit 14 shows the average investment grade apartment rents by unit type annually from 1996 to 2016. During this 20-year period, San Francisco’s rents increased at an average annual rate of 5.5%. In absolute terms, this represents a near tripling of rents, from an average of \$1,235 in 1996 to \$3,571 in 2016. The Consumer Price Index for the San Francisco-Oakland-San Jose increased at an annual average rate of 2.9% from 1996 to 2016.¹³ Thus, rents increased at a rate of 2.6% per year over inflation. During this time, there were some boom periods (1996-1997, 1999-2000, 2010-2014), as well as a few bust years (2000-2003 and 2008-2010); however, rents continued to trend upward over time.

In early 2016, a local resident recorded the listings for unfurnished apartments in the San Francisco Chronicle on the first Sunday in April for each year starting in 1948 through 2001 and using data from Craigslist from 2001 through mid-2016. A graphical depiction of these data is included in the graph on the following page. This graph indicates an upward trend in rents and an average annual rent increase of 6.6% (not adjusted for inflation).¹⁴ While these data are not from a controlled study, they further support earlier observations and analysis that in San Francisco there has been a steady pattern of rental rate increases over an extended time period.

¹² Based on a count of approximately 220,500 rental units in 2014 per City and County of San Francisco estimates.

¹³ Source: U.S. Department of Labor, Bureau of Labor Statistics; San Francisco-Oakland-San Jose Consumer Price Index, All Items, 1982-1984+100 for All Urban Consumers. November 15, 2016.

¹⁴ <https://experimental-geography.blogspot.com/2016/05/employment-construction-and-cost-of-san.html>



Currently, as shown by the RealAnswers data in Exhibit 14, San Francisco appears to be entering once again into a bust period with the rate of recent rent increases for investment grade units slowing down. In 2014, average rent increased 10% over the prior year, followed by an 8.6% increase in 2015 and a 0.4% increase in 2016. This recent slowdown in the rental market for investment grade rental units represented is mirrored in other rental real estate sources, including Zumper, a rental real estate web site, which reports that rents for one-bedroom units citywide declined by 4.9% in 2016.¹⁵

Yardi Systems, Inc., a company that monitors 50+-unit apartment complexes nationally with a survey called the Yardi Matrix, also reported a recent slowdown in rent increases in San Francisco, with a 0.4% increase in 2016, matching the RealAnswers data trend.¹⁶ Pursuant to the Yardi Matrix, the 2016 rental rate increase in San Francisco was a fraction of the 4.0% national rental rate increase, based on 119 markets, and was actually the second lowest rate of increase nationally, surpassing only Houston, which indicated an actual rent decline.¹⁷ This varies somewhat from historical trends, wherein over just the past eight years, the unadjusted rate of increase in San Francisco rents was 4.8% (per data presented in Exhibit 14), compared to the year over year national rate of increase of 2.3% over the same time period reported by the Yardi Matrix.¹⁸ Thus, San Francisco's current market rate

¹⁵ <https://www.zumper.com/blog/2016/12/san-francisco-prices-decreased-4-9-in-2016/>, as reported in <http://sf.curbed.com/2016/12/21/14039464/rent-prices-san-francisco-2016-bayview>

¹⁶ http://www.multifamilyexecutive.com/property-management/rent-trends/yardi-moderating-rent-trends-belie-strong-year-of-growth_o

¹⁷ Ibid.

¹⁸ http://www.multifamilyexecutive.com/property-management/rent-trends/yardi-moderating-rent-trends-belie-strong-year-of-growth_o

residential rental market is experiencing a marked deviation from local and comparative historical trends. Despite the recent slowdown in rental rate increases, however, San Francisco has maintained its position as *the most expensive market in the country* with a one-bedroom rent of \$3,330 per month.¹⁹

Looking at the neighborhood level, Zumper found that *most* neighborhoods experienced a decline in rents in 2016, but that median rents for one-bedroom units in Bayview increased 11.5% and rents in the Mission increased less than 5%. This increase in rents in the Mission is lower than the increases measured in 2015, which were 5% to 10% for one-bedroom units.²⁰

Based on evidence reviewed, San Francisco rents have tapered off, with 2016 characterized by relatively flat increases in rental rates overall, averaging declines in some neighborhoods and modest increases in others, such as the Mission District. Increases in rents will continue to occur based on historic market trends and irrespective of the market dynamics at any specific point in time, but at this moment in time the San Francisco market appears to be entering a slower period of rent increases. As noted above, however, many San Franciscans live in rent-controlled apartments and are insulated from short-term annual increases that occur.

HOUSING PRODUCTION IMPACTS ON HOUSING COSTS

The following probes whether market-rate housing production in the LCD will result in making housing less affordable for existing residents. It is based on review of existing literature on the subject as well as independent research on the subject. The focus is on the impact of market-rate housing apartment production on rents of existing properties.

Existing Literature

ALH Urban & Regional Economics reviewed many studies and papers to identify the resources that best address the question of the impact of housing production on pricing. The resources found to be among the most relevant to this question include studies on several topics, including understanding the dynamics for pricing, increasing the availability of affordable housing, and understanding the relationship between home production and displacement. Based upon this review of the literature and related studies, five papers (including document links) stand out in regards to their consideration of this issue. These papers were authored by state and local policy analysts as well as urban planning academics, and include the following:

1. Mac Taylor, Legislative Analyst, California Legislative Analyst's Office, "California's High Housing Costs: Causes and Consequences," March 17, 2015.
<http://www.lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.pdf>

2. Mac Taylor, Legislative Analyst, California Legislative Analyst's Office, "Perspectives on Helping Low-Income Californians Afford Housing," (February 2016).
<http://www.lao.ca.gov/Reports/2016/3345/Low-Income-Housing-020816.pdf>

¹⁹ <https://www.zumper.com/blog/2016/12/zumper-national-rent-report-december-2016/>

²⁰ <https://www.zumper.com/blog/2015/12/see-how-san-francisco-rent-prices-changed-in-2015-2/>

3. City and County of San Francisco, Office of the Controller-Office of Economic Analysis, "Potential Effects of Limiting Market-Rate Housing in the Mission," (September 10, 2015). <http://sfcontroller.org/sites/default/files/FileCenter/Documents/6742-mission moratorium final.pdf>

4. Miriam Zuk, Karen Chapple, "Housing Production, Filtering and Displacement: Untangling the Relationships," University of California, Berkeley, Institute of Governmental Studies Research Brief (May 2016). http://www.urbandisplacement.org/sites/default/files/images/udp_research_brief_052316.pdf

5. Paavo Monkkonen, Associate Professor Urban Planning, University of California Los Angeles, "Understanding and Challenging Opposition to Housing Construction in California's Urban Areas," Housing, Land Use and Development Lectureship & White Paper, December 1, 2016. <http://uccs.ucdavis.edu/uccs-crre-housing-policy-brief-white-paper>

The findings from the five studies reviewed below generally coalesce in the conclusion that housing production does not result in increased costs of the existing housing base, but rather helps suppress existing home prices and rents. In addition, through filtering, new home development makes other units available for households with lower incomes than those occupying newer units, although the rate at which this filtering occurs can vary, depending upon the housing market dynamics. Further, the studies find that both market-rate and affordable housing development help to suppress price appreciation and reduce displacement, although the rate at which this occurs in small, localized areas requires further analysis to best understand the relationship between development, affordability, and displacement at the local level.

Following is a brief synopsis of the cited studies with a focus on housing production and housing costs, emphasizing where possible on rental housing, as this is most applicable to the current projects in the pipeline in the San Francisco's LCD in the Mission. The key findings of each study are highlighted.

California Legislative Analyst's Office

March 2015 Study. Taylor's March 2015 study has the stated purpose of providing the State Legislature with an overview of the state's complex and expensive housing markets, including multifamily apartments. The study addresses several questions, including what has caused housing prices to increase so quickly over the past several decades and assessing how to moderate this trend. This study is focused on statewide and select county trends, and especially focuses on coastal metro areas, which includes San Francisco.

As a way of setting the framework, and as an example of how housing prices in California are higher than just about anywhere else in the country, the study demonstrates that California's average rent is about 50% higher than the rest of the country, and that housing prices are 2.5 times higher than the national average. As a major finding, regarding how building less housing than people demand drives high housing costs, the study cites the following:

"California is a desirable place to live. Yet not enough housing exists in the state's major coastal communities to accommodate all of the households that want to live there. In these areas, community resistance to housing, environmental policies, lack of fiscal incentives for local governments to approve housing, and limited land constrains

new housing construction. A shortage of housing along California's coast means households wishing to live there compete for limited housing. This competition bids up home prices and rents. Some people who find California's coast unaffordable turn instead to California's inland communities, causing prices there to rise as well. In addition to a shortage of housing, high land and construction costs also play some role in high housing prices."²¹

The study makes many findings, including pertaining to the impacts of affordable housing programs, but specifically addresses how building less housing than people demand drives high housing costs, citing that the competition resulting from a lack of housing where people want to live bids up housing costs. While the study concludes that the relationship between growth of housing supply and increased housing costs is complex and affected by other factors, such as demographics, local economics, and weather, it concludes that statistical analysis suggests there remains a strong relationship between home building and prices. A major study finding presented in the paper indicates that:

"after controlling for other factors, if a county with a home building rate in the bottom fifth of all counties during the 2000s had instead been among the top fifth, its median home price in 2010 would have been roughly 25 percent lower. Similarly, its median rent would have been roughly 10 percent lower."²²

Thus, the Taylor study concludes, as a result of conducting statistical analysis, that *a relationship exists between increasing home production and reducing housing costs, including home prices and apartment rents.*

February 2016 Study. In response to concerns about housing affordability for low-income households following release of his 2015 study, Taylor's February 2016 follow-up study offers additional evidence that facilitating more private housing development in the state's coastal urban communities would help make housing more affordable for low-income Californians. As cited by Taylor:

"Existing affordable housing programs assist only a small proportion of low-income Californians. Most low-income Californians receive little or no assistance. Expanding affordable housing programs to help these households likely would be extremely challenging and prohibitively expensive. It may be best to focus these programs on Californians with more specialized housing needs—such as homeless individuals and families or persons with significant physical and mental health challenges.

Encouraging additional private housing construction can help the many low-income Californians who do not receive assistance. Considerable evidence suggests that construction of market-rate housing reduces housing costs for low-income households and, consequently, helps to mitigate displacement in many cases. Bringing about more private home building, however, would be no easy task, requiring state and local policy makers to confront very challenging issues and taking many years to come to fruition. Despite these difficulties, these efforts could provide significant widespread benefits: lower housing costs for millions of Californians."²³

²¹ Mac Taylor, "California's High Housing Costs: Causes and Consequences," March 17, 2015, page 3.

²² Ibid, page 12.

²³ Mac Taylor, "Perspectives on Helping Low-Income Californians Afford Housing," February 2016, page 1.

In this paper, Taylor presents evidence that construction of new, market-rate housing can lower housing costs for low-income households. Highlights of this evidence are as follows:

- Lack of supply drives high housing costs, such that increasing the supply of housing can alleviate competition and place downward pressure on housing costs;
- Building new housing indirectly adds to the supply of housing at the lower end of the market, because a) housing becomes less desirable as it ages; and b) as higher income households move from older, more affordable housing to new housing the older housing becomes available for lower income households (e.g., filtering).

Further, Taylor cites that the lack of new construction can slow the process of older housing becoming available for lower-income households, both owners and renters. Taylor additionally presents analysis demonstrating that when the number of housing units available at the lower end of a community's housing market increases, growth in prices and rents slows. This is demonstrated by comparative analysis of rents paid by low-income households in California's slow growth coastal urban counties and fast growing urban counties throughout the U.S., especially with regard to comparative rent burden as a share of income.

Finally, *Taylor's paper concludes that more private development is associated with less displacement.*²⁴ Taylor cites that his analysis of low-income neighborhoods in the Bay Area suggests a link between increased construction of market-rate housing and reduced displacement. Specifically, his study found that between 2000 and 2013, census tracts with an above-average concentration of low-income households that built the most market-rate housing experienced considerably less displacement. Further, his findings show that displacement was more than twice as likely in low-income census tracts with little market-rate housing construction (bottom fifth of all tracts) than in low-income census tracts with high construction levels (top fifth of all tracts).²⁵ Taylor theorizes that one factor contributing to this finding is that Bay Area inclusionary housing policies requiring the construction of new affordable housing could be mitigating displacement, but that market-rate housing construction continues to appear to be associated with less displacement *regardless* of a community's inclusionary housing policies.²⁶ In communities without inclusionary housing policies, in low-income census tracts where market-rate housing construction was limited, Taylor also found displacement was more than twice as likely than in low-income census tracts with high construction levels.²⁷ This relationship between housing development and displacement remains statistically valid even after accounting for other economic and demographic factors.

City and County of San Francisco, Office of Economic Analysis

In 2015, Supervisors Mark Farrell and Scott Wiener requested the Office of Economic Analysis (OEA) to prepare a report on the effects of a temporary moratorium, and an indefinite prohibition, on market-rate housing in the Mission District of San Francisco, pursuant to an 18-month moratorium being put on the November 2015 ballot. Accordingly, a report was prepared focusing on the effects of such actions on the price of housing, the City's efforts to produce new housing at all income levels, eviction pressures, and affordable housing. It also explores if there are potential benefits of a

²⁴ Taylor defines a census tract as having experienced displacement if (1) its overall population increased and its population of low-income households decreased or (2) its overall population decreased and its low-income population declined faster than the overall population (see Taylor, page 13).

²⁵ Ibid, page 9.

²⁶ Ibid.

²⁷ Ibid, page 10.

moratorium, such as reducing tenant displacement, discouraging gentrification, preventing nearby existing housing from becoming unaffordable, and preserving sites for permanently affordable housing.

The primary focus of this study is on addressing the impacts of a moratorium on the availability and provision of affordable housing, on which the study finds that a temporary moratorium would:

“lead to slightly higher housing prices across the city, have no appreciable effect on no-fault eviction pressures, and have a limited impact on the city’s ability to produce affordable housing during the moratorium period. At the end of the moratorium, these effects would be reversed, through a surge of new building permits and construction, and there would be no long-term lasting impacts of a temporary moratorium.”²⁸

In other words, the study found that suppressing residential production results in increasing the cost of the existing housing stock. In a similar vein, the study states:

“market rate housing construction drives down housing prices and, by itself, increases the number of housing units that are affordable.”²⁹

Another study conclusion included finding no evidence that anyone would be evicted so that market-rate housing could be built in the Mission over the next 18 to 30 months as none of the identified planned housing units included in the analysis would require the demolition of any existing housing units.³⁰ Finally, and perhaps most on point regarding market-rate housing production impacts on pricing, the study stated:

“We further find no evidence that new market-rate housing contributes to indirect displacement in the Mission, by driving up the value of nearby properties. On the contrary, both in the Mission and across the city, new market rate housing tends to depress, not raise, the value of existing properties.”³¹

This finding regarding price impacts was the result of statistical modeling, with a statistically significant result indicating that *new market-rate housing did not make nearby housing more expensive in San Francisco during the 2001-2013 period.*³²

University of California Berkeley, Institute of Governmental Studies

The cited study by Zuk, Ph.D., Director and Senior Researcher, and Chapple, Ph.D., Professor of City and Regional Planning, both with the Center for Community Innovation at UC Berkeley’s Institute of Governmental Studies, builds on other studies prepared by the authors addressing gentrification in the Bay Area region. The purpose of this research brief is to add to the discussion on the importance of subsidized and market-rate housing production in alleviating the current housing crisis, and to especially probe the relationship between housing production, affordability, and displacement. This study specifically expands on the analysis prepared by Taylor in “Perspectives on Helping Low-Income

²⁸ City and County of San Francisco, Office of the Controller-Office of Economic analysis, “Potential Effects of Limiting Market-Rate Housing in the Mission,” September 10, 2015, page 1.

²⁹ Ibid, page 28.

³⁰ Ibid.

³¹ Ibid.

³² Ibid page 26.

Californians Afford Housing” (February 2016), wherein Taylor’s study was performed using a data set compiled by Zuk and Chapple for their Urban Displacement Project. Specifically, Zuk and Chapple seek to test the reliability of Taylor’s findings taking into consideration yet one more additional variable, e.g., production of subsidized housing. Zuk and Chapple also seek to determine if Taylor’s noted regional trends regarding the impact of housing production on housing costs and displacement hold up at the more localized neighborhood level.

In general, Zuk and Chapple’s findings largely support the argument that building more housing reduces displacement pressures, and agree that “market-rate development is important for many reasons, including reducing housing pressures at the regional scale and housing large segments of the population.”³³ They advance the understanding of this trend by concluding that market-rate housing production is associated with reduced displacement pressures, but find that subsidized housing production has more than double the impact of market-rate units. They further find that, through filtering, market-rate housing production is associated with near term higher housing cost burdens for low-income households, but with longer-term lower median rents.

Zuk and Chapple further probe the question of housing production, affordability, and displacement at the local level, including case study analysis of two San Francisco block groups in SOMA. Their findings at this granular geographic level are inconclusive, from which they conclude that *“neither the development of market-rate nor subsidized housing has a significant impact on displacement. This suggests that indeed in San Francisco, and by extension similar strong markets, the unmet need for housing is so severe that production alone cannot solve the displacement problem.”*³⁴ They further cite that drilling down to local case studies, they “see that the housing market dynamics and their impact on displacement operate differently at these different scales”³⁵ and that detailed analysis is needed to clarify the complex relationship between development, affordability, and displacement at the local level.³⁶

Paavo Monkkonen, PhD., University of California Los Angeles

Monkkonen’s study is itself a review of other studies, summarizing key study findings and using the information to shape state policy recommendations to address housing affordability. The key topic of Monkkonen’s study is that housing in California is unaffordable to most households, and that limited construction relative to robust job growth is one of the main causes. Monkkonen, an Associate Professor of Urban Planning at the UCLA Luskin School of Public Affairs, says it best in summing up the purpose of his study and highlights of his findings, as follows:

“Housing affordability is one of the most pressing issues facing California. In the intense public debate over how to make housing affordable, the role of new supply is a key point of contention despite evidence demonstrating that supply constraints — low-density zoning chief among them — are a core cause of increasing housing costs. Many California residents resist new housing development, especially in their own neighborhoods. This white paper provides background on this opposition and a set of policy recommendations for the state government to address it. I first describe how

³³ Miriam Zuk, Karen Chapple, “Housing Production, Filtering and Displacement: Untangling the Relationships,” University of California, Berkeley, Institute of Governmental Studies Research Brief (May 2016), page 4.

³⁴ Ibid, page 7.

³⁵ Ibid, page 10.

³⁶ Ibid, page 1.

limiting new construction makes all housing less affordable, exacerbates spatial inequalities, and harms the state's economic productivity and environment. I then discuss the motivations for opposing more intensive land use, and clarify the way the role of new housing supply in shaping rents is misunderstood in public debates."³⁷

Monkkonen states that "constraining the supply of housing increases rents."³⁸ He cites academic studies from the 1970s and 1980s that found a significant impact of restrictive zoning on housing prices and more sophisticated studies from the 2000s and 2010s that demonstrate that regulations such as historic preservation and low-density zoning increase prices. He states that higher housing prices help homeowners through increased equity, but hurt renters, which tend to have lower incomes than existing homeowners. He further cites studies that found that limiting population growth through low-density zoning (as a means of limiting housing production) hampers economic productivity because it restricts the labor pool, pushing people out and preventing newcomers.

Monkkonen states that through filtering, new housing units can improve overall housing affordability at the metropolitan level. He further states that if no new housing stock is available in desirable locations that high-income residents will renovate and occupy older housing that might otherwise be inhabited by lower-income residents. Thus, he concludes that "[t]he prevention of new construction cannot guarantee that older housing will remain affordable."³⁹ He further states that the filtering process is a "crucial element to stave off increases in housing rents," and cites several studies from 2008 and later that demonstrate that "housing markets with more responsive supply mechanisms experience less price growth and are able to capture the economic benefits of a booming economy."⁴⁰ Monkkonen cites the Zuk and Chapple finding that these metropolitan scale trends may be less pronounced at the neighborhood level, depending upon the nature of the new housing built. But he also reinforces their finding that *increasing the supply of market-rate housing and, more importantly, affordable housing, reduces displacement. In conclusion, Monkkonen states "Not building housing in some parts of the city pushes the pressure for development, along with any negative impacts, to neighborhoods with fewer resources to resist."*⁴¹

Applied San Francisco Research and Findings

To further probe the question of the impacts of housing production on housing costs at the local level, especially apartment rents, ALH Urban & Regional Economics strove to identify readily available data points local to San Francisco, the Mission District, and the LCD. These data points focused on residential unit production and rental price time series trends.

A consistent and thorough source of a time series of housing production data includes the City of San Francisco Housing Inventory reports, prepared by the San Francisco Planning Department on an annual basis. These reports track net unit production by neighborhood, with the potential to create a time series of data extending back more than a decade. There are yet other sources of data regarding San Francisco's residential inventory, including the American Community Survey, an annual publication of the U.S. Census Bureau, which samples annual trend data and presents estimated data points, such as the number of occupied rental units in San Francisco by census tract, which can then

³⁷ Paavo Monkkonen, "Understanding and Challenging Opposition to Housing Construction in California's Urban Areas," December 1, 2016, page 1.

³⁸ Ibid, page 5.

³⁹ Ibid page 6.

⁴⁰ Ibid.

⁴¹ Ibid, page 7.

be aggregated into neighborhoods, or approximations thereof. The American Community Survey samples data and then presents information annually; however, the annual data most resemble a running average, with each year's data presentation comprising an average of the cited year and several prior years. Thus, the data are more of an amalgamation than an annual accounting, and as referenced, are based on sampling rather than a more comprehensive census, which still only occurs every 10 years, with the last one occurring in 2010.

There are also several sources of information on apartment rents. In addition to estimating occupied rental units, the American Community Survey also presents information on median rent by census tract as well as the number of units available for rent within select rental price bands, such as \$0 - \$499, \$500-\$999, \$1,000-\$1,499, \$1,500- \$1,999, and \$2,000+. The rent range band tops out at \$2,000+, thus there is no way to generate an estimated average rent without developing an assumption regarding the average unit rent in the \$2,000+ range. Another, less localized source, includes the City of San Francisco annual Housing Inventory reports, which include a time series of data regarding average rents for two-bedroom apartments in San Francisco, with some Bay Area comparison. Similar data are included on average prices for 2-bedroom homes, in San Francisco and the Bay Area. In addition, data information companies such as RealAnswers track apartment rents over time, with RealAnswers in particular providing a reliable time series of average rents by unit type and all units. However, this data source is not comprehensive, as it focuses on larger, investment grade properties, with a minimum 50-unit count.

ALH Economics compiled a time series of unit production data in San Francisco from 2006 onward from the City's annual Housing Inventory reports. This included all net units produced by neighborhood. ALH Urban & Regional Economics also compiled a time series of the number of occupied rental units from 2010 onward for San Francisco, the census tracts defining the Mission District, and thus also the census tracts that most correspond with the LCD, pursuant to the American Community Survey (ACS).⁴² Median and average rents for these occupied units were also compiled from the American Community Survey from 2010 onward. In addition, a time series of San Francisco apartment rents was prepared based on the Housing Inventory reports as well as RealAnswers, with the latter tracking prices and price changes for a 20-year period, from 1996 to 2016.

ALH Economics prepared several analyses looking at housing production data and apartment rents, in San Francisco, the Mission District, and the LCD. The purpose of these analyses was to identify any relationships between the amount or rate of housing production and the change in apartment rental rates. One analysis in particular examined median rent changes per the ACS and associated changes in occupied housing units. Housing unit changes tracked by the ACS and the City of San Francisco were both examined. In addition, rent changes in San Francisco overall were examined relative to overall housing production rates, not just by City subarea.

The results of the analyses comparing local housing production and apartment rent trends were inconclusive. ***No specific trends were identified for the City or the Mission District and LCD suggesting that housing production has an impact on apartment rents, including increases in rent or rent suppression.*** While not the result of a rigorous study, this finding does not conflict with the conclusions of the above-cited studies on housing production and costs, such as Mac Taylor, et. al. for the California Legislative Analyst's Office. As demonstrated by the reviewed studies, a more detailed analysis evaluating many other variables is needed to determine if there is a relationship between

⁴² To support this analysis, the census tracts comprising the LCD were identified. For census tracts only partially in the LCD, estimates were prepared regarding the percentage of each census tract's housing units that are located in the LCD.

housing production (specifically apartments) and apartment rents. Variables that measure changes in the local economy, such as jobs, wages, and unemployment, should be included. Conducting a more rigorous analysis on a sub-city (e.g., neighborhood) basis is challenging because of the difficulty in developing a time series of reliable rent data for market-rate units by sub-area. If possible, however, these data would be superior to use of the ACS rent data to evaluate these issues because of complications around what the ACS data are measuring, especially in San Francisco. Among these complications, two major constraints include the following:

- Rents are self-reported, thus there is reliance upon the person being surveyed to report accurate information; and
- Many San Francisco rental units are subject to rent control, thus reported rents are suppressed by the inclusion of rent control units and will always result in under reporting of market rate rent increases.

Because of the limitations in the data, the ALH Economics analysis of the impacts of housing production on housing costs in San Francisco, the Mission District, and LCD is inconclusive and does not add to the existing literature findings. While further analysis is needed at the micro-level, the existing literature does demonstrate that at the metropolitan level, market-rate housing production, as well as affordable housing production, helps suppress existing home prices and rents and increases the number of housing units available to households with lower incomes.

GENTRIFICATION AND DISPLACEMENT LITERATURE SURVEY OVERVIEW

ALH Economics identified and reviewed many papers comprising the academic and associated literature on gentrification. These papers study and address many aspects of gentrification, some of which include defining gentrification because how one defines gentrification impacts how it is analyzed as well as the effects and consequences of gentrification, housing development and affordability, as well as its relationship to urban poverty and other aspects of urban development. The primary purpose of this review was to identify papers that most succinctly or directly address the relationship between market rate residential development and gentrification and displacement to assist ALH Economics in evaluating the question of does market rate residential development *cause* gentrification and displacement?

ALH Economics identified 11 papers or articles that provide a succinct and germane discussion on the topic. A detailed and thorough discussion and literary review of each of these papers is included in Appendix C. While there are many other studies and articles that analyze gentrification and displacement, and seek to find a relationship between the two phenomena, the cited articles not only provide a representative sampling and discussion of other papers and associated commentaries, but provide a solid overview and analysis of the subject by leading experts in the field.

Based on review of these studies, as summarized in the Appendix C literature review, extensive analysis has been conducted for more than the past decade exploring causation between gentrification and displacement. In general, leading experts in the field appear to coalesce around the understanding that there is weak causation between gentrification and displacement, with some experts concluding that the ability for residents to relocate or move (i.e., mobility rates) are not distinguishable between neighborhoods experiencing gentrification and neighborhoods not experiencing gentrification. The literature further demonstrates that displacement can occur without gentrification, and that displacement is not inevitable, with *public policy tools* available to stabilize communities. Moreover, some studies also suggest that in some instances, existing low-income

households in a gentrifying neighborhood may benefit from gentrification because of neighborhood improvements perceived to be of value and increased housing satisfaction.

The overall conclusion reached from conducting this literature review is that the concern that gentrification associated with new market-rate development in the LCD will cause displacement ***is not supported by the evidence in the academic literature.*** The findings overwhelmingly suggest that while some displacement may occur, it is not the inevitable result of gentrification, and that many factors influence whether or not displacement occurs.

IV. APPLICATION OF SOCIOECONOMIC EFFECTS IN CEQA ANALYSIS

Socioeconomic effects are not routinely included in EIR's prepared for projects pursuant to CEQA. Generally speaking, CEQA does not require analysis of socioeconomic issues such as displacement, gentrification, environmental justice, or effects on "community character." Most specifically, the CEQA Guidelines state that:

"[e]conomic or social effects of a project shall not be treated as significant effects on the environment."⁴³ CEQA defines the "[e]nvironment" as "*physical conditions*,"⁴⁴ and impacts analyzed under CEQA must be "related to a physical change."⁴⁵

Under the CEQA guidelines, however, *physical changes* to the environment caused by a project's economic or social effects are secondary impacts that should be included in an EIR's impact analysis *if they are significant*.⁴⁶ There are very few rulings on this topic. The most oft-cited case focuses on urban decay in the context of an existing shopping center and, specifically, on whether project impacts would lead to a downward spiral of store closures and long-term vacancies, thus causing or contributing to urban decay.⁴⁷

Beyond the requirement to assess the potential to cause urban decay where evidence suggests this result could occur, courts have issued limited rulings on the issue of socioeconomic impacts in the context of CEQA. One such case involves the effects of school overcrowding and property value impacts.⁴⁸

These cases suggest very few instances where physical changes in the environment have been linked to social or economic effects. The courts position finding that questions of community character are

⁴³ CEQA Guidelines, § 15131, subd. (a)

⁴⁴ Pub Res Code §21060.5 (emphasis added); Guidelines, §15360.

⁴⁵ Guidelines, §15358(b).

⁴⁶ CEQA Guidelines §15064(e)

⁴⁷ The primary case is *Bakersfield Citizens for Local Control v City of Bakersfield* (2004) 124 CA4th 1184, 1215, which requires EIRs to examine the potential for projects, primarily shopping center projects, to cause or contribute to urban decay if certain conditions are met, but does not establish that such decay will necessarily result from new development. Other related cases include *Anderson First Coalition v City of Anderson* (2005) 130 CA4th 1173, in which the court upheld an EIR for a Walmart supercenter against a challenge that the EIR did not adequately evaluate the project's potential to cause urban decay in the city's central business district; and *Gilroy Citizens for Responsible Planning v City of Gilroy* (2006) 140 CA4th 911, in which the court upheld the city's determination that it was unnecessary for an EIR for a shopping center project to examine urban decay effects because evidence in the record supported the city's conclusion that ongoing loss of business in the downtown commercial district would occur with or without development of the shopping center.

⁴⁸ This case is *Gray v County of Madera* (2008) 167 CA4th 1099, 1121. The court upheld an EIR against a claim of economic impact because no evidence supported the assertion that potential reduction in property values of neighboring lands would have physical environmental consequences.

not a CEQA issue further supports this conclusion.⁴⁹ Even the State Legislature has ruled that social or economic effects are not CEQA issues as evidenced by the frequent introduction of bills by members to amend CEQA to permit analysis of socioeconomic issues and the continued failure of these bills being enacted into law.⁵⁰

Thus, the issue of socioeconomic impacts in the context of CEQA is limited to where those impacts result in significant physical environmental impacts. As there are few examples of whether it has occurred, this suggests there is limited reason to anticipate that residential development in the Calle 24 LCD will result in socioeconomic impacts necessary to analyze under CEQA. In conclusion, the evaluation does not demonstrate the significant physical impact required under CEQA to warrant further review. The evidence cited above, as well as research and literature review conducted by ALH Economics, supports this conclusion.

⁴⁹ Representative cases include *Preserve Poway v. City of Poway* (2016) 245 Cal. App. 4th 560, 581, regarding a new housing development replacing an equestrian center, in which case the Court of Appeal re-affirmed that CEQA does not “include such psychological, social, or economic impacts on community character;” and *Cathay Mortuary, Inc. v. San Francisco Planning Com.* (1989) 207 Cal.App.3d 275, 280, in which case the Court of Appeal rejected the argument that relocating a traditional Chinese mortuary to make way for a new park would be disruptive to the community, stating that the argument was not “related to any environmental issue.”

⁵⁰ See, e.g., SB 731 of 2013 (would have added to CEQA a requirement to study “economic displacement”; died in the Assembly in 2014); SB 115 of 1999 (Ch. 690, Stats. 1999) (an earlier version of this bill would have directed OPR to recommend revisions to CEQA that would require analysis of environmental justice; the bill was specifically amended before passage to eliminate this requirement); SB 1113 of 1997 (bill to require environmental justice impacts under CEQA vetoed by Governor), AB 3024 of 1992 (similar bill vetoed), AB 937 of 1991 (similar bill vetoed).

ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

ALH Urban & Regional Economics has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although ALH Urban & Regional Economics believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.

APPENDIX A: ALH URBAN & REGIONAL ECONOMICS QUALIFICATIONS

FIRM INTRODUCTION

ALH Urban & Regional Economics (ALH Economics) is a sole proprietorship devoted to providing urban and regional economic consulting services to clients throughout California. The company was formed in June 2011. Until that time, Amy L. Herman, Principal and Owner (100%) of ALH Economics, was a Senior Managing Director with CBRE Consulting in San Francisco, a division of the real estate services firm CB Richard Ellis. CBRE Consulting was the successor firm to Sedway Group, in which Ms. Herman was a part owner, which was a well-established urban economic and real estate consulting firm acquired by CB Richard Ellis in late 1999.

ALH Economics provides a range of economic consulting services, including:

- fiscal and economic impact analysis
- CEQA-prescribed urban decay analysis
- economic studies in support of general plans, specific plans, and other long-range planning efforts
- market feasibility analysis for commercial, housing, and industrial land uses
- economic development and policy analysis
- other specialized economic analyses tailored to client needs

Ms. Herman's clients have included numerous cities and redevelopment agencies throughout California, transportation agencies, medical and educational institutions, nonprofits, commercial and residential developers, and many of the top Fortune 100 companies. Since forming ALH Economics, Ms. Herman's client roster includes California cities, major universities, environmental consulting firms, commercial developers, and law firms. A select list of ALH Economics clients include the University of California at Berkeley; the University of California at Riverside; LSA Associates; Raney Planning and Management, Inc.; During Associates; Lamphier-Gregory; Gresham Savage Nolan & Tilden, PC; California Gold Development Corporation; Environmental Science Associates (ESA); Arcadia Development Co.; Catellus Development Corporation; Sedgwick LLP; First Carbon Solutions - Michael Brandman Associates; City of Concord; Hospital Council of Northern and Central California; Howard Hughes Corporation dba Victoria Ward, LLC; Signature Flight Support Corporation; Blu Homes, Inc.; Ronald McDonald House; Infrastructure Management Group, Inc.; Equity One Realty & Management CA, Inc.; Remy Moose Manley; Orchard Supply Hardware; Office of Community Investment and Infrastructure as Successor Agency to the Redevelopment Agency of the City and County of San Francisco; City of Los Banos; Dudek; City of Tracy; Bay Area Rapid Transit District; Eagle Commercial Partners, LLC; City of Dublin; China Harbour Engineering Company; Alameda County Community Development Agency; Golden State Lumber; SimonCRE; Public Storage; Cross Development LLC; Alameda County Fair; and Group 4 Architecture, Research + Planning, Inc.

PRINCIPAL INTRODUCTION

Ms. Amy Herman, Principal of ALH Economics, has directed assignments for corporate, institutional, non-profit, and governmental clients in key service areas, including fiscal and economic impact analysis, commercial market analysis, economic development and

redevelopment, location analysis, strategic planning, and policy analysis. During her career spanning almost 35 years, Ms. Herman has supported client goals in many ways, such as to demonstrate public and other project benefits, assess public policy implications, and evaluate and maximize the value of real estate assets. In addition, her award-winning economic development work has been recognized by the American Planning Association, the California Redevelopment Association, and the League of California Cities.

Ms. Herman's clients have included a range of cities and redevelopment agencies throughout California, medical and educational institutions, commercial and residential developers, and many of the top Fortune 100 companies. She holds a Master of Community Planning degree from the University of Cincinnati and a Bachelor of Arts degree in urban policy studies from Syracuse University.

Prior to forming ALH Economics, Ms. Herman worked for 20 years as an urban economist with Sedway Group and then CBRE Consulting's Land Use and Economics practice. Her prior professional work experience included 5 years in the Real Estate Consulting Group of the now defunct accounting firm Laventhol & Horwath (L&H), preceded by several years with the real estate consulting firm Land Economics Group, which was acquired by L&H. During the course of her career Ms. Herman has established a strong professional network and client base providing access to contacts and experts across a wide spectrum of real estate and urban development resources. A professional resume for Ms. Herman is presented on the following pages.

During her tenure with CBRE Consulting Ms. Herman developed a strong practice area involving the conduct of urban decay analyses as part of the environmental review process. This includes projects with major retail components as well as land uses, such as office development, R&D development, sports clubs, and sports facilities. A review of Ms. Herman's experience with these types of studies follows.

EXPERIENCE CONDUCTING URBAN DECAY STUDIES

Description of Services

The Principal of ALH Economics, Amy L. Herman, has performed economic impact and urban decay studies for dozens of retail development projects in California, as well as other land uses. These studies have generally been the direct outcome of the 2004 court ruling *Bakersfield Citizens for Local Control ("BCLC") v. City of Bakersfield* (December 2004) 124 Cal.App.4th 1184, requiring environmental impacts analyses to take into consideration the potential for a retail project as well as other cumulative retail projects to contribute to urban decay in the market area served by the project. Prior to the advent of the Bakersfield court decision, Ms. Herman managed these studies for project developers or retailers, typically at the request of the host city, or sometimes for the city itself. Following the Bakersfield decision, the studies have most commonly been directly commissioned by the host cities or environmental planning firms conducting Environmental Impact Reports (EIRs) for the projects. Studies are often conducted as part of the EIR process, but also in response to organized challenges to a city's project approval or to Court decisions ruling that additional analysis is required.

The types of high volume retail projects for which these studies have been conducted include single store developments, typically comprising a Walmart Store, The Home Depot, Lowe's Home Improvement Warehouse, or Target store. The studies have also been conducted for

large retail shopping centers, typically anchored by one or more of the preceding stores, but also including as much as 300,000 to 400,000 square feet of additional retail space with smaller anchor stores and in-line tenants.

The scope of services for the retail urban decay studies includes numerous tasks. The basic tasks common to most studies include the following:

- defining the project and estimating sales for the first full year of operations;
- identifying the market area;
- identifying and touring existing competitive market area retailers;
- evaluating existing retail market conditions at competitive shopping centers and along major commercial corridors in the market area;
- conducting retail demand, sales attraction, and spending leakage analyses for the market area and other relevant areas;
- forecasting future retail demand in the market area;
- researching the retail market's history in backfilling vacated retail spaces;
- assessing the extent to which project sales will occur to the detriment of existing retailers (i.e., diverted sales);
- determining the likelihood existing competitive and nearby stores will close due to sales diversions attributable to the project;
- researching planned retail projects and assessing cumulative impacts; and
- identifying the likelihood the project's economic impacts and cumulative project impacts will trigger or cause urban decay.

Many studies include yet additional tasks, such as assessing the project's impact on downtown retailers; determining the extent to which development of the project corresponds with city public policy, redevelopment, and economic development goals; projecting the fiscal benefits relative to the host city's General Plan; forecasting job impacts; analyzing wages relative to the existing retail base; and assessing potential impacts on local social service providers. Further, much of this approach and methodology is equally applicable to the other land uses for which urban decay studies are prepared.

Representative Projects

Many development projects for which Ms. Herman has prepared economic impact and urban decay studies are listed below. These include projects that are operational, projects under construction, projects approved and beyond legal challenges but not yet under construction, and project currently engaged in the public process. By category, projects are listed alphabetically by the city in which they are located.

Projects Operational

- Alameda, Alameda Landing, totaling 285,000 square feet anchored by a Target (opened October 2013), rest of center opening starting in 2015
- American Canyon, Napa Junction Phases I and II, 239,958 square feet, anchored by a Walmart Superstore, prepared in response to a Court decision; project opened September 2007
- Bakersfield, Gosford Village Shopping Center, totaling 700,000 square feet, anchored by a Walmart Superstore, Sam's Club, and Kohl's; Walmart store opened March 18, 2010, Sam's Club and Kohl's built earlier

- Bakersfield, Panama Lane, Shopping Center, totaling 434,073 square feet, anchored by a Walmart Superstore and Lowe's Home Improvement Warehouse; Walmart store opened October 2009, Lowe's store built earlier
- Bakersfield, Silver Creek Plaza, anchored by a WinCo Foods, totaling 137,609 square feet, opened February 28, 2014
- Carlsbad, La Costa Town Square lifestyle center, totaling 377,899 square feet, anchored by Steinmart, Vons, Petco, and 24 Hour Fitness, opened Fall 2014
- Citrus Heights, Stock Ranch Walmart Discount Store with expanded grocery section, 154,918 square feet; store opened January 2007
- Clovis, Clovis-Herndon Shopping Center, totaling 525,410 square feet, anchored by a Walmart Superstore, opened March 2013
- Concord, Lowe's Commercial Shopping Center, totaling 334,112 square feet, anchored by a Lowe's Home Improvement Warehouse and a national general merchandise store; EIR Certified December 2008 with no subsequent legal challenge; store opened January 2010
- Dublin, Persimmon Place, 167,200 square feet, anchored by Whole Foods, opened 2015
- Gilroy, 220,000-square-foot Walmart Superstore, replaced an existing Discount Store; store opened October 2005, with Discount Store property under new ownership planned for retail redevelopment of a 1.5-million-square-foot mall
- Gilroy, Lowe's Home Improvement Warehouse, 166,000 square feet; store opened May 2003
- Hesperia, Main Street Marketplace, totaling 465,000 square feet, anchored by a Walmart Superstore and a Home Depot, Walmart under construction, opened September 2012
- Madera, Commons at Madera, totaling 306,500 square feet, anchored by a Lowe's Home Improvement Warehouse; project opened July 2008
- Oakland, Safeway expansion, College & Claremont Avenues, 51,510 square feet total, comprising a 36,787 square-foot expansion, opened January 2015
- Oakland, Rockridge Safeway expansion and shopping center redevelopment (The Ridge), including total net new development of 137,072 square feet, opened September 2016
- Rancho Cordova, Capital Village, totaling 273,811 square feet, anchored by a Lowe's Home Improvement Warehouse; phased project opening, January 2008 – July 2008
- San Jose (East San Jose), Home Depot Store, 149,468 square feet; store opened October 2007
- San Jose, Lowe's Home Improvement Warehouse (redevelopment of IBM site), up to 180,000 square feet, store opened March 2010
- San Jose, Almaden Ranch, up to 400,000 square feet, anchor tenant Bass Pro Shop opened October 2015
- Sonoma, Lowe's Home Improvement Warehouse, 111,196 square feet; store opened December 2010
- Victorville, The Crossroads at 395, totaling 303,000 square feet, anchored by a Walmart Superstore, opened May 2014
- Victorville, Dunia Plaza, totaling 391,000 square feet, anchored by a Walmart Superstore and a Sam's Club, replacing existing Walmart Discount Store, opened September 2012
- West Sacramento, Riverpoint Marketplace, totaling 788,517 square feet, anchored by a Walmart Superstore, Ikea, and Home Depot; phased openings beginning March 2006

- Willows, Walmart Superstore totaling 196,929 square feet, replacing existing Walmart Discount Store (subsequently scaled back to a 54,404-square-foot expansion to existing 86,453-square-foot store), opened March 2012
- Walnut Creek, The Orchards at Walnut Creek, mixed-use project including up to 225,000 square feet of retail space, opened September 2016
- Woodland, Home Depot Store, 127,000 square feet; store opened December 2002
- Yuba City, Walmart Superstore, 213,208 square feet, replacing existing Discount Store; store opened April, 2006. Discount Store site backfilled by Lowe's Home Improvement Warehouse

Projects Under Construction

- Concord, Veranda Shopping Center, a 375,000-square foot center anchored by a Whole Foods 365 Market, Movie Theater, and upscale apparel retail, anticipated opening 2017
- Folsom, Lifetime Fitness Center, a 116,363-square-foot fitness center including an outdoor leisure and lap pool, two water slides, whirlpool, outdoor bistro, eight tennis courts, outdoor Child Activity Area, and outdoor seating, opening anticipated early 2017
- Oroville, Walmart Superstore, 213,400 square feet, replacing existing Walmart Discount Store, broke ground in 2015
- Sacramento Entertainment and Sports Center, mixed-use entertainment complex with 682,500 square feet of retail space
- San Francisco, Warriors Arena, groundbreaking January 2017

Projects Approved and Beyond Legal Challenges

- Bakersfield, Bakersfield Commons, totaling 1.2 million square feet of lifestyle retail space and 400,000 square feet of community shopping center space (project engaged in revisioning)
- Bakersfield, Crossroads Shopping Center, totaling 786,370 square feet, anchored by a Target
- Fairfield, Green Valley Plaza, totaling 465,000 square feet
- Fresno, Fresno 40, totaling 209,650 square feet
- Kern County, Rosedale and Renfro, totaling 228,966 square feet, anchored by a Target
- Novato, Hanna Ranch, mixed-use project including 44,621 square feet of retail space, 21,190 square feet of office space, and a 116-room hotel
- Sacramento, Delta Shores, 1.3- to 1.5-million square feet, anchored by a lifestyle center (groundbreaking on transportation improvements April 2013)
- San Francisco, Candlestick Point, 635,000 square feet of regional retail and Hunters Point, with two, 125,000-square-foot neighborhood shopping centers (urban decay study not part of the legal challenge)

Projects In Progress/Engaged in the Public Process

- Chico, Walmart expansion, expansion of an existing Walmart store plus addition of three development parcels including a fueling station, restaurant, and retail space
- Davis, Davis Innovation Center, an innovation center with 4.0 million square feet of planned space, including tech office, laboratory, R&D, assembly, industrial flex space, ancillary retail space, and a hotel.
- Davis, Mace Ranch Innovation Center, an innovation center with 2,654,000 square feet of planned space, including research, office, R&D, manufacturing, ancillary retail, and hotel/conference center
- Folsom, Westland-Eagle Specific Plan Amendment, Folsom Ranch, a 643-acre portion of the larger 3,585-acre Folsom Ranch Master Plan area including 977,000 square feet of retail space, along with residential, office, and industrial space
- Lincoln, Village 5 Specific Plan, area including 8,200 residential units, 3.1 million square feet of commercial retail space, 1.4 million square feet of office space, a 100-room hotel, and a 71-acre regional sports complex
- Pleasanton, Johnson Drive Economic Development Zone, including 189,037 square feet of new general retail space, 148,000 square feet of club retail space, and a 150- or 231-room hotel.
- Roseville, Hotel Conference Center, a 250-room hotel with a 20,000-square-foot conference facility and a 1,200-seat ballroom
- Sacramento, Land Park Commercial Center, proposed commercial center with a 55,000-square-foot relocated and expanded full service Raley's grocery store and pharmacy and seven freestanding retail buildings comprising 53,980 square feet
- Tracy, Tracy Hills Specific Plan, Specific Plan area including 5,499 residential units, 875,300 square feet of commercial retail space, 624,200 square feet of office space, and 4,197,300 square feet of industrial space



AMY L. HERMAN
PRINCIPAL

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OTHER CLIENTS

- Alameda County Fair
- Arcadia Development Company
- Blu Homes, Inc.
- Environmental Science Associates
- First Carbon Solutions
- General Electric Company
- Gresham Savage Nolan & Tilden
- Kaiser Permanente
- Lawrence Berkeley National Laboratory
- Lennar
- City of Los Banos
- Merlone Geier Partners
- Michael Brandman Associates
- Mills Corporation
- City of Mountain View
- Port of San Francisco
- The Presidio Trust
- Pulte Homes
- Ronald McDonald House
- Santa Clara Valley Transportation Authority
- City of Santa Rosa
- Shea Properties
- Sheppard Mullin Richter & Hampton LLP
- Simon Property Group
- The Sobrato Organization
- Southbay Development
- City of Sunnyvale
- Sunset Development Co.
- Westfield Corporation

Amy L. Herman, Principal of ALH Urban & Regional Economics, has provided urban and regional consulting services for approximately 35 years. During this time she has been responsible for directing assignments for corporate, institutional, non-profit, and governmental clients in key service areas, including fiscal and economic impact analysis, economic development and redevelopment, feasibility analysis, location analysis, strategic planning, policy analysis, and transit-oriented development. Her award-winning economic development work has been recognized by the American Planning Association, the California Redevelopment Association, and the League of California Cities.

Prior to forming ALH Urban & Regional Economics in 2011, Ms. Herman's professional tenure included 20 years with Sedway Group, inclusive of its acquisition by CB Richard Ellis and subsequent name change to CBRE Consulting. Her prior professional work experience includes five years in the Real Estate Consulting Group of the now defunct accounting firm Laventhol & Horwath (L&H), preceded by several years with the land use consulting firm Land Economics Group, which was acquired by L&H.

Following are descriptions of select consulting assignments managed by Ms. Herman.

ECONOMIC IMPACT ANALYSIS

University of California. Conducted economic impact studies and frequent updates for five University of California campuses: Berkeley, Davis, Riverside, San Francisco, and San Diego. Prepared models suitable for annual updates by campus personnel.

Various EIR Firms. Managed numerous assignments analyzing the potential for urban decay to result from development of major big box and other shopping center retailers. The analysis comprises a required Environmental Impact Report component pursuant to CEQA.

Hospital Council of Northern and Central California. Prepared an analysis highlighting the economic impacts of hospitals and long-term care facilities in Santa Clara County. The analysis included multiplier impacts for hospital spending, county employment, and wages. Completed a similar study for the Monterey Bay Area Region.

Howard Hughes Corporation. Managed economic impact and fiscal impact analysis for a large-scale master planned development in Honolulu, including residential, commercial, and industrial land uses.

FISCAL IMPACT ANALYSIS

Stanford Management Company and Stanford Hospitals. Managed numerous assignments involving fiscal impact analysis for planned facilities developed by Stanford Management Company or Stanford Hospitals, including a satellite medical campus in Redwood City, a hotel and office complex in Menlo Park, and expansion of the hospital complex and the Stanford School of Medicine in Palo Alto.

Office of Community Investment and Infrastructure as Successor Agency to the Redevelopment Agency of the City and County of San Francisco. Managed financial analysis estimating the tax payments in lieu of property taxes associated with UCSF development of medical office space in the former Mission Bay Redevelopment Project area.

City of Concord. Structured and managed fiscal impact analysis designed to test the net fiscal impact of multiple land use alternatives pertaining to the reuse of the 5,170-acre former Concord Naval Weapons Station, leading to possible annexation into the City of Concord, California.

Bay Area Rapid Transit District. Completed economic impact analysis of BART's operations in the San Francisco Bay Area region.

San Francisco Mayor's Office of Economic Development. Conducted fiscal and economic impact analysis of redevelopment and expansion of San Francisco's Parkmerced residential community, including assessing the project's impacts on the San Francisco Municipal Transportation Agency.

AMY L. HERMAN
Principal

ECONOMIC DEVELOPMENT AND PUBLIC FINANCE

Infrastructure Management Group. Contributed to due diligence analysis of the proposed Transbay Transit Center to support evaluation of requested bond loan adjustment requests to support project construction.

City of Santa Monica. As a subconsultant to the City's land use consulting firm, conducted research and analysis exploring potential assessment district and other public finance options for financing key improvements in an older industrial area transitioning to a mixed use community.

Catellus/City of Alameda. Prepared a retail leasing strategy for Alameda Landing, a regional shopping center planned on the site of the former U.S. Navy's Fleet Industrial Supply Center in Alameda.

City of San Jose. Prepared a study analyzing the costs and benefits associated with creating a bioscience incentive zone in the Edenvale industrial redevelopment area.

City of Palo Alto. Conducted a retail study targeting six of Palo Alto's retail business districts for revitalization, including the identification of barriers to revitalization and recommended strategies tailored to the priorities established for each of the individual target commercial areas.

East Bay Municipal Water District. Managed economic, demographic, and real estate data analysis in support of developing market-sensitive adjustments to long-term water demand forecasts.

DEVELOPMENT FEASIBILITY

PCR Services Corporation. Analyzed the retail supportability of the planned mixed-use development of the UTC/Rocketdyne site in the Warner Center area of Los Angeles

ChevronTexaco. Conducted a regional market analysis of an 8,400-acre oil field retired from active oil production in the New Orleans, Louisiana metropolitan area.

City of San Jose. Managed alternative City Hall location analysis, focused on recommending a long-term occupation strategy for the City. Following relocation of City Hall conducted a study examining the feasibility of redeveloping the City's former City Hall location and nearby parking facilities for residential, retail, and civic land uses.

General Motors Corporation. Managed reuse studies for closed manufacturing facilities in Indiana (250 acres, 14 sites) and New Jersey (80 acres). Studies focused on the long term reuse and redevelopment potential of the closed manufacturing sites.

CORPORATE LOCATION ANALYSIS

Toyota Motor Corporation. Conducted a location analysis study for a distribution facility in the San Francisco Bay Area, designed to minimize travel time distance to the majority of area dealerships.

Cisco Systems. Managed multiple corporate location studies for Cisco Systems, headquartered in San Jose, California. These studies focused on the formulation of both a regional and a North American location strategy.

Starbucks Coffee Company. Directed analysis examining alternative locations for a new coffee roasting plant in the Western United States. A variety of economic, business, and labor market data were collected. The roasting plant was successfully sited in Sparks, Nevada.

Sacramento Regional Transportation District (RTD). Managed a consultant team assisting the RTD in planning for its immediate and long-term administrative office space needs, and in developing a strategy for maximizing the value of the existing RTD complex.

Hines. Managed comparative analysis highlighting business and employee costs associated with business locations in three competitive Bay Area locations.

AMY L. HERMAN
Principal**EDUCATION**

- Ms. Herman holds a Bachelor of Arts degree in urban studies, magna cum laude, from Syracuse University. She also holds a Master of Community Planning degree from the University of Cincinnati. She has also pursued advanced graduate studies in City and Regional Planning at the University of California at Berkeley.

VOLUNTEER ACTIVITIES

- Volunteer (Past President and Vice President), Rebuilding Together (formerly Christmas in April), East Bay - North
- Volunteer (Past President), Diablo Pacific Short Line, 501 (c)(3) Portable Modular Train Organization
- Volunteer (Past Secretary), Swanton Pacific Railroad, Santa Cruz County, California
- Volunteer, Redwood Valley Railway, Tilden Regional Park, California

APPENDIX B: EXHIBITS

Exhibit 1
Entitled and Non-entitled Residential Pipeline Projects In or Near the LCD
Total Estimated Income and Spending on Retail from New Project Households
2016 Dollars

Residential Land Use	Average Monthly Rent Assumption (1)	Estimated Average Household Income (2)	Number of Households (3)	Percent Income Spent on Retail (4)	Per Household Retail Spending (5)	Total Retail Demand (5)
Project						
Axis - Market Rate	\$4,100	\$148,000	89	26%	\$39,100	\$3,476,200
Axis - Affordable Rental (6)	\$1,481	\$53,300	23	37%	\$19,900	\$458,400
<i>Subtotal</i>			<u>112</u>			<u>\$3,934,600</u>
Other LCD Projects						
Entitled Market Rate	\$4,100	\$148,000	19	26%	\$39,100	\$742,100
Entitled Affordable Rental (Senior) (7)	NA	\$41,450	96	42%	\$17,600	\$1,686,800
Not Entitled Market Rate	\$4,100	\$148,000	176	26%	\$39,100	\$6,874,400
Not Entitled Affordable Rental (6)	\$1,481	\$53,300	39	37%	\$19,900	\$777,300
<i>Subtotal</i>			<u>330</u>			<u>\$10,080,600</u>
Total LCD						\$14,015,200
Near LCD Projects						
Entitled Market Rate	\$4,100	\$148,000	233	26%	\$39,100	\$9,100,700
Entitled Affordable Rental (6)	\$1,481	\$53,300	3	37%	\$19,900	\$59,800
Entitled Affordable Owner (8)	\$2,393	\$86,150	6	32%	\$27,900	\$167,400
Not Entitled Market Rate	\$4,100	\$148,000	154	26%	\$39,100	\$6,015,100
Not Entitled Affordable Rental (6)	NA	\$53,300	9	37%	\$19,900	\$179,400
Not Entitled Affordable Owner (8)	\$2,393	\$86,150	138	31%	\$27,000	\$3,732,000
<i>Subtotal</i>			<u>543</u>			<u>\$19,254,400</u>
Total (8)		--	985	--	--	\$33,269,600

Source: Axis Development Group; 2016 Maximum Monthly Rent by Unit Type, Unadjusted Area Median Income (AMI) for HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco; and ALH Urban & Regional Economics.

(1) Market rate rents are based on the estimated average for the Axis project at 2675 Folsom, because rent projections are available for this planned project and none of the other projects at the time this analysis was prepared.

(2) Households are assumed to spend one-third of annual household income on rent, thus incomes are estimated to comprise three times the annualized rent. This is a conservative assumption, as the rent burden for many San Francisco households is much greater.

(3) Assumed to comprise occupied housing units, allowing for a stabilized vacancy rate. Market-rate units are assumed to operate at 5% vacancy. Affordable units are assumed to experience no vacancy.

(4) Percent of income spent on retail is based on analysis of the U.S. Bureau of Labor Statistics Consumer Expenditure Survey, summarized in Exhibit 2, which demonstrates that as income increase the percent of income spent on retail decreases. The selected percentages by project were identified based upon interpolation of the findings summarized in Exhibit 2.

(5) Figures rounded to the nearest \$1,000.

(6) Households are assumed to spend one-third of annual household income on rent, thus incomes are estimated to comprise three times the annualized rent. The affordable rental units are assumed to be rented to 3-person households at 55% of Area Median Income (AMI). The corresponding annual household income for 2016 is \$53,300.

(7) Assumes a 1-person household at 55% of AMI.

(8) Assumes a 4-person household at 80% of AMI.

(9) Totals do not match Table 1 because a vacancy rate is assumed for market-rate projects. Totals are rounded.

Exhibit 2
Household Income Spent on Retail (1)
United States
2015

Characteristic	All Consumer Units	Household Income Range							
		\$15,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 to \$99,999	\$100,000 to \$149,999	\$150,000 to \$199,999	\$200,000 and more
Average HH Income	\$69,627	\$22,263	\$34,746	\$44,568	\$59,293	\$83,413	\$119,828	\$170,277	\$314,010
Amount Spent on Retail (2)	\$21,689	\$12,777	\$16,130	\$17,611	\$20,811	\$26,436	\$33,284	\$40,780	\$50,660
Percent Spent on Retail (3)	31%	57%	46%	40%	35%	32%	28%	24%	16%

Sources: Table 1203. Income before taxes: Annual expenditure means, shares, standard errors, and coefficient of variation, Consumer Expenditure Survey, 2015, U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) Includes retail categories estimated to be equivalent to the retail sales categories compiled by the State of California, Board of Equalization.

(2) Includes the Consumer Expenditures categories of: food; alcoholic beverages; laundry and cleaning supplies; other household products; household furnishings and equipment; apparel and services; vehicle purchases, cars and trucks, new; vehicle purchases, cars and trucks, used; vehicle purchases, other vehicles; gasoline and motor oil; 1/2 of maintenance and repairs (as a proxy for taxable parts); drugs; medical supplies; audio and visual equipment and services; pets, toys, hobbies, and playground equipment; other entertainment supplies, equipment, and services; personal care products and services; and reading; tobacco products and smoking supplies.

(3) Percentages may be low as some expenditure categories may be conservatively undercounted by ALH Economics.

Exhibit 3
State of California Board of Equalization Taxable Retail Sales Estimate by Retail Category
2014
(in \$000s)

Type of Retailer	Total Taxable Sales (1)	State of California Taxable Sales Adjusted to Total Retail	Percent of Total	Percent Assumed Neighborhood- Oriented (2)
Motor Vehicle & Parts Dealers	\$73,232,242	\$73,232,242	14.3%	0%
Home Furnishings & Appliances	\$26,557,730	\$26,557,730	5.2%	50%
Building Materials & Garden Equipment	\$31,299,110	\$31,299,110	6.1%	10%
Food & Beverage Stores	\$26,298,414	\$87,661,380 (3)	17.1%	80%
Gasoline Stations	\$55,733,384	\$55,733,384	10.9%	0%
Clothing & Clothing Accessories	\$36,822,241	\$36,822,241	7.2%	25%
General Merchandise Stores	\$52,013,855	\$69,351,807 (4)	13.5%	25%
Food Services & Drinking Places	\$67,864,614	\$67,864,614	13.2%	75%
Other Retail Group (6)	\$50,014,587	\$63,733,757 (5)	12.4%	33%
Total (7)	\$419,836,177	\$512,256,264	100%	NA

Sources: California State Board of Equalization (BOE), "Taxable Sales in California (Sales & Use Tax) during 2014; U.S. Economic Census, "Retail Trade: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States and States: 2007"; and ALH Urban & Regional Economics.

(1) Taxable sales are pursuant to reporting by the BOE.

(2) Assumption prepared by ALH Urban & Regional Economics.

(3) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30.0% of all food store sales are estimated to be taxable.

(4) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 25% of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on analysis of the 2007 U.S. Economic Census, which attributes approximately 26% of General Merchandise Stores sales to food.

(5) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33.0% of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In California, drug store sales in 2014 represented approximately 13.51% of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.

(6) Other Retail Group includes drug stores, electronics, health and personal care, pet supplies, gifts, art goods and novelties, sporting goods, florists, electronics, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

(7) Totals may not add up due to rounding.

Exhibit 4
Calculation of Sales Per Square Foot Estimates
Select Retail Stores and Store Types
2010 Through 2013, and 2016 Projected (1)

Store or Category (2)	2010		2011		2012		2013		Average In 2016\$'s
	In 2010\$'s	In 2016\$'s	In 2011\$'s	In 2016\$'s	In 2012\$'s	In 2016\$'s	In 2013\$'s	In 2016\$'s	
Apparel									
Apparel - Specialty	\$405	\$463	\$447	\$494	\$472	\$512	\$451	\$483	\$488
Women's' Apparel	\$365	\$417	\$455	\$502	\$515	\$559	\$473	\$506	\$496
Shoe Stores	\$371	\$424	\$454	\$501	\$487	\$528	\$475	\$508	\$491
Ross Dress for Less	\$324	\$370	\$195	\$215	\$195	\$212	\$362	\$387	\$296
Kohl's	\$229	\$262	\$215	\$237	\$209	\$227	\$190	\$203	\$232
Discount Stores	\$196	\$224	\$212	\$234	\$213	\$231	\$202	\$216	\$226
Target	\$282	\$322	\$290	\$320	\$304	\$330	\$297	\$318	\$323
Wal-Mart	\$422	\$482	\$499	\$551	\$456	\$495	\$376	\$402	\$483
Department Stores Category	\$252	\$288	\$276	\$305	\$274	\$297	\$285	\$305	\$299
Sears	\$206	\$236	\$205	\$226	\$210	\$228	\$161	\$172	\$216
Domestics Category	\$294	\$336	\$288	\$318	\$268	\$291	\$300	\$321	\$316
Furniture Category	\$198	\$226	\$290	\$320	\$361	\$392	\$449	\$480	\$355
Average of Domestics & Furniture	\$246	\$281	\$289	\$319	\$315	\$341	\$375	\$401	\$336
Neighborhood Center Category									
Supermarkets	\$535	\$612	\$533	\$589	\$575	\$624	\$611	\$654	\$619
Specialty/Organic	\$510	\$583	\$658	\$727	\$698	\$757	\$756	\$809	\$719
Drug Stores	\$724	\$828	\$657	\$726	\$667	\$724	\$629	\$673	\$737
Rite Aid	\$421	\$481	\$560	\$618	\$549	\$596	\$556	\$595	\$573
CVS	\$802	\$917	\$806	\$890	\$883	\$958	\$875	\$936	\$925
Restaurants Category	\$429	\$490	\$496	\$548	\$480	\$521	\$486	\$520	\$520
Casual Dining	\$431	\$493	\$578	\$638	\$563	\$611	\$567	\$607	\$587
Fast Food Chains	\$431	\$493	\$507	\$560	\$492	\$534	\$543	\$581	\$542
Home Improvement	\$269	\$308	\$278	\$307	\$287	\$311	\$301	\$322	\$312
Auto - DIY Stores (3)	\$205	\$234	\$218	\$241	\$220	\$239	\$217	\$232	\$237
Other Retail Categories									
Accessories	\$778	\$889	\$978	\$1,080	\$1,191	\$1,292	\$1,032	\$1,104	\$1,091
HBA, Home Fragrances	\$541	\$619	\$474	\$523	\$531	\$576	\$519	\$555	\$568
Electronics & Appliances	\$686	\$784	\$1,171	\$1,293	\$821	\$891	\$946	\$1,012	\$995
Office Supplies	\$263	\$301	\$270	\$298	\$262	\$284	\$283	\$303	\$296
Sports	\$226	\$258	\$239	\$264	\$252	\$273	\$253	\$271	\$267
Pet Supplies	\$185	\$212	\$188	\$208	\$218	\$237	\$234	\$250	\$227
Book Superstores	\$180	\$206	\$247	\$273	\$210	\$228	\$189	\$202	\$227
Toys	\$320	\$366	\$333	\$368	\$312	\$338	\$220	\$235	\$327
Music Superstores	\$318	\$364	\$317	\$350	\$314	\$341	\$292	\$312	\$342
Gifts, Hobbies & Fabrics	\$124	\$142	\$136	\$150	\$137	\$149	\$151	\$162	\$151
Average of Other Retail Categories	\$362	\$414	\$435	\$481	\$425	\$461	\$412	\$441	\$449

Sources: Retail MAXIM, "Alternative Retail Risk Analysis for Alternative Capital" 2011, 2012, 2013, and 2014 (all publications present figures in the prior year dollars); United States Bureau of Labor Statistics Consumer Price Index - All Urban Consumers; and ALH Urban & Regional Economics.

(1) Figures are adjusted to 2016 pursuant to the Annual and latest 2016 CPI Index for all urban consumers.

(2) Includes industry-and category-representative stores.

(3) Average reflects a four-year trend.

Exhibit 5
Pipeline Projects in the LCD
Supportable Square Feet of Commercial Space from Project Households
2016 Dollars

Retail Category	Total Retail Demand (1)	Sales Per Sq. Ft. (2)	Supportable Sq. Ft.		
			Amount (3)	Vacancy Adjusted (4)	Neighborhood-Oriented (5)
Motor Vehicles and Parts	\$2,003,615	\$800 (6)	2,505	2,636	0
Home Furnishings and Appliances	\$726,613	\$336	2,165	2,279	1,140
Building Materials and Garden Equip.	\$856,336	\$312	2,745	2,889	289
Food and Beverage Stores	\$2,398,393	\$669	3,584	3,772	3,018
Gasoline Stations	\$1,524,851	NA (7)	N/A (7)	N/A (7)	0
Clothing and Clothing Accessories	\$1,007,447	\$401	2,515	2,647	662
General Merchandise Stores	\$1,897,448	\$309	6,137	6,460	1,615
Food Services and Drinking Places	\$1,856,758	\$550	3,378	3,556	2,667
Other Retail Group	\$1,743,739	\$449	3,883	4,087	1,349
Subtotal	\$14,015,200	--	26,912	28,328	10,739
Additional Service Increment (15% of total) (9)	N/A	N/A	4,749	4,999	3,749 (8)
Total	N/A	N/A	31,661 (10)	33,327	14,489
Total Rounded to Nearest 100			31,700	33,300 (11)	14,500

Source: ALH Urban & Regional Economics.

="(1) See "&'E1. Rents, Income, Retail Spen'!B3&" for the amount of estimated retail sales demand from the Pipeline projects' households located in the LCD and Exhibit 3 for the percentage distribution by category."

(2) These figures reflect achievable sales per square foot estimates for each respective retail category except as noted. The figures reflect general industry averages as well as national averages reported in the Retail MAXIM publication "Alternative Retail Risk Analysis for Alternative Capital." See Exhibit 4.

(3) Reflects the estimated supportable square feet of retail for each category.

(4) Includes a 5% vacancy allowance for all categories of retail space.

(5) See assumptions by retail category presented in Table 2.

(6) The cited source for sales per square foot, Retail Maxim (see Exhibit 4), does not include sales figures for auto dealers. Sales figures for auto parts stores are included, and average \$237 per square foot. However, auto dealer sales greatly outweigh these sales in the overall category. Such sales are typically very high, especially relative to the amount of building area required to support their sales. For analytical purposes ALH Urban & Regional Economics assumes such sales are high, and overall average \$800 for the category.

(7) Gasoline sales are highly volatile, and gasoline stations do not typically require large increments of built space. Therefore, estimates for gasoline stations are excluded from this analysis.

(8) Assumes 75% of service space is neighborhood-oriented, including banks, insurance, copy services, etc.

(9) Includes an allocation of 15% of space to accommodate service retail, such as banks, personal, and business services.

(10) Excludes Gasoline Stations.

(11) Reflects the total amount of retail space supportable by 100% of the estimated households.

Exhibit 6
**Axis Development Group, 2675 Folsom Street
Supportable Square Feet of Commercial Space from Project Households
2016 Dollars**

Retail Category	Total Retail Demand (1)	Sales Per Sq. Ft. (2)	Supportable Sq. Ft.		
			Total Amount (3)	Vacancy Adjusted (4)	Neighborhood-Oriented (5)
Motor Vehicles and Parts	\$562,491	\$800 (6)	703	740	0
Home Furnishings and Appliances	\$203,988	\$336	608	640	320
Building Materials and Garden Equip.	\$240,406	\$312	771	811	81
Food and Beverage Stores	\$673,320	\$669	1,006	1,059	847
Gasoline Stations	\$428,084	NA (7)	N/A (7)	N/A (7)	0
Clothing and Clothing Accessories	\$282,829	\$401	706	743	186
General Merchandise Stores	\$532,686	\$309	1,723	1,814	453
Food Services and Drinking Places	\$521,263	\$550	948	998	749
Other Retail Group	\$489,534	\$449	1,090	1,147	379
Subtotal	\$3,934,600	--	7,555	7,953	3,015
Additional Service Increment (15% of total) (9)	N/A	N/A	1,333	1,403	1,053 (8)
Total	N/A	N/A	8,888 (10)	9,356	4,067
Total Rounded to Nearest 100			8,900	9,400 (11)	4,100

Source: ALH Urban & Regional Economics.

(1) See Exhibit 1 for the amount of estimated retail sales demand from the Pipeline projects' households and Exhibit 3 for the percentage distribution by category.

(2) These figures reflect achievable sales per square foot estimates for each respective retail category except as noted. The figures reflect general industry averages as well as national averages reported in the Retail MAXIM publication "Alternative Retail Risk Analysis for Alternative Capital." See Exhibit 4.

(3) Reflects the estimated supportable square feet of retail for each category.

(4) Includes a 5% vacancy allowance for all categories of retail space.

(5) See assumptions by retail category presented in Table 2.

(6) The cited source for sales per square foot, Retail Maxim (see Exhibit 4), does not include sales figures for auto dealers. Sales figures for auto parts stores are included, and average \$237 per square foot. However, auto dealer sales greatly outweigh these sales in the overall category. Such sales are typically very high, especially relative to the amount of building area required to support their sales. For analytical purposes ALH Urban & Regional Economics assumes such sales are high, and overall average \$800 for the category.

(7) Gasoline sales are highly volatile, and gasoline stations do not typically require large increments of built space. Therefore, estimates for gasoline stations are excluded from this analysis.

(8) Assumes 75% of service space is neighborhood-oriented, including banks, insurance, copy services, etc.

(9) Includes an allocation of 15% of space to accommodate service retail, such as banks, personal, and business services.

(10) Excludes Gasoline Stations.

(11) Reflects the total amount of retail space supportable by 100% of the estimated households.

Exhibit 7
Lennar, 1515 South Van Ness Boulevard
Supportable Square Feet of Commercial Space from Project Households
2016 Dollars

Retail Category	Total Retail Demand (1)	Sales Per Sq. Ft. (2)	Supportable Sq. Ft.		
			Total Amount (3)	Vacancy Adjusted (4)	Neighborhood-Oriented (5)
Motor Vehicles and Parts	\$736,510	\$800 (6)	921	969	0
Home Furnishings and Appliances	\$267,096	\$336	796	838	419
Building Materials and Garden Equip.	\$314,781	\$312	1,009	1,062	106
Food and Beverage Stores	\$881,626	\$669	1,317	1,387	1,109
Gasoline Stations	\$560,521	NA (7)	N/A (7)	N/A (7)	0
Clothing and Clothing Accessories	\$370,328	\$401	924	973	243
General Merchandise Stores	\$697,484	\$309	2,256	2,375	594
Food Services and Drinking Places	\$682,527	\$550	1,242	1,307	980
Other Retail Group	\$640,982	\$449	1,427	1,502	496
Subtotal	\$5,151,854	--	9,892	10,413	3,948
Additional Service Increment (15% of total) (9)	N/A	N/A	1,746	1,838	1,378 (8)
Total	N/A	N/A	11,638 (10)	12,251	5,326
Total Rounded to Nearest 100			11,600	12,300 (11)	5,300

Source: ALH Urban & Regional Economics.

(1) See Exhibit 1 for the amount of estimated retail sales demand from the Pipeline projects' households and Exhibit 3 for the percentage distribution by category.

(2) These figures reflect achievable sales per square foot estimates for each respective retail category except as noted. The figures reflect general industry averages as well as national averages reported in the Retail MAXIM publication "Alternative Retail Risk Analysis for Alternative Capital." See Exhibit 4.

(3) Reflects the estimated supportable square feet of retail for each category.

(4) Includes a 5% vacancy allowance for all categories of retail space.

(5) See assumptions by retail category presented in Table 2.

(6) The cited source for sales per square foot, Retail Maxim (see Exhibit 4), does not include sales figures for auto dealers. Sales figures for auto parts stores are included, and average \$237 per square foot. However, auto dealer sales greatly outweigh these sales in the overall category. Such sales are typically very high, especially relative to the amount of building area required to support their sales. For analytical purposes ALH Urban & Regional Economics assumes such sales are high, and overall average \$800 for the category.

(7) Gasoline sales are highly volatile, and gasoline stations do not typically require large increments of built space. Therefore, estimates for gasoline stations are excluded from this analysis.

(8) Assumes 75% of service space is neighborhood-oriented, including banks, insurance, copy services, etc.

(9) Includes an allocation of 15% of space to accommodate service retail, such as banks, personal, and business services.

(10) Excludes Gasoline Stations.

(11) Reflects the total amount of retail space supportable by 100% of the estimated households.

Exhibit 8

Entitled and Non-entitled Residential Pipeline Projects In or Near the LCD
Supportable Square Feet of Commercial Space from Project Households
2016 Dollars

Retail Category	Total Retail Demand (1)	Sales Per Sq. Ft. (2)	Supportable Sq. Ft.		
			Amount (3)	Vacancy Adjusted (4)	Neighborhood-Oriented (5)
Motor Vehicles and Parts	\$2,752,612	\$800 (6)	3,441	3,622	0
Home Furnishings and Appliances	\$998,237	\$336	2,975	3,131	1,566
Building Materials and Garden Equip.	\$1,176,453	\$312	3,771	3,969	397
Food and Beverage Stores	\$3,294,967	\$669	4,924	5,183	4,146
Gasoline Stations	\$2,094,875	NA (7)	N/A (7)	N/A (7)	0
Clothing and Clothing Accessories	\$1,384,054	\$401	3,455	3,637	909
General Merchandise Stores	\$2,606,757	\$309	8,431	8,875	2,219
Food Services and Drinking Places	\$2,550,857	\$550	4,641	4,886	3,664
Other Retail Group	\$2,395,589	\$449	5,334	5,615	1,853
Subtotal	\$19,254,400	--	36,972	38,918	14,754
Additional Service Increment (15% of total) (9)	N/A	N/A	6,524	6,868	5,151 (8)
Total	N/A	N/A	43,496 (10)	45,785	19,905
Total Rounded to Nearest 100			43,500	45,800 (11)	19,900

Source: ALH Urban & Regional Economics.

(1) See Exhibit 1 for the amount of estimated retail sales demand from the Pipeline projects' households located near the LCD and Exhibit 3 for the percentage distribution by category.

(2) These figures reflect achievable sales per square foot estimates for each respective retail category except as noted. The figures reflect general industry averages as well as national averages reported in the Retail MAXIM publication "Alternative Retail Risk Analysis for Alternative Capital." See Exhibit 4.

(3) Reflects the estimated supportable square feet of retail for each category.

(4) Includes a 5% vacancy allowance for all categories of retail space.

(5) See assumptions by retail category presented in Table 2.

(6) The cited source for sales per square foot, Retail Maxim (see Exhibit 4), does not include sales figures for auto dealers. Sales figures for auto parts stores are included, and average \$237 per square foot. However, auto dealer sales greatly outweigh these sales in the overall category. Such sales are typically very high, especially relative to the amount of building area required to support their sales. For analytical purposes ALH Urban & Regional Economics assumes such sales are high, and overall average \$800 for the category.

(7) Gasoline sales are highly volatile, and gasoline stations do not typically require large increments of built space. Therefore, estimates for gasoline stations are excluded from this analysis.

(8) Assumes 75% of service space is neighborhood-oriented, including banks, insurance, copy services, etc.

(9) Includes an allocation of 15% of space to accommodate service retail, such as banks, personal, and business services.

(10) Excludes Gasoline Stations.

(11) Reflects the total amount of retail space supportable by 100% of the estimated households.

Exhibit 9
Entitled and Non-entitled Residential Pipeline Projects In or Near the LCD
Supportable Square Feet from Project Households
2016 Dollars

Retail Category	Total Retail Demand (1)	Sales Per Sq. Ft. (2)	Supportable Sq. Ft.		
			Amount (3)	Vacancy Adjusted (4)	Neighborhood-Oriented (5)
Motor Vehicles and Parts	\$4,756,228	\$800 (6)	5,945	6,258	0
Home Furnishings and Appliances	\$1,724,850	\$336	5,140	5,410	2,705
Building Materials and Garden Equip.	\$2,032,789	\$312	6,515	6,858	686
Food and Beverage Stores	\$5,693,359	\$669	8,507	8,955	7,164
Gasoline Stations	\$3,619,726	NA (7)	N/A (7)	N/A (7)	0
Clothing and Clothing Accessories	\$2,391,501	\$401	5,970	6,284	1,571
General Merchandise Stores	\$4,504,204	\$309	14,569	15,335	3,834
Food Services and Drinking Places	\$4,407,615	\$550	8,020	8,442	6,331
Other Retail Group	\$4,139,328	\$449	9,217	9,702	3,202
Subtotal	\$33,269,600	--	63,883	67,245	25,493
Additional Service Increment (15% of total) (9)	N/A	N/A	11,274	11,867	8,900 (8)
Total	N/A	N/A	75,157 (10)	79,112	34,393
Total Rounded to Nearest 100			75,200	79,100 (11)	34,400

Source: ALH Urban & Regional Economics.

(1) See Exhibit 1 for the amount of estimated retail sales demand from the Pipeline projects' households and Exh bit 3 for the percentage distribution by category.

(2) These figures reflect achievable sales per square foot estimates for each respective retail category except as noted. The figures reflect general industry averages as well as national averages reported in the Retail MAXIM publication "Alternative Retail Risk Analysis for Alternative Capital." See Exh bit 4.

(3) Reflects the estimated supportable square feet of retail for each category.

(4) Includes a 5% vacancy allowance for all categories of retail space.

(5) See assumptions by retail category presented in Table 2.

(6) The cited source for sales per square foot, Retail Maxim (see Exhibit 4), does not include sales figures for auto dealers. Sales figures for auto parts stores are included, and average \$237 per square foot. However, auto dealer sales greatly outweigh these sales in the overall category. Such sales are typically very high, especially relative to the amount of building area required to support their sales. For analytical purposes ALH Urban & Regional Economics assumes such sales are high, and overall average \$800 for the category.

(6) Gasoline sales are highly volatile, and gasoline stations do not typically require large increments of built space. Therefore, estimates for gasoline stations are excluded from this analysis.

(8) Assumes 75% of service space is neighborhood-oriented, including banks, insurance, copy services, etc.

(9) Includes an allocation of 15% of space to accommodate service retail, such as banks, personal, and business services.

(10) Excludes Gasoline Stations.

(11) Reflects the total amount of retail space supportable by 100% of the estimated households.

Exhibit 10
Households and Mean Household Income
2015
Mission District and Latino Cultural District (LCD)

Geographic Area	Households	Mean Household Income 2015
<u>Mission District Census Tracts (1)</u>		
177	756	\$112,144
201	2,910	\$71,117
208	2,663	\$107,806
209	1,823	\$86,878
228.01	1,939	\$136,756
228.03	1,610	\$117,145
229.01	1,434	\$97,385
229.02	794	\$133,584
229.03	1,133	\$108,556
	15,062	\$103,551
Total/Weighted Average		
<u>LCD (2)</u>		
	%	
209	40%	\$86,878
228.03	50%	\$117,145
229.01	100%	\$97,385
229.02	100%	\$133,584
229.03	66%	\$108,556
Total	4,083	\$109,587

Sources: US Census American Community Survey, "S1901: Income in the Past 12 Months (In 2015 Inflation-Adjusted Dollars) 2011-2015"; City and County of San Francisco Board of Supervisors, "Displacement in the Mission District," dated October 2, 2015, page 8; "Calle24_CompletesPipeline_16_12_6" and Census Tract Lookup Finder for California by OHSPD; and ALH Urban & Regional Economics.

(1) The census tract boundaries for the Mission District Neighborhood per the report by the City and County of San Francisco Board of Supervisors, "Displacement in the Mission District," dated October 2, 2015.

(2) The census tract percentages for the LCD portion of the Mission District per ALH Urban & Regional Economics using, "Calle24_CompletesPipeline_16_12_6" and Census Tract Lookup Finder for California by OHSPD. Percentages comprise ALH Economics assumptions.

Exhibit 11**Mission District and LCD****Total Estimated Income and Spending on Retail from Existing Area Households****2016 Dollars**

Area	Estimated Average Household Income		Number of Households (1)	Percent Income Spent on Retail (3)	Per Household Retail Spending (4)	Total Retail Demand (4)
	2015 (1)	2016 (2)				
Mission	\$103,551	\$107,769	15,062	29%	\$31,700	\$477,080,800
LCD	\$109,587	\$114,051	4,083	29%	\$33,500	\$136,872,400

Source: US Census American Community Survey, "S1901: Income in the Past 12 Months (In 2015 Inflation-Adjusted Dollars) 2011-2015"; United States Department of Labor, Consumer Price Index - All Urban Consumers; and ALH Urban & Regional Economics.

(1) See Exhibit 10 for estimated 2015 household incomes.

(2) Incomes are inflated from 2015 to 2016 pursuant to a CPI adjustment for All Urban Consumers from July 2015 to July 2016. The CPI factors are 238.654 for July 2015 and 248.375 for July 2016, resulting in a 1.04073 inflation rate.

(3) Percent of income spent on retail is based on analysis of the U.S. Bureau of Labor Statistics Consumer Expenditure Survey, summarized in Exhibit 2, which demonstrates that as income increase the percent of income spent on retail decreases. The selected percentages by project were identified based upon interpolation of the findings summarized in Exhibit 2.

(4) Figures rounded to the nearest \$1,000.

Exhibit 12
Mission District
Supportable Square Feet of Commercial Space from Households in the Mission District
2016 Dollars

Retail Category	2016 Total Retail Demand (1)	Sales Per Sq. Ft. (2)	Supportable Sq. Ft.		
			Amount (3)	Vacancy Adjusted (4)	Neighborhood-Oriented (5)
Motor Vehicles and Parts	\$68,203,552	\$800 (6)	85,254	89,742	0
Home Furnishings and Appliances	\$24,734,072	\$336	73,705	77,584	38,792
Building Materials and Garden Equip.	\$29,149,872	\$312	93,429	98,346	9,835
Food and Beverage Stores	\$81,641,874	\$669	121,994	128,414	102,732
Gasoline Stations	\$51,906,300	NA (7)	N/A (7)	N/A (7)	0
Clothing and Clothing Accessories	\$34,293,742	\$401	85,605	90,110	22,528
General Merchandise Stores	\$64,589,577	\$309	208,911	219,906	54,976
Food Services and Drinking Places	\$63,204,506	\$550	115,003	121,056	90,792
Other Retail Group	\$59,357,306	\$449	132,175	139,132	45,913
Subtotal	\$477,080,800	--	916,075	964,290	365,567
Additional Service Increment (15% of total) (9)	N/A	N/A	161,660	170,169	127,627 (8)
Total	N/A	N/A	1,077,735 (10)	1,134,458	493,194
Total Rounded to Nearest 100			1,077,700	1,134,500 (11)	493,200

Source: ALH Urban & Regional Economics.

(1) See Exhibit 11 for the amount of estimated retail sales demand from Mission District Households and Exhibit 3 for the percentage distribution by category.

(2) These figures reflect achievable sales per square foot estimates for each respective retail category except as noted. The figures reflect general industry averages as well as national averages reported in the Retail MAXIM publication "Alternative Retail Risk Analysis for Alternative Capital." See Exhibit 4.

(3) Reflects the estimated supportable square feet of retail for each category.

(4) Includes a 5% vacancy allowance for all categories of retail space.

(5) See assumptions by retail category presented in Table 2.

(6) The cited source for sales per square foot, Retail Maxim (see Exhibit 4), does not include sales figures for auto dealers. Sales figures for auto parts stores are included, and average \$237 per square foot. However, auto dealer sales greatly outweigh these sales in the overall category. Such sales are typically very high, especially relative to the amount of building area required to support their sales. For analytical purposes ALH Urban & Regional Economics assumes such sales are high, and overall average \$800 for the category.

(7) Gasoline sales are highly volatile, and gasoline stations do not typically require large increments of built space. Therefore, estimates for gasoline stations are excluded from this analysis.

(8) Assumes 75% of service space is neighborhood-oriented, including banks, insurance, copy services, etc.

(9) Includes an allocation of 15% of space to accommodate service retail, such as banks, personal, and business services.

(10) Excludes Gasoline Stations.

(11) Reflects the total amount of retail space supportable by 100% of the estimated households.

Exhibit 13
LCD
Supportable Square Feet of Commercial Space from Households in the LCD
2016 Dollars

Retail Category	2016 Total Retail Demand (1)	Sales Per Sq. Ft. (2)	Supportable Sq. Ft.		
			Amount (3)	Vacancy Adjusted (4)	Neighborhood-Oriented (5)
Motor Vehicles and Parts	\$19,567,301	\$800 (6)	24,459	25,746	0
Home Furnishings and Appliances	\$7,096,097	\$336	21,146	22,258	11,129
Building Materials and Garden Equip.	\$8,362,971	\$312	26,804	28,215	2,822
Food and Beverage Stores	\$23,422,697	\$669	34,999	36,842	29,473
Gasoline Stations	\$14,891,691	NA (7)	N/A (7)	N/A (7)	0
Clothing and Clothing Accessories	\$9,838,725	\$401	24,560	25,852	6,463
General Merchandise Stores	\$18,530,468	\$309	59,936	63,090	15,773
Food Services and Drinking Places	\$18,133,097	\$550	32,994	34,730	26,048
Other Retail Group	\$17,029,352	\$449	37,920	39,916	13,172
Subtotal	\$136,872,400	--	262,818	276,650	104,880
Additional Service Increment (15% of total) (9)	N/A	N/A	46,380	48,821	36,616 (8)
Total	N/A	N/A	309,198 (10)	325,471	141,495
Total Rounded to Nearest 100			309,200	325,500 (11)	141,500

Source: ALH Urban & Regional Economics.

(1) See Exhibit 11 for the amount of estimated retail sales demand from LCD Households and Exhibit 3 for the percentage distribution by category.

(2) These figures reflect achievable sales per square foot estimates for each respective retail category except as noted. The figures reflect general industry averages as well as national averages reported in the Retail MAXIM publication "Alternative Retail Risk Analysis for Alternative Capital." See Exhibit 4.

(3) Reflects the estimated supportable square feet of retail for each category.

(4) Includes a 5% vacancy allowance for all categories of retail space.

(5) See assumptions by retail category presented in Table 2.

(6) The cited source for sales per square foot, Retail Maxim (see Exhibit 4), does not include sales figures for auto dealers. Sales figures for auto parts stores are included, and average \$237 per square foot. However, auto dealer sales greatly outweigh these sales in the overall category. Such sales are typically very high, especially relative to the amount of building area required to support their sales. For analytical purposes ALH Urban & Regional Economics assumes such sales are high, and overall average \$800 for the category.

(7) Gasoline sales are highly volatile, and gasoline stations do not typically require large increments of built space. Therefore, estimates for gasoline stations are excluded from this analysis.

(8) Assumes 75% of service space is neighborhood-oriented, including banks, insurance, copy services, etc.

(9) Includes an allocation of 15% of space to accommodate service retail, such as banks, personal, and business services.

(10) Excludes Gasoline Stations.

(11) Reflects the total amount of retail space supportable by 100% of the estimated households.

Exhibit 14
Average Rents And Vacancy Trends - Investment Grade Apartments (1)
San Francisco
1996 - 2016

	Monthly Rents						
Year	Studio	1 Bed/ 1 Bath	2 Bed/ 1 Bath	2 Bed/ 2 Bath	3 Bed/ 2 Bath	Average Rent	Average Vacancy
Monthly Rents							
1996	\$940	\$1,182	\$1,239	\$1,555	\$1,563	\$1,235	2.4%
1997	\$1,054	\$1,322	\$1,416	\$1,799	\$1,808	\$1,402	3.1%
1998	\$1,161	\$1,456	\$1,560	\$1,891	\$2,015	\$1,531	2.3%
1999	\$1,251	\$1,585	\$1,656	\$2,019	\$2,294	\$1,663	2.4%
2000	\$1,544	\$2,011	\$2,327	\$2,709	\$3,147	\$2,180	1.4%
2001	\$1,512	\$1,960	\$2,332	\$2,600	\$3,111	\$2,130	5.1%
2002	\$1,314	\$1,741	\$1,979	\$2,299	\$2,826	\$1,867	5.9%
2003	\$1,262	\$1,622	\$1,875	\$2,225	\$2,878	\$1,768	5.2%
2004	\$1,267	\$1,646	\$1,821	\$2,277	\$2,679	\$1,778	6.5%
2005	\$1,334	\$1,700	\$1,885	\$2,382	\$2,643	\$1,835	3.9%
2006	\$1,439	\$1,799	\$1,930	\$2,635	\$2,390	\$1,958	4.0%
2007	\$1,586	\$1,988	\$2,192	\$2,954	\$2,610	\$2,175	5.1%
2008	\$1,723	\$2,152	\$2,359	\$3,242	\$2,702	\$2,368	4.4%
2009	\$1,584	\$2,010	\$2,258	\$3,001	\$2,812	\$2,262	4.4%
2010	\$1,595	\$2,052	\$2,149	\$3,011	\$2,902	\$2,243	6.3%
2011	\$1,894	\$2,330	\$2,403	\$3,379	\$2,983	\$2,472	3.9%
2012	\$2,136	\$2,642	\$2,735	\$3,713	\$3,024	\$2,727	4.7%
2013	\$2,327	\$2,832	\$3,135	\$4,064	\$3,652	\$2,976	4.5%
2014	\$2,575	\$3,119	\$3,379	\$4,270	\$4,082	\$3,275	4.4%
2015	\$2,839	\$3,366	\$3,607	\$4,666	\$4,322	\$3,557	4.8%
2016	\$2,831	\$3,372	\$3,621	\$4,713	\$4,582	\$3,571	4.7%
1996-2016 Average							4.3%
Percent Change							
1996-1997	12.1%	11.8%	14.3%	15.7%	15.7%	13.5%	
1997-1998	10.2%	10.1%	10.2%	5.1%	11.4%	9.2%	
1998-1999	7.8%	8.9%	6.2%	6.8%	13.8%	8.6%	
1999-2000	23.4%	26.9%	40.5%	34.2%	37.2%	31.1%	
2000-2001	-2.1%	-2.5%	0.2%	-4.0%	-1.1%	-2.3%	
2001-2002	-13.1%	-11.2%	-15.1%	-11.6%	-9.2%	-12.3%	
2002-2003	-4.0%	-6.8%	-5.3%	-3.2%	1.8%	-5.3%	
2003-2004	0.4%	1.5%	-2.9%	2.3%	-6.9%	0.6%	
2004-2005	5.3%	3.3%	3.5%	4.6%	-1.3%	3.2%	
2005-2006	7.9%	5.8%	2.4%	10.6%	-9.6%	6.7%	
2006-2007	10.2%	10.5%	13.6%	12.1%	9.2%	11.1%	
2007-2008	8.6%	8.2%	7.6%	9.7%	3.5%	8.9%	
2008-2009	-8.1%	-6.6%	-4.3%	-7.4%	4.1%	-4.5%	
2009-2010	0.7%	2.1%	-4.8%	0.3%	3.2%	-0.8%	
2010-2011	18.7%	13.5%	11.8%	12.2%	2.8%	10.2%	
2011-2012	12.8%	13.4%	13.8%	9.9%	1.4%	10.3%	
2012-2013	8.9%	7.2%	14.6%	9.5%	20.8%	9.1%	
2013-2014	10.7%	10.1%	7.8%	5.1%	11.8%	10.0%	
2014-2015	10.3%	7.9%	6.7%	9.3%	5.9%	8.6%	
2015-2016	-0.3%	0.2%	0.4%	1.0%	6.0%	0.4%	
Average Annual Growth Rate							
	5.7%	5.4%	5.5%	5.7%	5.5%	5.5%	

Sources: RealAnswers; and ALH Urban & Regional Economics.

(1) Database characteristics as of 2016 YTD December, including 77 complexes (all over 50 units) with a total of 24,066 units.

APPENDIX C: GENTRIFICATION AND DISPLACEMENT LITERATURE OVERVIEW

IDENTIFIED REPRESENTATIVE LITERATURE

ALH Economics reviewed numerous papers or articles that address gentrification and residential displacement. While there are many papers or articles that are germane to the question of the relationship between the two phenomena, ALH Economics identified 11 that provide a solid overview and analysis of the subject by leading experts in the field as well as a representative sampling and discussion of other papers and associated commentaries. In some cases, the most relevant portion of the paper is the literature review, as this portion summarizes numerous other studies that also grapple with the question of the relationship between gentrification and displacement. In order of publication date, the specific papers reviewed for this purpose (and document links), include the following:

1. Lance Freeman and Frank Braconi, "Gentrification and Displacement: New York City in the 1990s", *American Planning Association. Journal of the American Planning Association*; Winter 2004; 70, 1; ProQuest Direct Complete, page 39.
<http://www.astudentoftherealestategame.com/wp-content/uploads/2010/09/Freeman%2520and%2520Braconi%25202004%2520Gentrification%2520in%2520NY.pdf>
2. Terra McKinnish, Randall Walsh, Kirk White. "Who Gentrifies Low-Income Neighborhoods?" National Bureau of Economic Research Working Paper 1403 (May 2008).
<http://www.nber.org/papers/w14036>
3. Ingrid Gould Ellen, Katherine M. O'Regan, "How Low Income Neighborhoods Change: Entry, Exit, and Enhancement," *Regional Science and Urban Economics*, Volume 41, Issue 2 (March 2011).
<http://www.sciencedirect.com/science/article/pii/S0166046211000044> (abstract)
4. Silva Mathema, "Gentrification: An Updated Literature Review," *Poverty & Race Research Action Council* (October 2013).
[http://prrac.org/pdf/Gentrification literature review - October 2013.pdf](http://prrac.org/pdf/Gentrification%20literature%20review%20-%20October%202013.pdf)
5. Harvard University, Kennedy School of Government, Shorenstein Center on Media Politics and Public Policy, "Gentrification, Urban Displacement and Affordable Housing: Overview and Research Roundup," (August 2014).
<http://journalistsresource.org/studies/economics/real-estate/gentrification-urban-displacement-affordable-housing-overview-research-roundup>
6. Joe Cortright, "How Governing got it wrong: The problem with confusing gentrification and displacement," *Cityobservatory.org* Commentary (June 2, 2015).
<http://cityobservatory.org/how-governing-got-it-wrong-the-problem-with-confusing-gentrification-and-displacement/> [comments on *Governing Magazine*, "The 'G' Word: A Special Series on Gentrification" (February 2015)
<http://www.governing.com/topics/urban/gov-gentrification-series.html>]

7. Richard Florida, "The Complicated Link Between Gentrification and Displacement," *Citylab* (Atlantic Magazine), September 8, 2015.
<http://www.citylab.com/housing/2015/09/the-complicated-link-between-gentrification-and-displacement/404161/>
8. University of California, Berkeley, "Urban Displacement Project," (funded by the U.S. Department of Housing and Urban Development for the Bay Area Regional Prosperity Plan and the California Air Resources Board) (December 2015).
http://www.urbandisplacement.org/sites/default/files/images/urban_displacement_project_-_executive_summary.pdf
9. Miriam Zuk, Karen Chapple, "Housing Production, Filtering and Displacement: Untangling the Relationships," University of California, Berkeley, Institute of Governmental Studies Research Brief (May 2016).
http://www.urbandisplacement.org/sites/default/files/images/udp_research_brief_052316.pdf
10. Lei Ding, Jackelyn Hwang, Eileen Divringi, "Gentrification and Residential Mobility in Philadelphia," Discussion Paper: Federal Reserve Bank of Philadelphia, (September 2016).
https://www.philadelphiafed.org//media/communitydevelopment/publications/discussion-papers/discussion-paper_gentrification-and-residential-mobility.pdf?la=en
11. Derek Hyra, "Commentary: Causes and Consequences of Gentrification and the Future of Equitable Development Policy," *Cityscape*, Volume 18, Number 3, Office of Policy Development and Research, U.S. Department of Housing and Urban Development, pp. 169-177 (November 2016).
<https://www.huduser.gov/portal/periodicals/cityscpe/vol18num3/index.html>

As noted, there are many other studies and articles that analyze gentrification and displacement, and seek to find a relationship between the two phenomena. The cited articles, with summary reviews following, are considered a representative sampling of some of these papers and associated commentaries.

REPRESENTATIVE LITERATURE REVIEW

The 11 representative articles are summarized below, in order of their publication. In many cases, excerpts are provided directly from the studies, as this comprises the most succinct and direct method of presenting the study findings. It should be noted that much of the concern in the literature regarding gentrification pertains to impacts on lower-income or disadvantaged households and/or ethnic minorities, and thus the findings are often presented in this context. Accordingly, these findings may not be directly transferable to a residential district such as the LCD, with its strong Latino character and likely high proportion of rent controlled units. However, in the absence of studies conducted specific to these characteristics, the following studies provide general insight into what the academic community is finding regarding the relationship between gentrification and displacement.

1. Lance Freeman, Columbia University, and Frank Braconi, then Executive Director of Citizen Housing and Planning Council, New York City, 2004.

This article is one of the most oft-cited papers in the literature about gentrification and displacement. It was authored in 2004 by Lance Freeman, Ph.D., then Assistant Professor in the Urban Planning Department of the Graduate School of Architecture, Planning, and Preservation at Columbia University, and Frank Braconi, then Executive Director of the Citizen Housing and Planning Council in New York City, a nonpartisan policy research organization focusing on housing, planning, and economic development issues in city, state, and federal politics.

This paper presents findings on a study of gentrification and displacement in New York City in the 1990s. Freeman and Braconi conducted the study to advance the research findings on the relationship between residential displacement and gentrification, citing various results from prior studies with disparate and inconclusive findings regarding the relationship between the two phenomena. Using New York City as their subject, Freeman and Braconi set out to study the following:

“To discern how gentrification is related to displacement, we examined the relationship between residence in a gentrifying neighborhood and residential mobility among disadvantaged households. If gentrification increases displacement, all other things being equal, we should observe higher mobility rates among disadvantaged households residing in gentrifying neighborhoods than among those residing elsewhere in the city.”⁵¹

The statistical analysis completed by Freeman and Braconi included many variables on housing and demographic characteristics, as well as neighborhood classifications. There are many findings from this study, with some particularly germane to San Francisco, given the market presence of rent control, in both New York City and San Francisco. Some of the verbatim findings of the study, are as follows:

- “Rent stabilization is by far the more common form of rent regulation in New York City. Our results indicate that poor tenants in such units are insignificantly less likely to exit than those in unregulated units. Rent stabilization does appear, however, to substantially reduce the odds that a less-educated household will move from their dwelling unit during any given time period. We also tested in our regressions a variable interacting residence in a rent-regulated unit and in a gentrifying area and found that it was not significant. This indicates that while rent regulation tends to decrease tenant mobility, it does not do so more in gentrifying areas than in others.”⁵²
- “We found that increases in rent are indeed related to the probability of a household moving. But as was the case with the seven gentrifying neighborhoods, these increases were associated with a *lower* probability of moving rather than a higher one.”⁵³

⁵¹ Lance Freeman and Frank Braconi, “Gentrification and Displacement: New York City in the 1990s”, American Planning Association. Journal of the American Planning Association, Winter 2004, page 42.

⁵² Ibid, page 45.

⁵³ Ibid, page 48.

- “Gentrification has typically been depicted as a process of higher socioeconomic households displacing disadvantaged households. Indeed, some have defined gentrification as this type of displacement... The assumption behind this view is that displacement is the principal mechanism through which gentrification changes the socioeconomic character of a neighborhood. The results presented here,, suggest that a rethinking of the gentrification process is in order. Insofar as many of the other reasons people change residence (marriage or divorce, change of job, want a bigger unit, want to own, etc.) would not be expected to diminish as their neighborhood gentrifies, the reduced mobility rates we find in gentrifying neighborhoods are inconsistent with a process dependent on the massive displacement of disadvantaged residents. Rather, demographic change appears to occur primarily through normal housing succession and may even be slowed by a below-normal rate of exit by existing residents.”⁵⁴

There are other findings of this and subsequent studies on gentrification by Freeman. Some of these findings are included in the summaries below of other studies, many of which include literature reviews. However, in their conclusion, Freeman and Braconi state the following:

“Our analysis indicates that rather than speeding up the departure of low-income residents through displacement, neighborhood gentrification in New York City was actually associated with a lower propensity of disadvantaged households to move. These findings suggest that normal housing succession is the primary channel through which neighborhood change occurs. Indeed, housing turnover may actually be slowed by the reduced mobility rates of lower-income and less-educated households. The most plausible explanation for this surprising finding is that gentrification brings with it neighborhood improvements that are valued by disadvantaged households, and they consequently make greater efforts to remain in their dwelling units, even if the proportion of their income devoted to rent rises.”⁵⁵

2. Terra McKinnish, University of Colorado at Boulder; Randall Walsh, University of Colorado at Boulder; and Kirk White, Duke University, 2008

In May 2008, three academics prepared a working paper for the National Bureau of Economic Research. These academics include Terra McKinnish, Ph.D., Professor of Economics at the University of Colorado at Boulder, Randall Walsh, Ph.D., Assistant Professor of Economics at the University of Colorado at Boulder (now Associate Professor of Economics at University of Pittsburgh, Department of Economics), and Kirk White, Ph.D., now Economist in the Business Economic Research Group, Center for Economic Studies (formerly of the USDA and US Census Bureau).

This paper uses confidential Census data, specifically the 1990 and 2000 Census Long Form data, to study the demographic processes underlying the gentrification of low-income urban neighborhoods during the 1990's. In contrast to previous studies, the analysis is conducted at the more refined census-tract level with a narrower definition of gentrification and more closely matched comparison neighborhoods. The analysis is also richly disaggregated by demographic characteristic, uncovering differential patterns by race, education, age, and family structure that would not have emerged in the more aggregate analysis in previous studies. The areas included in the study were the 72 Consolidated Metropolitan Statistical

⁵⁴ Ibid.

⁵⁵ Ibid, page 51.

Areas in the United States with populations of at least 500,000 in 1990, and thus includes a national sample.

The results provide no evidence of disproportionate displacement of low-education or minority householders in gentrifying neighborhoods.⁵⁶ But the study did find evidence that gentrifying neighborhoods disproportionately retain black householders with a high school degree. More specifically, "The bulk of the increase in average family income in gentrifying neighborhoods is attributed to black high school graduates and white college graduates. The disproportionate retention and income gains of the former and the disproportionate in-migration of the latter are distinguishing characteristics of gentrifying U.S. urban neighborhoods in the 1990's."⁵⁷

This paper also included a literature review, with the authors citing that the literature most related to their study is that pertaining to the link between gentrification and out-migration in low-income neighborhoods. For this purpose, they review three specific studies, pertaining to 2002 analysis of Boston by Vigdor, a 2004 study by Freeman and Braconi in New York City, and a 2005 analysis by Freeman of a sample of U.S. neighborhoods. Of the Vigdor study, the authors state "He finds no evidence that low-income households are more likely to exist the current housing unit if they are located in a gentrifying zone."⁵⁸ Of the Freeman and Braconi study they cite that "Identifying seven neighborhoods in Manhattan and Brooklyn that gentrified during the 90's, they find that low-income households in the gentrifying neighborhoods were less likely to move than low-income households in non-gentrifying neighborhoods."⁵⁹ Finally, of the 2005 Freeman study, which extended the preceding work to a sample of U.S. neighborhoods, and thus required a broader definition of gentrification for study purposes, they state "He gain finds little evidence that gentrification is associated with displacement of low-income households."⁶⁰ Thus, in conclusion regarding this portion of their literature review, the authors cite the following: "This literature investigates whether there is empirical evidence to support the widely held belief that gentrification causes the displacement of low-income minorities from their neighborhoods. The most recent studies, although constrained by data limitations, find little evidence of displacement."⁶¹

3. Ingrid Gould Ellen and Katherine M. O'Regan, NYU, Wagner Graduate School and Furman Center, 2011

In March 2011 Ingrid Gould Ellen, Ph.D., and Katherine M. O'Regan, Ph.D., published an article on gentrification and displacement in the journal *Regional Science and Urban Economics*. At the time, Ellen was the Paulette Goddard Professor of Urban Policy and Planning and Director of the Urban Planning Program, NYU and O'Regan was Professor of Public Policy and Planning at NYU's Wagner Graduate School of Public Service (Regan is now Assistant Secretary for Policy Development and Research at the U.S. Department of Housing and Urban Development). The research in this paper was conducted while the authors were Special Sworn Status researchers of the U.S. Census Bureau at the New York Census Research Data Center.

The purpose of this paper was to examine whether the economic gains experienced by low-income neighborhoods in the 1990s followed patterns of classic gentrification, i.e., through the in-migration of higher income white, households, and out migration (or displacement) of the

⁵⁶ Terra McKinnish, Randall Walsh, Kirk White. "Who Gentrifies Low-Income Neighborhoods?" National Bureau of Economic Research, Working Paper 1403, May 2008, page 3.

⁵⁷ Ibid, page 2.

⁵⁸ Ibid, page 4.

⁵⁹ Ibid.

⁶⁰ Ibid, page 5.

⁶¹ Ibid, page 4.

original lower income, usually minority residents, spurring racial transition in the process.⁶² An abstract of this paper, published on-line, cites the following summary finding:

“Using the internal Census version of the American Housing Survey, we find no evidence of heightened displacement, even among the most vulnerable, original residents. While the entrance of higher income homeowners was an important source of income gains, so too was the selective exit of lower income homeowners. Original residents also experienced differential gains in income and reported greater increases in their satisfaction with their neighborhood than found in other low-income neighborhoods. Finally, gaining neighborhoods were able to avoid the losses of white households that non-gaining low income tracts experienced, and were thereby more racially stable rather than less.”

Further, as cited in the study findings, Ellen and O’Regan state:

“The picture our analyses paint of neighborhood change is one in which original residents are much less harmed than is typically assumed. They do not appear to be displaced in the course of change, they experience modest gains in income during the process, and they are more satisfied with their neighborhoods in the wake of the change. To be sure, some individual residents are undoubtedly hurt by neighborhood change; but in aggregate, the consequences of neighborhood change — at least as it occurred in the 1990s — do not appear to be as dire as many assume.”⁶³

4. Silva Mathema, Poverty & Race Research Action Council, 2013

In October 2013, while a Research Associate with the Poverty & Race Research Action Council in Washington, D.C., Silva Mathema, Ph.D., prepared an updated literature review on gentrification, with a focus on the theories and realities of gentrification. Upon reviewing close to 30 cited papers on many aspects of gentrification, Mathema provides the following summary of recent gentrification research:

“Some studies have found little to no evidence of gentrification-induced displacement and laud gentrification for promoting urban revival and development (Betancur 2011). Using American Housing Survey’s data on residential turnover, Ellen and O’Regan (2011) did not find increased displacement of vulnerable original residents in neighborhoods that experienced large economic gains during the 1990s. They also did not observe any drastic change in racial composition of the neighborhoods in the 1990s. This finding is significant because gentrification is usually associated with exodus of low-income minority residents from transitioning neighborhoods. In fact, there was increase in level of neighborhood satisfaction among original residents in growing neighborhoods. Similarly, Freeman’s (2009) research suggests that gentrification does not impact neighborhood level diversity negatively. Likewise, McKinnish (2010), analyzing the census tract data, found no evidence of displacement among minority households in gentrifying neighborhoods. In fact, he suggested that

⁶² <http://www.sciencedirect.com/science/article/pii/S0166046211000044>.

⁶³ See paper excerpt cited in: <https://journalistsresource.org/studies/economics/real-estate/gentrification-urban-displacement-affordable-housing-overview-research-roundup>

these diverse neighborhoods were attractive to middle class black families who were likely to move into these areas.”⁶⁴

Mathema concludes by recognizing that gentrification has received renewed attention from policymakers, and states that localities experiencing such transformations will “need to be cognizant of the main players, the state of gentrification, and historical and racial context of the neighborhood, to be able to design programs that aim to promote social justice and equitable development in the gentrifying neighborhoods.”⁶⁵

5. Harvard Shorenstein Center Project, 2014

In 2014 the Harvard Shorenstein Center Project published an overview and research roundup on gentrification, urban displacement, and affordable housing. The roundup includes an overall summary of the literature prepared by the Center along with links and synopses of a selection of eight studies on gentrification and its effects, a few of which included analysis of displacement.

The Center’s overall summary references that the first longitudinal studies quantifying trends in gentrification generally found that low-income resident displacement due to gentrification was limited. They state the following about Lance Freeman’s 2005 study:

“In 2005, Lance Freeman of Columbia University published an influential nationwide study that found that low-income residents of gentrifying urban neighborhoods were only slightly more likely to leave than those in non-gentrifying neighborhoods — 1.4% versus a 0.9%.”⁶⁶

They further indicated, however, that in 2008 Freeman indicated that more research was needed, and that “The empirical evidence [on gentrification] is surprisingly thin on some questions and inconclusive on others.”⁶⁷

This roundup cites other study findings, such as the following:

- “Recent studies of neighborhood change have examined other effects of gentrification on low-income residents. Research published in 2010 and 2011 found evidence that gentrification could boost income for low-income residents who remained and also raised their level of housing-related satisfaction.
- Even if the proportion of low-income residents displaced by gentrification is low, research indicates that the aggregate number displaced can be high and the consequences of displacement particularly harmful. A 2006 study estimated that about 10,000 households were displaced by gentrification each year in New York City.

⁶⁴ Silva Mathema, “Gentrification: An updated Literature Review,” Poverty & Race Research Action Council, October 2013, page 3.

⁶⁵ Ibid, page 5.

⁶⁶ Harvard University, Kennedy School of Government, Shorenstein Center on Media Politics and Public Policy, “Gentrification, Urban Displacement and Affordable Housing: Overview and Research Roundup,” August 2014.

⁶⁷ Ibid.

Follow-up interviews found that among those displaced, many ended up living in overcrowded apartments, shelters or even became homeless.”⁶⁸

These somewhat contrary statements indicate the literature is at odds, with limited definitive results. Toward this end, the roundup states:

“The major studies on gentrification share several important limitations: They have not consistently examined the fate of displaced low-income residents; they do not look at the effects of gentrification over multiple decades; and most use data from the 1980s and 1990s — preceding major increases in rental prices throughout the 2000s and before the Great Recession. There is also no consensus on how to measure gentrification, so existing studies may be missing important demographic transitions in U.S. neighborhoods.”⁶⁹

6. Joseph Cortright, City Commentary, cityobservatory.org, 2015

Economic Analyst Joseph Cortright, President and Principal Economist of Impresa, a Portland-based consulting firm specializing in metropolitan economies, knowledge-based industries, and education policy, recently authored an on-line commentary addressing the confusion between gentrification and displacement. This commentary was in response to a series on gentrification published by *Governing Magazine* in February 2015.

In his commentary, Cortright states that:

“There’s precious little evidence that there has been, in the aggregate, any displacement of the poor from the neighborhoods *Governing* flags as “gentrifying.” If there were displacement, you’d expect the number of poor people in these neighborhoods to be declining. In fact, nationally, there are more poor people living in the neighborhoods that they identify as “gentrifying” in 2013 than there were in 2000. *Governing’s* gentrifying neighborhoods have gained poor AND nonpoor residents according to Census data. And even after “gentrifying,” these neighborhoods still have higher poverty rates, on average, than the national average.

Careful academic studies of gentrifying neighborhoods, by Columbia’s Lance Freeman and the University of Colorado’s Terra McKinnish, show that improving neighborhoods actually do a better job of hanging on to previous poor and minority residents than poor neighborhoods that don’t improve. The University of Washington’s Jacob Vigdor has estimated that even when rents go up, existing residents generally attach a value to neighborhood improvements that more than compensates for the higher costs.”⁷⁰

Cortright further addresses other study findings, pertaining to poverty and gentrification, but these are separate from the discussion regarding the relationship between displacement and gentrification.

⁶⁸ Ibid.

⁶⁹ Ibid.

⁷⁰ Joe Cortright, “How *Governing* got it wrong: The problem with confusing gentrification and displacement,” *Cityobservatory.org* Commentary, June 2, 2015.

7. Richard Florida, Martin Prosperity Institute at the University of Toronto and Global Research Professor at New York University, 2015

Richard Florida, Ph.D., Professor of Business and Creativity, Rotman School of Management, University of Toronto, authored a commentary on gentrification and displacement in 2015 in CityLab, an on-line publication of The Atlantic Magazine. This commentary pertains to an August 2015 review of gentrification, displacement, and the role of public investment, published by the Federal Reserve Bank of San Francisco, and authored by academics from UC Berkeley and UCLA, but also includes summaries of other study findings regarding gentrification and displacement. Florida begins by citing some of the findings of Lance Freeman of Columbia University, including the first study cited in this section. Florida states the following about Freeman's work:

"Perhaps the foremost student of gentrification and displacement is Lance Freeman of Columbia University. His 2004 study with Frank Braconi found that poor households in gentrifying neighborhoods of New York City were less likely to move than poor households in non-gentrifying neighborhoods. This of course may have to do with the fact that there are less poor households in gentrifying neighborhoods to begin with. Still, the authors concluded that "a neighborhood could go from a 30% poverty population to 12% in as few as 10 years without any displacement whatsoever." In a subsequent 2005 study, Freeman found that the probability that a household would be displaced in a gentrifying neighborhood was a mere 1.3 percent. A follow-up 2007 study, again with Braconi, examined apartment turnover in New York City neighborhoods and found that the probability of displacement declined as the rate of rent inflation increased in a neighborhood. Disadvantaged households in gentrifying neighborhoods were actually 15 percent less likely to move than those in non-gentrifying households.

And, in a 2009 study, Freeman found that gentrifying neighborhoods are becoming more racially diverse by tracking neighborhood change from 1970-2000 (although he does note that cities overall are becoming more diverse as well). Freeman also discovered that changes in educational diversity were the same for both gentrifying and non-gentrifying areas. Ultimately, while some residents were displaced from 1970-2000, gentrifying neighborhoods were generally more diverse when it came to income, race, and education as opposed to non-gentrifying neighborhoods."⁷¹

Florida also references findings that suggest gentrification can reduce displacement. Specifically, he states:

"Counterintuitively, several studies have even found that gentrification can in some cases reduce displacement. Neighborhood improvements like bars, restaurants, waterfronts, or extended transit can and sometimes do encourage less advantaged households to stay put in the face of gentrification. A 2006 study found that displacement accounted for only 6 to 10 percent of all moves in New York City due to housing expenses, landlord harassment, or displacement by private action (e.g. condo conversion) between 1989 and 2002. A 2011 study concluded that neighborhood income gains did not significantly predict household exit rates. What did predict

⁷¹ Richard Florida, "The Complicated Link Between Gentrification and Displacement," *Citylab* (Atlantic Magazine), September 8, 2015.

outmigration was age, minority status, selective entry and exit, and renting as opposed to buying.”⁷²

In further discussing study findings, Florida cites that “Indeed, displacement is becoming a larger issue in knowledge hubs and superstar cities, where the pressure for urban living is accelerating. These particular cities attract new businesses, highly skilled workers, major developers, and large corporations, all of which drive up both the demand for and cost of housing. As a result, local residents - and neighborhood renters in particular - may feel pressured to move to more affordable locations.” This Florida comment followed general reference to findings from the Urban Displacement Project at UC Berkeley, which has authored many articles about gentrification, and sought to develop indicators that would identify census tracts in the Bay Area that are at risk of displacement and/or gentrification. In particular, Florida provides a link to a paper written by one of his colleagues, which seeks to distill some of the Urban Displacement Project findings (see <http://www.citylab.com/housing/2015/08/mapping-gentrification-and-displacement-in-san-francisco/402559/>). The author of this document, Tanvi Misra, who is a CityLab colleague of Florida’s, summarizes Karen Chapple of the Urban Displacement Project’s findings as follows, demonstrating the complex relationship between gentrification and displacement:

“Displacement can be physical (as building conditions deteriorate) or economic (as costs rise). It might push households out, or it might prohibit them from moving in, called exclusionary displacement. It can result from reinvestment in the neighborhood — planned or actual, private or public — or disinvestment.

Thus, displacement is often taking place with gentrification nowhere in plain sight. In fact, stable neighborhoods at both the upper and lower ends of the income spectrum are experiencing displacement.”⁷³

See a review below regarding some of the findings from the Urban Displacement Project.

8. University of California, Berkeley, Urban Displacement Project, 2015

The Urban Displacement Project at the University of California at Berkeley is research and action initiative of UC Berkeley in collaboration with researchers at UCLA, community based organizations, regional planning agencies and the State of California’s Air Resources Board. The project aims to understand the nature of gentrification and displacement in the Bay Area and Southern California. The studies prepared by this project have spawned a great many papers, both by the Urban Displacement Project and by others commenting on its findings and analyzing its datasets. This paper, in particular, is an Executive Summary including a succinct literature review, summary of case studies, brief comment on anti-displacement policy analysis, and summary methodology overview. This paper states that “As regions across California plan for and invest in transit oriented development, in part as a response to SB 375 and the implementation of their Sustainable Communities Strategies, communities are increasingly concerned about how new transit investment and related new development will affect the lives of existing residents, particularly low-income communities of color.”⁷⁴ Thus, the

⁷² Ibid.

⁷³ See <http://www.citylab.com/housing/2015/08/mapping-gentrification-and-displacement-in-san-francisco/402559/>.

⁷⁴ University of California, Berkeley, “Urban Displacement Project,” December 2015, page 1.

Urban Displacement Project “analyzed the relationship between transit investment and neighborhood change, identifying factors that place neighborhoods at risk of displacement and mapping Bay Area neighborhoods according to levels of risk.”⁷⁵

The Urban Displacement Project defines gentrification as the influx of capital and higher-income, higher-educated residents into working-class neighborhoods, and says it has already transformed about 10% of Bay Area neighborhoods, with displacement, which can be physical or economic, occurring in 48% of Bay Area neighborhoods.⁷⁶ The Urban Displacement Project indicates that displacement, whether physical or economic, may result from disinvestment as well as investment, and thus is often taking place in the absence of visible gentrification.

This paper cites several key study findings from the Urban Displacement Project.

- Regionally, there has been a net gain in 94,408 low-income households between 2000 and 2013. However, there has been a concurrent loss of almost 106,000 naturally-occurring affordable housing units (where low-income people pay 30% or less of their income on rent).
- More than half of low-income households, all over the nine-county region, live in neighborhoods at risk of or already experiencing displacement and gentrification pressures.
- The crisis is not yet half over: More tracts are at risk of displacement in the future compared to those already experiencing it (in other words, the number of tracts at risk of displacement are 123% higher than the numbers already experiencing it).
- Still, more than half of neighborhoods in the nine-county Bay Area are quite stable, or just becoming poorer.
- In low-income areas, this is due to a combination of subsidized housing production, tenant protections, rent control and strong community organizing.
- Displacement extends far beyond gentrifying neighborhoods: The Bay Area’s affluent neighborhoods have lost slightly more low-income households than have more inexpensive neighborhoods – a story of exclusion.
- We are losing “naturally occurring” affordable housing in neighborhoods often more quickly than we can build new housing.
- There is no clear relationship or correlation between building new housing and keeping housing affordable in a particular neighborhood.⁷⁷

Notably, this paper identifies “exclusionary displacement” as what occurs when households are prohibited from moving in.

Beyond these key findings, this Executive Summary includes a summary literature review. This literature review does not shed much light on the question of displacement’s relationship to gentrification, other than citing that despite analytic challenges in measuring displacement, “most studies agree that gentrification at a minimum leads to exclusionary displacement and may push out some renters as well.”⁷⁸ However, this paper provides a few comments on case studies performed for nine Bay Area neighborhoods, and presents these additional findings (among others):

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Ibid, page 2.

⁷⁸ Ibid, page 3.

- Gentrification may not precede displacement. Gentrification is often assumed to be a precursor to residential displacement, yet in many of our cases we found that displacement precedes gentrification and that the two processes are often occurring simultaneously.
- Gentrification and displacement are regional. Although gentrification and displacement are often seen as a neighborhood or local phenomenon, our cases show that they are inherently linked to shifts in the regional housing and job market.
- Despite continued pressures and much anxiety, many neighborhoods that expected to be at risk of displacement — such as East Palo Alto, Marin City and San Francisco’s Chinatown — have been surprisingly stable, at least until 2013, the most recent year with available data. This is likely due to a combination of subsidized housing production, tenant protections, rent control and strong community organizing.
- Policy, planning and organizing can stabilize neighborhoods. Many of the cases have shown remarkable stability, largely due to strengths of local housing policy, community organizing, tenant protections and planning techniques.

This Executive Summary concludes with the following statement: “Even though many Bay Area neighborhoods are at risk of displacement or exclusion, such change is not inevitable. Subsidized housing and tenant protections such as rent control and just-cause eviction ordinances are effective tools for stabilizing communities, yet the regional nature of the housing and jobs markets has managed to render some local solutions ineffective.”⁷⁹

9. Miriam Zuk and Karen Chapple, University of California, Berkeley, Institute of Governmental Studies, 2015

This research brief provides a summary of research into the relationship between housing production, filtering, and displacement based on analysis of an extensive dataset for the San Francisco Bay Area developed by the Urban Displacement Project at UC Berkeley. It was prepared by Zuk, Ph.D., Director and Senior Researcher, and Chapple, Ph.D., Professor of City and Regional Planning, both with the Center for Community Innovation at UC Berkeley’s Institute of Governmental Studies. The study’s findings regarding the impacts of market rate housing production on housing costs are discussed in a separate chapter in this report (see Chapter V. Housing Production Impacts on Housing Costs). However, the findings in this article also have relevancy to the question of the relationship between gentrification and displacement.

To the extent that new housing development can be construed as gentrification, the summary findings of this study are as follows:

- “At the regional level, both market-rate and subsidized housing reduce displacement pressures, but subsidized housing has over double the impact of market-rate units.
- Market-rate production is associated with higher housing cost burden for low-income households, but lower median rents in subsequent decades.

⁷⁹ Ibid, page 4.

- At the local, block group level in San Francisco, neither market-rate nor subsidized housing production has the protective power they do at the regional scale, likely due to the extreme mismatch between demand and supply. Although more detailed analysis is needed to clarify the complex relationship between development, affordability, and displacement at the local scale, this research implies the importance of not only increasing production of subsidized and market-rate housing in California's coastal communities, but also investing in the preservation of housing affordability and stabilizing vulnerable communities."⁸⁰

In brief, this study appears to conclude that at the local level in San Francisco, the relationship between gentrification and displacement is indeterminate, and deserving of additional analysis to best probe the relationship.

10. Lei Ding, Federal Reserve Bank of Philadelphia, Jackelyn Hwang, Princeton University, and Eileen Divringi, Federal Reserve Bank of Philadelphia, 2016

This academic paper was prepared for the Federal Reserve Bank of Philadelphia in September 2016 by the following authors: Lei Ding, Ph.D., Community Development Economic Advisor, Community Development Studies & Education Department of the Federal Reserve Bank of Philadelphia; Jackelyn Hwang, Ph.D., Postdoctoral Research Fellow at Princeton University (forthcoming Assistant Professor of Sociology at Stanford University, September 2017); and Eileen Divringi, Community Development Research Analyst in the CDS&E Department of the Federal Reserve Bank of Philadelphia.

This paper also includes an extensive literature review section, with a topic specifically focused on gentrification and residential displacement, siting that residential displacement has been a central point of contention surrounding gentrification. In framing the review, the authors state:

"As neighborhoods gentrify and new residents of a higher socioeconomic status relative to incumbent residents move in and housing values and rents rise, housing and living costs may lead less advantaged incumbent residents to move out of the neighborhood against their will. Most existing studies on the population composition of gentrifying neighborhoods find that demographic changes take place at the aggregate neighborhood level. This implies that long-term, less advantaged residents are indeed moving out of the neighborhood. Further, anecdotal accounts show that residents move out of gentrifying neighborhoods by choice or through eviction as landlords increase rents, property taxes increase as local home values and rents rise, or because developers offer existing residents relatively large cash sums and then renovate the properties for larger profits (Newman and Wyly, 2006; Freeman, 2005). Few studies, however, have examined the moves of individual residents in gentrifying neighborhoods to support this."⁸¹

The authors then proceed to review approximately ten studies exploring different aspects of the issue, many of which were cited by other authors reviewed above, as well as in this current analysis. While each study has its strengths and weaknesses, and unique data constraints, the authors conclude this literature review by stating:

⁸⁰ Miriam Zuk, Karen Chapple, "Housing Production, Filtering and Displacement: Untangling the Relationships," University of California, Berkeley, Institute of Governmental Studies Research Brief May 2016, page 1.

⁸¹ Lei Ding, Jackelyn Hwang, Eileen Divringi, "Gentrification and Residential Mobility in Philadelphia," Discussion Paper: Federal Reserve Bank of Philadelphia, September 2016, page 3.

“Overall, existing studies generally do not find evidence of elevated rates of mobility among less advantaged residents compared with similar residents in low-income neighborhoods that do not gentrify. The findings suggest that residential moves from gentrifying neighborhoods reflect normal rates of housing turnover among less advantaged residents and that the neighborhood-level demographic changes are largely due to the in-migration of high socioeconomic status residents.”

Some of the perceived weaknesses in these studies, or alternate explanations for not detecting higher mobility rates, are among the reasons the authors conducted their study, examining residential mobility in Philadelphia from 2002 – 2014. As noted by the authors in the study conclusions:

“This case study of Philadelphia leverages a unique data set to shed light on the heterogeneous consequences of gentrification on residential mobility patterns. Our findings contribute to debates on gentrification and displacement by uncovering important nuances of residential mobility associated with the destinations of movers, vulnerable subpopulations, the pace of gentrification, and economic cycles. Previous studies have not explored these important dimensions of gentrification nor have they examined these patterns as gentrification has grown and expanded relative to its past since the late 1990s.

We find that gentrifying neighborhoods in Philadelphia, especially those in the more advanced stages of gentrification, have higher mobility rates on average compared with nongentrifying neighborhoods, but these movers are more likely to be financially healthier residents moving to higher-quality neighborhoods. Consistent with other recent studies of mobility and gentrification (Ellen and O’Regan, 2011; Freeman, 2005; McKinnish et al., 2010), we generally do not find that more vulnerable residents in gentrifying neighborhoods have elevated rates of mobility. As discussed earlier, Philadelphia has a number of distinct features that may mitigate the pace of residential displacement, such as its high vacancy rates and property tax assessment practices. It is also possible that displacement among vulnerable residents has not yet occurred during the study period or could be better observed when more comprehensive data are available. The slightly higher mobility rates among low-score residents in neighborhoods already in the more advanced stages of gentrification lend support for this. It is also possible that we do not observe displacement occurring within census tracts, but, if this is the case, localized moves, though still costly, among vulnerable residents in gentrifying census tracts may have less negative consequences for these residents who would still be proximate to the increased amenities that come with gentrification (McKinnish et al., 2010).

When more vulnerable residents move from gentrifying neighborhoods, however, they are more likely than their counterparts in nongentrifying neighborhoods to move to neighborhoods with lower incomes than the neighborhoods from where they move. These results suggest that gentrification redistributes less advantaged residents into less advantaged neighborhoods, contributing to the persistence of neighborhood disadvantage. Therefore, even though we do not observe higher mobility rates among these groups, the results still demonstrate that gentrification can have negative residential consequences for these subpopulations.”⁸²

⁸² Ibid, pages 42 and 43.

11. Derek Hyra, American University, 2016

In this paper published in November 2016, Hyra, Ph.D., an Associate Professor in the Department of Public Administration and Policy at American University, cites that the causes and consequences of gentrification, e.g., an influx of upper-income people to low-income areas, are complex and multilayered.⁸³ He further states that perhaps the most controversial gentrification topic is its residential displacement consequences.⁸⁴ However, he cites that there is near empirical consensus that “mobility rates among low-income people are equivalent in gentrifying versus more stable low-income neighborhoods.”⁸⁵ In supporting this statement he cites no less than six studies conducted between 2004 and 2015 (several of which are also cited herein). Hyra believes this should not be interpreted as evidence gentrification is not related to a shrinking supply of affordable housing units, but rather that low-income people tend to move at a high rate from all neighborhood types. While Hyra believes understanding the relationship between gentrification and residential displacement is critical, he believes other important gentrification consequences exist, and he spends the balance of his short paper on exploring other potential consequences, such as political and cultural displacement, and discussing potential future research questions. These research questions and investigations include exploring the role of race in supply and demand-side gentrification explanations, as well as future investigations and governmental policy reforms to increase the changes that low- and moderate-income people benefit from the process of gentrification, such as providing affordable housing opportunities and supporting community-led organizations.⁸⁶

⁸³ Derek Hyra, “Commentary: Causes and Consequences of Gentrification and the Future of Equitable Development Policy,” November 2016, page 170.

⁸⁴ Ibid, page 171.

⁸⁵ Ibid.

⁸⁶ Ibid, page 173.



January 12, 2017

Chris Kern
Senior Environmental Planner
1650 Mission Street, Suite 400
San Francisco, CA 94103

Subject: Eastern Neighborhoods / Mission District Transportation and Demographic Trends

Dear Chris:

Fehr & Peers has prepared this letter summarizing key transportation trends that have occurred since the adoption of the Eastern Neighborhoods Plan in August 2008, focusing on the Mission District. Specifically, San Francisco Planning staff identified three key questions regarding the transportation analysis prepared for the Eastern Neighborhoods Plan environmental review process and subsequent effects on the transportation network due to new development:

- If new construction based on the Eastern Neighborhoods Plan results in displacement of lower income workers, do these workers then move to distant suburbs and increase the number of automobile commute trips and regional VMT compared to the Eastern Neighborhoods Plan EIR?
- Does new housing in the Eastern Neighborhoods plan area attract higher income residents, who own more cars and are therefore adding additional automobile trips than were accounted for in the Eastern Neighborhoods Plan EIR?
- Do commuter shuttles have transportation impacts not considered in the Eastern Neighborhoods Plan EIR?

Overall, Fehr & Peers has found that the Eastern Neighborhoods Plan EIR took a fairly conservative approach to transportation analysis and findings. The EIR generally estimated that a slightly higher percentage of new trips would be made by private vehicles than recent traffic counts as well as census travel survey data would suggest are occurring. On a more detailed level, Fehr & Peers found that while the Mission has undergone significant demographic and economic



change, residents on average still appear to own around the same number of vehicles, and use non-auto modes at similar rates as in the period from 2000 – 2009.¹

With regards to the effects of potential displacement of lower-income households, data tracking individuals or households who move out of the neighborhood is not available, limiting our ability to state with certainty whether displacement of lower income workers is leading those same workers to increase their vehicle travel. Collecting this data would require a long-term focused survey effort on a different horizon that which is available for the preparation of this letter report .

In absence of this data, Fehr & Peers has conducted an analysis and review of the regional models used to develop the travel demand estimates for the Eastern Neighborhoods Plan EIR and, more generally, the role that they play in planning/CEQA efforts. This review of the travel model focuses on available data, and how that data can be used to answer the questions posed above. The regional model uses available data, such as existing mode share, trends in travel time to work, and current research on travel behavior to assess how changes in population or employment affect vehicle travel on our transportation facilities. The growth in households and jobs included in the model is based on regional and local planning efforts such as Plan Bay Area, City general plans, and specific plans such as the Eastern Neighborhoods Plan.

The growth in the share of households and jobs located in dense, urban areas (as planned for in Plan Bay Area and the Eastern Neighborhoods Plan) is expected to generally decrease regional vehicle miles traveled per capita between now and 2040. In the short term, the distance between Bay Area residents and their places of employment has increased slightly from 2004 to 2014; this has not, however, been accompanied by a similar increase in the share of regional commuting by single-occupant vehicle.

In addition to these demographic and economic variables, several new technologies and programs have affected transportation in the Eastern Neighborhoods area. Commuter shuttles to campuses in the Peninsula and South Bay have grown in amount and ridership, and some members of the community are concerned they may be negatively affecting traffic or public transit operations. Fehr & Peers has not found any evidence that their effects have not been contained in the envelope of traffic effects analyzed in the Eastern Neighborhoods Plan EIR.

¹ Fehr & Peers has attempted to maintain consistency across data sources. Census data is used from the 2000 decennial census, and from the 2004 – 2009 and 2009 – 2014 five-year average reports of the American Community Survey. Non-Census data may use other base years.



With regards to non-automotive travel, Planning and SFMTA have both undertaken substantial citywide efforts to encourage non-auto modes of travel, including MuniForward and Planning's Transportation Sustainability Program (TSP); these provide mechanisms for encouraging shifts to sustainable modes of travel, although it is still too early in their implementation to provide detailed analysis on their efficacy. These programs would be expected to have the effect of decreasing overall vehicular travel, and perhaps increasing transit ridership.

Background and Literature on Factors Surrounding Travel Behavior

While this letter focuses on the interplay between jobs and housing and the effect that relationship has on local and regional travel patterns, these elements are only one potential factor in individual travel behavior. Regional traffic and travel patterns are the combination of many different factors that influence individual decisions; these factors include items related to the built environment, local land use, regional distributions of housing and jobs, household socioeconomic factors, roadway network design and capacity, and availability of alternative transportation services such as transit.

When used in travel demand models, these variables can be sorted into four groups: socioeconomic characteristics, travel options, local land use characteristics, and regional land use characteristics, all of which influence total regional travel². The below narrative discusses how these complicated factors are reflected in the variables selected for use in the regional model; these variables rely on data that is readily available, and broad enough for regional use. Many other individual circumstances are not reflected in the model, even though they may influence decisions with respect to residential location, employment, and household formation. Instead, the model focuses on the outcomes of these decisions, and uses past trends to predict future changes in variables that can more easily be included in the model. The following is a summary of some of the factors used in modeling travel behavior, and definitions or explanations of each for reference.

Socioeconomic Characteristics

For modeling purposes, several variables are used as proxies for socioeconomic characteristics that influence travel. These variables include the number of workers and non-workers in each

² Hu, H., Choi, S., Wen, F., Walters, G., & Gray, C. J. (2012, February). Exploring the Methods of Estimating Vehicle Miles of Travel. In *51th Annual Meeting of the Western Regional Science Association*.



household, the age of household members, and median household income. Generally, larger households make more trips by all modes; people between ages 16 – 64 are more likely to drive, and higher income individuals are more likely to own a car; as such, analysis areas with populations meeting these characteristics tend to generate a larger number of vehicle trips in the model. Other individual traits, including English proficiency, ability to obtain a driver's license, and ability or disability may also influence travel decisions at this level, but are too generalized to be included in a regional travel demand model, despite their importance to individual decisions.

Travel Options

Travel options variables include considerations of transit access, transit quality, and access to a vehicle. Each of these factors can determine the mode an individual chooses to make a given trip. Generally, individuals will choose the most efficient mode among those that they have access to. Efficiency can include considerations such as cost, estimated travel time, comfort, wait times, or convenience, among other concerns. In travel models, these factors are considered through proxy variables such as car ownership, distance from transit, and the frequency at which nearby transit operates.

Local Land Use and Built Environment

Local land use variables include variables often referred to as "the D's": density of jobs and housing, diversity of land uses, design of roadway facilities and the urban environment, and similar elements. These factors help to create urban environments that are more walkable, and tend to have a lower automobile modeshare³. The academic literature surrounding the effects of land use on transportation choices has shown fairly consistently that dense, mixed-use neighborhoods with strong regional access have the lowest levels of vehicle trip-making.⁴ When used in travel models, these are usually translated into measures of density for a given area, such as the number of dwelling units or jobs per acre.

Regional Land Use and Built Environment

Regional land use patterns determine travel patterns mostly as a function of where people live versus places they typically travel to; the most common example of this is the relationship

³ Cervero, R., & Kockelman, K. (1997). Travel demand and the 3Ds: density, diversity, and design. *Transportation Research Part D: Transport and Environment*, 2(3), 199-219.

⁴ Ewing, R., & Cervero, R. (2010). Travel and the built environment: a meta-analysis. *Journal of the American planning association*, 76(3), 265-294.



between a person's home and workplace. Regional accessibility, such as the availability of longer distance transportation options (including regional transit such as BART and Caltrain, as well as freeways and major arterials) also plays a key role in transportation decisions. Ongoing jobs-housing imbalances have been shown to have a substantial effect on the distance households travel to work, while regional accessibility (as measured by the mix of destinations easily accessible by a household) also tends to encourage non-auto trips^{5,6,7}.

Number of Long-Distance Commute Trips

In addressing the question of whether the new residential construction in the Eastern Neighborhoods plan displaces lower income workers and therefore leads to longer commute trips from distant suburbs, Fehr & Peers focused on available data which includes regional data on inter-county commutes, and data showing the regional distance between a worker's home and workplace. While speculation exists that individuals that move out of the Mission commute longer distances to existing jobs, the literature on job change following residential relocation is very limited. As such, it cannot be ascertained whether individuals moving from the Mission to outlying areas keep or change their job location.

In addition to the potential for longer commute trips, households moving from the Mission to areas with fewer non-auto transportation options may increase their use of private vehicles for non-work trips. This increase in trips may be offset by individuals who move into denser neighborhoods and then use private vehicles less often, particularly if new housing growth is concentrated in these denser neighborhoods.

As an example of how residential location affects commute patterns, **Table 1** summarizes the number of commuters who both live and work in the same Bay Area County, the number who live and work in different counties and drive alone to work, and the median rent by county to serve as a proxy for cost of living. Counties that have a lower than average share of residents who drive alone to work in another county are Santa Clara County, Sonoma County, and San Francisco County, while counties with the largest share of residents who drive alone to work in another county are San Mateo, Contra Costa, and Solano Counties.

⁵ Ewing, R. (1995). Beyond density, mode choice, and single-purpose trips. *Transportation Quarterly*, 49(4), 15-24.

⁶ Levinson, D. M. (1998). Accessibility and the journey to work. *Journal of Transport Geography*, 6(1), 11-21.

⁷ Cervero, R. (1996). Jobs-housing balance revisited: trends and impacts in the San Francisco Bay Area. *Journal of the American Planning Association*, 62(4), 492-511.



Based on these figures, we would assume that a net movement of households from San Francisco to counties such as Contra Costa County and Solano County without a corresponding movement in jobs would result in a higher share of individuals driving longer distances to work. However, job and housing growth projections prepared by ABAG indicate that population growth will be concentrated in areas that, in general, have fewer individuals driving alone to work across county lines.⁸

TABLE 1: COMMUTERS LIVING AND WORKING IN DIFFERENT COUNTIES, 2010¹

County	Employed Residents	Residents Working in Same County	Percentage Working in Same County	Drove Alone to Another County for Work	Percentage Drive Alone to Another County	2010 Median Rent ²
Santa Clara	817,000	712,000	87%	85,000	10%	\$1,471
Sonoma	226,000	188,000	83%	29,000	13%	\$1,227
San Francisco	432,000	331,000	77%	68,000	16%	\$1,446
Napa	62,000	48,000	77%	12,000	19%	\$1,218
Alameda	693,000	468,000	68%	142,000	20%	\$1,233
Marin	121,000	79,000	65%	29,000	24%	\$1,563
Contra Costa	466,000	281,000	60%	121,000	26%	\$1,311
San Mateo	349,000	205,000	59%	101,000	29%	\$1,525
Solano	184,000	109,000	59%	55,000	30%	\$1,199
Grand Total	3,350,000	2,421,000	72%	642,000	19%	\$1,353

1. VitalSigns does not provide data prior to 2010.

2. Median rents are based on self-reported rents paid by current residents across a variety of unit types, and do not reflect the rent accepted by new residents. Amounts shown are adjusted for inflation to 2014 dollars.

Source: Metropolitan Transportation Commission VitalSigns, 2016; Fehr & Peers, 2016

To study the total *future* change in vehicle trips and vehicle miles traveled due to demographic shifts and changing development patterns, a travel model is typically employed studying conditions both with and without a demographic change.

⁸ ABAG projections are taken from Plan Bay Area 2013.



Fehr & Peers performed a brief review of the model data used in developing the future year VMT and travel forecasts used for CEQA purposes, and found that they do account for changes in the number of households by income level, as well as changes in the number of jobs throughout the region. Travel models are used to forecast future year conditions, as well as changes in traffic due to major land use changes (such as the adoption of the Eastern Neighborhoods Plan). These models are designed to use research on current travel patterns to estimate how changes in roadway configurations, population locations, and jobs can affect vehicle travel as well as travel by other modes. The San Francisco specific model, SF-CHAMP, uses the same data as the regional model, but reassigns growth within San Francisco to reflect local planning efforts. Individual model runs can provide estimates of traffic levels on individual roadways, and as noted above are often used for portions of the traffic and VMT analyses prepared for CEQA purposes.

In order to provide these estimates, SF-CHAMP estimates travel behavior at the level of transportation analysis zones (TAZs). There are 981 TAZs within San Francisco that vary in size from single city blocks in the downtown core, to multiple blocks in outer neighborhoods, to even larger geographic areas in historically industrial areas like the Hunters Point Shipyard. It also includes zones outside of San Francisco, for which it uses the same geography as the current MTC Model: "Travel Model One". For each TAZ, the model estimates the travel demand based on TAZ population and employment assumptions developed by the Association of Bay Area Governments (ABAG). Essentially, the model does its best to represent average travel choices and patterns of "people" (the daytime service population) that represent all travelers making trips to and from each TAZ the entire day⁹.

Neither SF-CHAMP nor the regional travel model explicitly link low-income workers living in one area with lower paying jobs in another area, or high-income workers with high-paying jobs for that matter; this level of analysis is generally considered to be more fine-grained than is appropriate for regional travel forecasts. Instead, household-job links are established using existing research on typical commute patterns and distances, including the distribution of workers living in a given area who travel longer distances to work, and so forth. Future concentrations of jobs and housing are based on the most recent regional planning documents prepared by ABAG.

Regardless of the model assumptions, some households will move from San Francisco and have increased commute distances, while others may change jobs and have decreased commute

⁹ Kosinski, Andy. (2016, April). VMT Analysis for 2675 Folsom Street, Case No 2014-000601. 2675 Folsom Street Transportation Impact Analysis Project Record



distances. However, the model does indicate that overall aggregate regional growth is expected to help reduce the average distance that a typical worker travels between home and work. The SFCTA has estimated that existing average VMT per household is 17.2 for the region and 8.4 in San Francisco. The regional VMT per household is expected to decrease to approximately 16.7.5 by the year 2040¹⁰. Employment data shows that the share of Bay Area residents living more than ten miles from their employer increased from 2004 to 2014 (See **Table 2**); over the same period, the absolute number of individuals living more than ten miles from their employer also increased. As such, a larger number of individuals are likely driving alone to work across longer distances. This does not, however, translate into a higher share of individuals driving alone to work; the regional drive alone commute modes share is at its lowest point since 1960, based on census data.

TABLE 2: DISTANCE FROM HOME CENSUS BLOCK TO WORK CENSUS BLOCK¹, BAY AREA RESIDENTS, 2004 - 2014

Distance	2004 ²		2014	
	Number of Workers	Share of Workers	Number of Workers	Share of Workers
Less than 10 miles	1,507,000	52%	1,600,000	47%
10 to 24 miles	800,000	27%	944,000	28%
25 to 50 miles	351,000	12%	445,000	13%
Greater than 50 miles	255,000	9%	390,000	12%
Drive-Alone Commute Modeshare	79%		76%	

1. LEHD data uses payroll and other labor information; distances may not represent an employee's typical workplace, but rather the location of their employer's office for labor reporting purposes.

2. 2004 base year is used due to data from 2000 not being available

Source: Longitudinal Employer-Household Dynamics, 2016; MTC VitalSigns, 2016; Fehr & Peers, 2016

Vehicle Trip Rates and Demographics of New Residents

While data are unavailable for households moving away from the Mission, a look at ACS data shows some insight on households that have recently moved to the Mission from elsewhere.

¹⁰ Schwartz, Michael, Coper, Drew. (2016, February). Quantification of Impacts under CEQA following new guidelines from the Governor's Office of Planning and Research. And Kosinski, Andy. (2016, April). VMT Analysis for 2675 Folsom Street, Case No 2014-000601. 2675 Folsom Street Transportation Impact Analysis Project Record



Around 15 percent of Mission residents had moved within the past year; of these, around half moved to the Mission from outside of San Francisco (**Table 3**). New residents, particularly those moving from outside of California, tend to have higher incomes than existing residents.

TABLE 3: MIGRATION STATUS OF MISSION RESIDENTS¹ IN PAST YEAR AND MEDIAN INDIVIDUAL INCOME

Year		Did not move in past year	Moved; within San Francisco	Moved; from different county in CA	Moved; from different state	Moved; from abroad
2004-2009	% of Residents	86%	9%	2%	2%	1%
	Median Income (2014 Dollars)	\$37,000	\$40,000	\$32,000	\$40,000	\$15,000
2009 -2014	% of Residents	86%	8%	3%	2%	1%
	Median Income (2014 Dollars)	\$35,000	\$43,000	\$32,000	\$76,000	\$46,000

1. Census data for Mission residents includes Census tracts 177, 201, 202, 207, 208, 209, 210, 228.01, 228.03, 229.01, and 229.02.

Source: ACS Table S0701, 5-year averages, 2004-2009, 2009-2014; Fehr & Peers, 2016

Generally, higher income households tend to have more vehicles per household, and also tend to drive more (See **Table 4**). However, a preliminary look at trends studied in the Census and American Community Survey (ACS) indicate that this effect has had a minimal effect on overall vehicular use in the Mission district from 2000 to 2014.

TABLE 4: DRIVE ALONE MODESHARE BY INCOME GROUP, MISSION RESIDENTS¹ (2009- 2014)

Worker Earnings	% Driving Alone to Work
<\$15,000	16%
\$15,000 – \$25,000	21%
\$25,000 - \$50,000	24%
\$50,000 – \$75,000	28%
>\$75,000	29%
Average, All Incomes	27%

1. Census data for Mission residents includes Census tracts 177, 201, 202, 207, 208, 209, 210, 228.01, 228.03, 229.01, and 229.02.

Source: ACS Table S1901, 5-year averages, 2009-2014; Fehr & Peers, 2016



Partially due to the in-migration of higher income earners shown in **Table 3**, the median household living in the Mission in 2014 has a significantly higher income than the median household living there in 2000 (see **Table 5**). Median annual income increased from around \$67,000 to around \$74,000 during that time period (in 2014 inflation-adjusted dollars). This reflects the migration patterns partially discussed above, as well as some level of general increases in incomes over that time. The same pattern can be seen by examining the share of all households with incomes above \$100,000, which has more than doubled from 2000 to 2014.

However, although the typical household has a higher income, vehicles per households has not increased over the same time period. The same percentage of households have zero cars (39 – 40 percent of households), and the average number of vehicles per household has remained nearly constant over that same period. Similarly, the share of Mission residents commuting to work by driving alone has also remained steady, at 25 – 29 percent. Due to population growth, this does result in more vehicles and more people driving alone compared to in 2000; however, this growth is in line with past trends, and does not exceed the level of vehicle travel projected in the Eastern Neighborhoods EIR, as discussed below.

In addition to census data, Planning has conducted three case studies at residential developments built in the past ten years in the Mission Neighborhood. These sites are located at 2558 Mission Street, 555 Bartlett Street, and 1600 15th Street. Each building consists of newer, largely market-rate housing, although 555 Bartlett Street and 1600 15th Street each have between 15 and 20 percent of units set aside as below market rate housing. Surveys at these sites were conducted during the extended AM and PM peak hours, and consisted of intercepting individuals at all project entrances and exits to inquire about their mode choice. In addition, person counts and vehicle counts were conducted at all entrances. Results from these surveys are shown by site in

Table

6.



TABLE 5: COMPARISON OF SHIFTS IN INCOME AND AUTOMOBILE TRAVEL INDICATORS, MISSION RESIDENTS¹

Year	Median Household Income (2014 Dollars)	Average Household Income (2014 Dollars)	Share of Households with Income Above \$100,000 (nominal)	Share of Commuters Driving Alone to Work	Share of Households with Zero Cars Available	Vehicles Available per Household
2000	\$67,000	\$81,000	15%	29 %	39%	.85
2004 - 2009	\$70,000	\$98,000	31%	25 %	40%	.82
(% Change from 2000)	+ 4%	+21%	+ 106%	- 14%	<1%	-3%
2009 – 2014	\$74,000	\$109,000	40%	27 %	40%	.82
(% Change from 2000)	+ 10%	+35%	+ 166%	- 7%	<1%	-3%

1. Census data for Mission residents includes Census tracts 177, 201, 202, 207, 208, 209, 210, 228.01, 228.03, 229.01, and 229.02.

Source: American Community Survey, Tables B25044, B08130, S1901, 5-year averages, 2004 – 2009 and 2009 - 2014 ; Decennial Census, Tables H044, P030, DP3, 2000; Fehr & Peers, 2016

**TABLE 6: OBSERVED MODE SPLITS AT RESIDENTIAL DEVELOPMENTS IN THE MISSION**

Address	Drive Alone	Carpool	Walk	Taxi / TNC	Bike	SF Muni	BART	Private Shuttle
1600 15th St (162 market rate units, 40 BMR units, 596 total person trips)	19%	15%	33%	4%	5%	7%	16%	2%
555 Bartlett Street (49 market rate units, 9 BMR units, 183 total person trips)	25%	28%	19%	3%	6%	4%	14%	1%
2558 Mission Street (114 market rate units, 288 total person trips)	13%	13%	38%	8%	1%	7%	17%	4%

Based on trips made between 7AM – 10AM and 3PM – 7PM on a typical weekday in the summer. Total number of trips represented all counted person trips; response rates to survey varied between sites. Final percentages are imputed from survey responses and vehicle counts.

Source: SF Planning, 2015; Fehr & Peers, 2016

The three sites showed a drive alone modeshare that ranged from 13 percent to 25 percent, all of which are below the average drive alone commute mode for the area (of around 27 percent; see **Table 5**). The total auto modeshare (drive alone + carpool + taxi/TNC) ranges from 34 percent to 56 percent of all trips, which is similar to the total auto modeshare for all trips as modeled by SF-CHAMP (ranging from 31 percent to 53 percent for key transportation analysis zones in the Mission).¹¹

Transit Modeshare Over Time

The share of Mission residents commuting via transit has remained fairly steady from 2000 to 2014, based on ACS journey to work data (see **Table 7**). Transit modeshare has decreased slightly in recent years, from a high of 46 percent in 2004 – 2009; most of this shift has been to bicycling and “other means” (which may include trips made by TNC). This fluctuation is well within a typical margin of error, and includes a period of decreased Muni transit service during the Great Recession; service was restored in 2015.

¹¹ SF-CHAMP auto modeshare is based on the Central SoMa 2012 Baseline model run; the presented modeshares are for the analysis zones where each of the case study developments are located.



TABLE 7: MISSION RESIDENT TRANSIT MODESHARE TRENDS, 2000 – 2014 (COMMUTE TRIPS ONLY)

Year	Total Transit Modeshare	Muni Bus or Rail ¹	BART ²	Caltrain ³
2000	42%	24%	16%	1%
2004 – 2009	46%	29%	16%	1%
2009 – 2014	44%	24%	18%	3%

1. "Bus or trolley bus" and "Streetcar or trolley car" categories

2. "Subway or elevated" category

3. "Railroad" category

Source: ACS 2014; Fehr & Peers, 2016

Expected and Observed Peak Hour Vehicle Traffic Growth

The Eastern Neighborhoods Transportation Impact Study (TIS) and EIR analyzed several intersections within the Mission District. Fehr & Peers worked with Planning to select four of these intersections and conduct one-day PM peak hour turning movement counts in December 2016¹²; these intersection counts do not include Mission Street due to the installation of bus-only lanes (which act to divert some private vehicle traffic from Mission Street) in 2015. These counts were then compared to the expected level of traffic growth based on the total change in housing units constructed in the Mission from 2011 – 2015. Full turning movement volumes and estimated calculations are included in **Attachment A**.

Overall, the current level of reported development from the Eastern Neighborhoods Monitoring Report was estimated to represent around 65 percent of background, no project growth (based on progress from 2000 baseline year to 2016 relative to the 2025 projections), and around 10 percent complete¹³ for the growth projected under EIR Option C. While the preferred alternative does not precisely match any of the three options set forth in the EIR, Fehr & Peers selected Option C for comparison purposes as it showed the highest level of residential growth in the Mission. **Table 8** shows a summary of observed and estimated traffic volumes for the intersections analyzed.

¹² While vehicle counts are typically not taken in December due to changes in travel patterns during that time, schedule constraints necessitated immediate counts. Counts were collected on a weekday with average weather, while area schools were still in session.

¹³ Estimate of 10 percent complete includes 25 percent of estimated increase in housing units and 4 percent of estimated increase in non-residential square footage from the 2000 baseline. This does not include the reduction in total PDR square footage.



On average, observed traffic volumes in 2016 were around 5 - 10 percent lower than expected based on the Eastern Neighborhoods EIR and the percentage of estimated development complete¹⁴. At three of the four intersections counted, total traffic volume had in fact decreased from the 2000 baseline count data. The exception is at 16th Street and South Van Ness, where there was an increase in traffic volume traveling northbound and southbound. This likely reflects shifts from other north/south streets such as Mission Street that have seen changes in their roadway configurations that were not anticipated by the analysis in the Eastern Neighborhoods Plan. The observed traffic counts also include only one day of count data, which introduces a chance that the observations are not representative; however, traffic volumes at urban intersections tend to be fairly stable with respect to the amount of peak hour traffic. Overall, this reflects that the Eastern Neighborhoods TIS and EIR took a fairly conservative approach to modeling the levels of local traffic generated by the changes in land use allowed by the Plan.

TABLE 8: COMPARISON OF OBSERVED AND ESTIMATED TRAFFIC VOLUMES AT MISSION INTERSECTIONS

Intersection	2000 Baseline Total Volume	2025 Option C Projected Volume	2016 To Date Projected Volume ¹	2016 Observed Volume	Net Difference (2016 Observed – 2016 Projected)	% Difference
Guerrero / 16 th	2,704	2,895	2,729	2,628	-101	-4%
S. Van Ness / 16 th	2,513	2,682	2,534	2,692	158	6%
Valencia / 16 th	1,848	2,168	1,885	1,572	-313	-17%
Valencia / 15 th	2,287	2,438	2,311	1,913	-398	-17%
Average					-164	-7%

1. 2016 to date projected volume is derived from the 2000 baseline volume plus 10 percent of Option C added project trips. Actual completed development analyzed in Option C amounts to 25% of studied residential units, and 4% of non-residential new development.

Source: Fehr & Peers, 2016; Eastern Neighborhoods TIS, 2008

¹⁴ While not shown in Table 8, projected traffic volumes for EIR Option A (at 30% complete) and the No Project scenario were similar to those for Option C, and were on average higher than the observed 2016 traffic volumes.



Policy and Program Changes since Adoption of Eastern Neighborhoods Plan

The above analysis represents a look at how 2016 compares to conditions considered in the Eastern Neighborhoods Plan TIS and EIR. However, since the adoption of the Eastern Neighborhoods Plan, the City has embarked on several projects and programs designed to better accommodate sustainable growth. Future transportation investments are anticipated to align with these goals, and include a focus on transit capital and operational investments, bicycle infrastructure, and pedestrian safety. Many of these improvements may be financed by fees collected from new developments.

San Francisco Bicycle Plan

The 2009 San Francisco Bicycle Plan was adopted shortly after the adoption of the Eastern Neighborhoods Plan. It identifies specific bicycle route improvement projects, and is intended to foster a safe and interconnected bicycle network that supports bicycling as an attractive alternative to driving. This plan identified sixty total bicycle projects and bicycle route improvements, several of which are located within the Eastern Neighborhoods Plan area. In the Mission, this includes facilities on 17th Street and 23rd Street, as well as potential long-term improvements on Shotwell Street and Capp Street.

Better Streets Plan

The Better Streets Plan, adopted in 2010, includes streetscape policies and guidelines that outline streetscape requirements for new development, as well as generally guide the design of new street improvement projects. It seeks to enhance the pedestrian environment, and includes guidelines for width and design of sidewalks, crosswalks, and general enhancements to the pedestrian environment, including street trees, lighting, and other elements. New developments are expected to bring relevant streetscape elements near their project into compliance with the Better Streets Plan as part of the development review process.

Muni Forward

Muni Forward is an adopted plan following the findings of the Transit Effectiveness Project (TEP). The TEP was an in-depth planning process that sought to evaluate and enhance the Muni system; in 2014, the SFMTA Board of Directors adopted many of these recommendations, which included an overall 12 percent increase in Muni service citywide. Major projects affecting the Mission include the installation of red bus-only lanes on Mission Street, as well as service improvements



on the 14 and 14R buses, which provide a key connection for Mission residents to sites along the Mission Street corridor.

Vision Zero

Vision Zero, adopted in 2014, represents an action plan for building better and safer streets, with the goal of having zero traffic fatalities by the year 2024. This goal utilizes a “safe systems” approach to protect people from serious injury or death when a crash occurs by creating safe roads, slowing speeds, improving vehicle design, educating people, and enforcing existing laws. Part of this process includes identifying high injury corridors, where people are more likely to experience serious injury or death as a result of automobile collisions. Guerrero Street, Valencia Street, Mission Street, South Van Ness Avenue, Harrison Street, 15th Street, 16th Street, 17th Street, 24th Street, Cesar Chavez Street, and segments of 18th Street and Dolores Street are all included in the Vision Zero High Injury Network. High priority projects to address these issues in the Mission include the installation of bus-only lanes on Mission Street, as well as installation of pedestrian countdown signals at key intersections on Guerrero Street and S. Van Ness Avenue.

Propositions A and B (2014)

In 2014, San Francisco voters passed Propositions A and B, both of which provided additional funding for transportation projects, almost all of which was designated for transit, pedestrian, and bicycle improvements. Proposition A authorized \$500 million in general obligation bonds for transportation infrastructure needs citywide. Funds were earmarked for specific project types that focused on transit, bicycle, and pedestrian improvements, including construction of transit-only lanes and separated bikeways, transit boarding islands, escalator upgrades, new pedestrian signals, sidewalk improvements, and Muni maintenance facilities. Proposition B required that the City’s contributions to SFMTA increase based on population growth, including both the daytime and night-time populations. Additionally, Proposition B required the 75 percent of any population-based increase be used to improve Muni service, and 25 percent be used for improving street safety.

Transportation Sustainability Program

The Transportation Sustainability Program (TSP) reflects plans to adopt smart planning and investment practices to improve and expand on the existing transportation system. They include requiring new developments to adopt comprehensive transportation demand management (TDM) programs (anticipated to be in effect early 2017) in order to reduce the number of trips



made by automobile, as well as adoption of the new Transportation Sustainability Fee for new developments, and environmental review guidance that prioritizes smart growth in the form of infill development near quality transit service.

Commuter Shuttle Program

The SFMTA implemented a formal Commuter Shuttle Program in 2014 to regulate how long-distance commuter shuttles utilize public roadways and public curb space, including bus stops. An October 2015 review found that the program was eligible for a categorical exemption (Case No. 2015-007975ENV). The analysis used for this determination also examined the total number of shuttles and shuttle stop incidents. This study found that shuttle vehicles would remain less than 10 percent of vehicles traveling on arterials with shuttle stop locations, and that this increase was not expected to substantially affect traffic operations on arterial roadways. As shown in **Table 8**, current levels of traffic within the Mission remain below expected volumes based on the amount of development completed under the Eastern Neighborhoods Plan.

On-Demand Smartphone Ride Companies

At the time of the Eastern Neighborhoods EIR, transportation network companies (TNCs) such as Lyft, Uber, and Chariot did not exist. In recent years, this method of transportation has grown significantly. However, many details regarding how these companies fit into the larger transportation picture in San Francisco is unclear. To date, no holistic study has examined whether TNC users are making trips they would not otherwise make, or substituting a Lyft or Uber ride for either a public transit trip or private vehicle trip. Based on the surveys conducted at newer residential developments, the combination of Taxi and on-demand / smartphone-based transportation represents between three and eight percent of all trips. These trips have not led to growth in traffic at Eastern Neighborhoods study intersections that exceed what was predicted, based on actual intersection-level counts, and can reasonably be considered to fall within the envelope of transportation effects identified in the Eastern Neighborhoods EIR.



Sincerely,

FEHR & PEERS

A handwritten signature in black ink, appearing to read 'ehw'.

Eric Womeldorff, P.E.
Principal

A handwritten signature in black ink, appearing to read 'Teresa Whinery'.

Teresa Whinery
Transportation Planner

Attached:

Attachment A

Attachment A - Percent Complete

Option A Percent Complete

	CIE	Medical	Office	PDR	Retail	Visitor	Residential
Net Change, 2011 - 2015	-25,211	15,200	108,400	-206,311	40,119	0	506
EN Option A Plan Total (Delta from Baseline)	104,400	37,200	422,021	-448,753	114,000	0	782
Progress	-24%	41%	26%	46%	35%	100%	65%
Progress: Non-Residential & Non-PDR	20%						
Progress: Residential	65%						
Percent Complete, Option A	40%						

Option C Percent Complete

	CIE	Medical	Office	PDR	Retail	Visitor	Residential
Net Change, 2011 - 2015	-25,211	15,200	108,400	-206,311	40,119	0	506
EN Option C Plan Total (Delta from Baseline)	609,480	49,448	2,214,011	-3,370,350	598,323	10,274	2,054
Progress	-4%	31%	5%	6%	7%	0%	25%
Progress: Non-Residential & Non-PDR	4%						
Progress: Residential	25%						
Percent Complete, Option C	10%						

No Project Percent Complete

	CIE	Medical	Office	PDR	Retail	Visitor	Residential
Net Change, 2011 - 2015	-25,211	15,200	108,400	-206,311	40,119	0	506
EN CNP Total (Delta from Baseline)	134,700	36,900	551,400	-513,185	144,000	1	420
Progress	-19%	41%	20%	40%	28%	100%	120%
Progress: Non-Residential & Non-PDR	16%						
Progress: Residential	120%						
Rounded Estimate Complete, No Project	70%						
Time Estimate Complete, No Project (2016 - 2000) / (2025 - 2000)	64%						

Attachment A - Turning Movement (Option A)

		2000 Baseline	2025 NP	2025 Option A	2016 NP Estimate	2016 Option A To Date Estimate	Intersection Level Total Estimate	2016 Count	Intersection Level Observed	Change from To-Date Estimate	% of Estimated Traffic
16th & Guerrero	NBL	73	81	86	78	78	2,789	16	2,628	-161	80%
	NBT	649	721	761	695	694		599			
	NBR	60	67	72	64	65		52			
	SBL	50	52	53	51	51		10			106%
	SBT	748	784	760	771	753		815			
	SBR	43	45	44	44	43		76			
	EBL	16	17	18	17	17		8			95%
	EBT	301	314	305	309	303		291			
	EBR	61	64	68	63	64		64			
	WBL	81	87	87	85	83		55			97%
	WBT	537	572	571	559	551		521			
	WBR	85	91	91	89	87		121			
S. Van Ness & 16th	NBL	0	0	0	0	0	2,591	70	2,692	101	123%
	NBT	530	578	567	561	545		656			
	NBR	96	104	104	101	99		67			
	SBL	0	0	0	0	0		65			126%
	SBT	575	587	616	583	591		689			
	SBR	39	40	42	40	40		44			
	EBL	0	0	0	0	0		9			72%
	EBT	448	476	474	466	458		295			
	EBR	52	64	74	60	61		71			
	WBL	0	0	0	0	0		7			91%
	WBT	674	727	728	708	696		653			
	WBR	99	106	105	103	101		66			

Attachment A - Turning Movement (Option A)

Valencia & 16th	NBL	59	63	71	62	64	2,018	39	1,572	-446	84%
	NBT	442	480	535	466	479		417			
	NBR	0	0	0	0	0		0			
	SBL	0	0	0	0	0		2			75%
	SBT	549	553	557	552	552		407			
	SBR	199	218	224	211	209		162			
	EBL	0	0	0	0	0		0			100%
	EBT	0	0	0	0	0		0			
	EBR	0	0	0	0	0		0			
	WBL	73	104	108	93	87		54			76%
WBT	443	632	655	564	528	396					
WBR	83	118	123	105	99	95					
Valencia & 15th	NBL	49	50	51	50	50	2,376	40	1,913	-463	77%
	NBT	398	433	497	420	438		323			
	NBR	73	74	78	74	75		71			
	SBL	70	74	77	73	73		43			71%
	SBT	499	530	535	519	513		364			
	SBR	50	53	54	52	52		48			
	EBL	28	30	29	29	28		36			84%
	EBT	318	336	334	330	324		272			
	EBR	65	69	67	68	66		44			
	WBL	58	62	63	61	60		52			89%
WBT	604	647	645	632	620	549					
WBR	75	80	81	78	77	71					

Sources:

2000 Baseline: Eastern Neighborhoods Plan TIS
 2025 NP: Eastern Neighborhoods Plan TIS
 2025 + Opt. A: Eastern Neighborhoods Plan TIS
 2025 + Opt. B: Eastern Neighborhoods Plan TIS
 2016 NP Estimate: $= (2000 \text{ Baseline}) + [(2025 \text{ NP}) - (2000 \text{ Baseline})] * [(2016 - 2000) / (2025 - 2000)]$

2016 Opt. A Estimate: $= (2000 \text{ Baseline}) + [(2025 \text{ Opt. A}) - (2000 \text{ Baseline})] * (\text{Opt. A \% Complete})$

2016 Opt. C Estimate: $= (2000 \text{ Baseline}) + [(2025 \text{ Opt. C}) - (2000 \text{ Baseline})] * (\text{Opt. C \% Complete})$

Attachment A - Turning Movement (Option C)

		2000 Baseline	2025 NP	2025 Option C	2016 NP Estimate	2016 Option C To Date Estimate	Intersection Level Total Estimate	2016 Count	Intersection Level Total Count	Change from To-Date Estimate	% of Estimated Traffic
16th & Guerrero	NBL	73	81	87	78	74	2,729	16	2,628	-101	84%
	NBT	649	721	776	695	662		599			
	NBR	60	67	72	64	61		52			
	SBL	50	52	52	51	50		10			107%
	SBT	748	784	772	771	750		815			
	SBR	43	45	44	44	43		76			
	EBL	16	17	18	17	16		8			96%
	EBT	301	314	301	309	301		291			
	EBR	61	64	70	63	62		64			
	WBL	81	87	88	85	82		55			98%
WBT	537	572	585	559	542	521					
WBR	85	91	92	89	86	121					
S. Van Ness & 16th	NBL	0	0	0	0	0	2,534	70	2,692	158	125%
	NBT	530	578	589	561	536		656			
	NBR	96	104	107	101	97		67			
	SBL	0	0	0	0	0		65			130%
	SBT	575	587	598	583	577		689			
	SBR	39	40	41	40	39		44			
	EBL	0	0	0	0	0		9			74%
	EBT	448	476	457	466	449		295			
	EBR	52	64	78	60	55		71			
	WBL	0	0	0	0	0		7			93%
WBT	674	727	741	708	681	653					
WBR	99	106	108	103	100	66					

Attachment A - Turning Movement (Option C)

Valencia & 16th	NBL	59	63	69	62	60	1,885	39	1,572	-313	89%
	NBT	442	480	518	466	450		417			
	NBR	0	0	0	0	0		0			
	SBL	0	0	0	0	0		2			76%
	SBT	549	553	583	552	552		407			
	SBR	199	218	230	211	202		162			
	EBL	0	0	0	0	0		0			100%
	EBT	0	0	0	0	0		0			
	EBR	0	0	0	0	0		0			
	WBL	73	104	99	93	76		54			88%
WBT	443	632	603	564	459	396					
WBR	83	118	113	105	86	95					
Valencia & 15th	NBL	49	50	53	50	49	2,311	40	1,913	-398	82%
	NBT	398	433	477	420	406		323			
	NBR	73	74	79	74	74		71			
	SBL	70	74	77	73	71		43			73%
	SBT	499	530	550	519	504		364			
	SBR	50	53	55	52	51		48			
	EBL	28	30	29	29	28		36			85%
	EBT	318	336	326	330	319		272			
	EBR	65	69	67	68	65		44			
	WBL	58	62	63	61	59		52			90%
WBT	604	647	657	632	609	549					
WBR	75	80	82	78	76	71					

Sources:

2000 Baseline: Eastern Neighborhoods Plan TIS

2025 NP: Eastern Neighborhoods Plan TIS

2025 + Opt. A: Eastern Neighborhoods Plan TIS

2025 + Opt. B: Eastern Neighborhoods Plan TIS

2016 NP

Estimate: = (2000 Baseline) + [(2025 NP) - (2000 Baseline)] * [(2016 - 2000) / (2025 - 2000)]

2016 Opt. A

Estimate: = (2000 Baseline) + [(2025 Opt. A) - (2000 Baseline)] * (Opt. A % Complete)

2016 Opt. C

Estimate: = (2000 Baseline) + [(2025 Opt. C) - (2000 Baseline)] * (Opt. C % Complete)

Carroll, John (BOS)

From: BOS Legislation, (BOS)
Sent: Monday, November 28, 2016 4:36 PM
To: jscottweaver@aol.com; mnadhiri@axisdevgroup.com; toliphant@axisdevgroup.com
Cc: Givner, Jon (CAT); Stacy, Kate (CAT); Byrne, Marlena (CAT); Sanchez, Scott (CPC); Rodgers, AnMarie (CPC); Starr, Aaron (CPC); Sucre, Richard (CPC); Horner, Justin (CPC); Gibson, Lisa (CPC); Ionin, Jonas (CPC); BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela (BOS); Somera, Alisa (BOS); Rahaim, John (CPC); Lew, Lisa (BOS); Goldstein, Cynthia (PAB); victormarquezsq@aol.com; alexis@pelosilawgroup.com; BOS Legislation, (BOS)
Subject: APPEAL RESPONSE: - Appeal of Community Plan Exemption - Proposed 2675 Folsom Street Project - Appeal Hearing on November 29, 2016
Categories: 161146

Good afternoon,

Please find linked below an appeal response received by the Office of the Clerk of the Board from the Planning Department, concerning the Community Plan Exemption Appeal for the proposed project at 2675 Folsom Street.

[Planning Department Letter - November 28, 2016](#)

The appeal hearing for this matter is scheduled for a 3:00 p.m. special order before the Board on November 29, 2016.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the link below:

[Board of Supervisors File No. 161146](#)

Thank you,

Brent Jalipa

Legislative Clerk

Board of Supervisors - Clerk's Office

1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

(415) 554-7712 | Fax: (415) 554-5163

brent.jalipa@sfgov.org | www.sfbos.org



Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form

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PLANNING DEPARTMENT**

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Information:
415.558.6377

Appeal of Community Plan Exemption 2675 Folsom Street Project

DATE: November 28, 2016

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: Lisa M. Gibson, Acting Environmental Review Officer – (415) 575-9032
Joy Navarrete, Senior Environmental Planner – (415) 575-9040
Justin Horner, Environmental Coordinator – (415) 575-9023

RE: File No. 161146, Planning Department Case No. 2014.000601ENV – Appeal of the Community Plan Exemption for the 2675 Folsom Street Project. Block/Lot: 3639/006, 007

PROJECT SPONSOR: Muhammad Nadhiri, Axis Development Corporation – (415) 992-6997

APPELLANT: J. Scott Weaver, Law Office of J. Scott Weaver, on behalf of the Calle 24 Latino Cultural District Community Council – (415) 317-0832

HEARING DATE: November 29, 2016

ATTACHMENTS: A – October 21, 2016 appeal letter from J. Scott Weaver
B – November 18, 2016 appeal letter from J. Scott Weaver
C – Planning Commission Motion 19744 (Adoption)
D – Eastern Neighborhoods Capital Projects

INTRODUCTION

This memorandum and the attached documents are a responses to letters of appeal to the Board of Supervisors (the Board) regarding the Planning Department's (the "Department") issuance of a

Community Plan Exemption (CPE) under the *Eastern Neighborhoods Rezoning and Area Plan Final Environmental Impact Report* (“Eastern Neighborhoods PEIR or PEIR”)¹ in compliance with the California Environmental Quality Act (“CEQA”) for the 2675 Folsom Street Project (the “Project”).

The Department, pursuant to CEQA, the CEQA Guidelines, 14 Cal. Code of Reg. Sections 15000 *et seq.*, and Chapter 31 of the San Francisco Administrative Code, determined that the Project is consistent with the development density established by zoning, community plan, and general plan policies in the Eastern Neighborhoods Rezoning and Area Plans (the “Eastern Neighborhoods Area Plans”) for the project site, for which a Programmatic EIR was certified, and issued the CPE for the Project on September 20, 2016. The Department determined that the Project would not result in new significant environmental effects, or effects of greater severity than were already analyzed and disclosed in the PEIR, and that the Project is therefore exempt from further environmental review beyond what was conducted in the CPE Checklist under CEQA in accordance with CEQA Section 21083.3 and CEQA Guidelines Section 15183.

The decision before the Board is whether to uphold the Planning Department’s determination that the Project is exempt from further environmental review (beyond what was conducted in the CPE Checklist) pursuant to CEQA Section 21083.3 and CEQA Guidelines Section 15183 and deny the appeal, or to overturn the Department’s CPE determination for the Project and return the CPE to the Department for additional environmental review.

PROJECT DESCRIPTION

The project site is located on three lots between 22nd Street and 23rd Streets along Folsom Street and Treat Avenue in the Mission neighborhood, adjacent to Parque Ninos Unidos. The project site is occupied by three (3) 25-foot-tall, two-story warehouse and storage structures totaling 21,599 square feet with surface parking and storage areas. The existing buildings were constructed in 1952 and are currently a restaurant supply warehouses. The proposed project involves the demolition of the existing buildings and the construction of a four-story-over-basement, 40-foot-tall residential building. The proposed building would include 117 residential units and approximately 5,200 square feet of Production, Distribution and Repair (PDR) space. The proposed mix of units would be 24 studio units, 46 one-bedroom units, 45 two-bedroom units and two three-bedroom units. The proposed building would include 174 Class 1 bicycle spaces on the basement level. Sixty-five off-street parking spaces and one car-share parking space are proposed in the basement level with driveway access on Treat Avenue. Pedestrian and bicycle access would be from Folsom Street and Treat Avenue and the proposed project includes a dawn-to-dusk publically-accessible mid-block connection between Folsom Street and Treat

¹ The Eastern Neighborhoods Rezoning and Area Plan Final EIR (Planning Department Case No. 2004.0160E), State Clearinghouse No. 2005032048) was certified by the Planning Commission on August 7, 2008. The project site is within the Eastern Neighborhoods Rezoning and Area Plan project area.

Avenue. The proposed project would involve excavation of up to approximately 23.5 feet below ground surface and 21,335 cubic yards of soil is proposed to be removed. The project proposes a common roof deck, a 2,681-square-foot private inner courtyard and a 20-foot-wide public dawn-to-dusk midblock passage between Folsom Street and Treat Avenue.

SITE DESCRIPTION

The project site is approximately 25,322 square feet (sf) in size (about 0.6 acre) and consists of two lots. The project site is located on a block bounded by 23rd Street to the south, Folsom Street to the west, Treat Avenue to the east and 22nd Street to the north. The project area along Folsom Street is characterized primarily by residential land uses in two- to three-story buildings on the east side of Folsom Street, with similar residential buildings and Cesar Chavez Elementary School on the west side. The project area along Treat Avenue is characterized by a mix of industrial and commercial buildings and residential uses in one- to three-story buildings. Buildings immediately adjacent to the project site include a 3-story residential building and a 1-story residential building to the north. Adjacent to the project site to the south is Parque Ninos Unidos, a San Francisco Recreation and Park facility. Parcels surrounding the project site are within RM-2 (Residential – Mixed, Moderate Density), RH-3 (Residential-House, Three Family) and UMU (Urban Mixed Use) Districts, all within a 40-X Height and Bulk district, with existing buildings ranging from one to four stories.

The closest Bay Area Rapid Transit District (BART) stop is at 24th and Mission Streets, approximately 0.3 miles northeast of the site. The project site is within a quarter mile of several local transit lines, including Muni Metro lines 12-Folsom/Pacific, 48-Quintara/24th Street and 67-Bernal Heights.

ENVIRONMENTAL REVIEW PROCESS

The environmental evaluation application (Case No. 2014.000601ENV) for the Project was filed by the sponsor, Muhammad Nadhiri, on October 20, 2014. On September 20, 2016, the Department issued a CPE Certificate and Checklist, based on the following determinations:

1. The proposed project is consistent with the development density established for the project site in the Eastern Neighborhoods Rezoning and Area Plans;
2. The proposed project would not result in effects on the environment that are peculiar to the project or the project site that were not identified as significant effects in the Eastern Neighborhoods PEIR;
3. The proposed project would not result in potentially significant off-site or cumulative impacts that were not identified in the Eastern Neighborhoods PEIR;
4. The proposed project would not result in significant effects, which, as a result of substantial new information that was not known at the time the Eastern Neighborhoods PEIR was certified, would be more severe than were already analyzed and disclosed in the PEIR; and

5. The project sponsor will undertake feasible mitigation measures specified in the Eastern Neighborhoods PEIR to mitigate project-related significant impacts.

The Project was considered by the Planning Commission on September 22, 2016. On that date, the Planning Commission adopted the CPE with approval of the Project under Planning Code Section 329 (Large Project Authorization), which constituted the Approval Action under Chapter 31 of the Administrative Code.

A Conditional Use Authorization was also approved under Planning Code Section 303 under the Mission 2016 Interim Zoning Controls. In accordance with the Mission 2016 Interim Zoning Controls, which require additional information and analysis regarding the economic and social effects of the proposed project such as housing affordability, displacement, and loss of PDR, the project sponsor prepared such additional analysis, which the Planning Commission reviewed and considered before approving the Conditional Use Authorization.² (See Attachment B to this Appeal Response - Planning Commission Motion No. 19727)

On October 21, 2016, an appeal of the CPE determination was filed by J. Scott Weaver, Law Office of J. Scott Weaver, on behalf of the Calle 24 Latino Cultural District Community Council (Appellant). The three page appeal letter from the Appellant is included as Attachment A to this appeal response. The Appellant's letter also included 708 pages of materials that are provided with the appeal letter which are included as "Appeal Ltr 102116.pdf" on the cd disk or online as part of Board of Supervisors File No. 161146.

CEQA GUIDELINES

Community Plan Exemptions

CEQA Section 21083.3 and CEQA Guidelines Section 15183 mandate that projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, shall not require additional environmental review except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site and that were not disclosed as significant effects in the prior EIR. Guidelines Section 15183 specifies that examination of environmental effects shall be limited to those effects that: a) are peculiar to the project or parcel on which the project would be located; b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent; c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR; or d) are previously identified significant effects which, as a result of substantial information which was not

² Mission 2015 Interim Controls Additional Findings for 2675 Folsom Street. Case No. 2014.000601ENX, submitted to Richard Sucre, San Francisco Planning Department.

known at the time the EIR was certified, are determined to have a more severe adverse impact than that discussed in the underlying EIR. Guidelines Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, has been addressed as a significant effect in the prior EIR, or can be substantially mitigated by the imposition of uniformly applied development policies or standards, then an additional EIR need not be prepared for that project solely on the basis of that impact.

Significant Environmental Effects

In determining the significance of environmental effects caused by a project, CEQA Guidelines Section 15064(f) states that the decision as to whether a project may have one or more significant effects shall be based on substantial evidence in the record of the lead agency. CEQA Guidelines 15604(f)(5) offers the following guidance: "Argument, speculation, unsubstantiated opinion or narrative, or evidence that is clearly inaccurate or erroneous, or evidence that is not credible, shall not constitute substantial evidence. Substantial evidence shall include facts, reasonable assumption predicated upon facts, and expert opinion supported by facts."

SAN FRANCISCO ADMINISTRATIVE CODE

Section 31.16(e)(3) of the Administrative Code states: "The grounds for appeal of an exemption determination shall be limited to whether the project conforms to the requirements of CEQA for an exemption."

San Francisco Administrative Code Section 31.16(b)(6) provides that in reviewing an appeal of a CEQA decision, the Board of Supervisors "shall conduct its own independent review of whether the CEQA decision adequately complies with the requirements of CEQA. The Board shall consider anew all facts, evidence and issues related to the adequacy, accuracy and objectiveness of the CEQA decision, including, but not limited to, the sufficiency of the CEQA decision and the correctness of its conclusions."

CONCERNS RAISED AND PLANNING DEPARTMENT RESPONSES:

The three-page appeal letter from the Appellant (Attachment A to this appeal response) incorporated previous letters from the Appellant that were submitted to the Planning Commission (July 29, 2016) and to Planning Staff (June 23, 2016 and October 23, 2015), and a variety of studies and reports in support of the appeal. These three letters are attached as Exhibit D to the Appellant's appeal letter and may be found on pages 61 through 72, 73 through 80, and 590 through 594 of the pdf file named "Appeal Ltr 102116.pdf" on the CD disk or online as part of Board of Supervisors File No. 161146³. The extensive additional materials attached to the Appellant's appeal letter are also included on "Appeal Ltr 102116.pdf" on the CD disk or online as part of Board of Supervisors File No. 161146. The three-page

³<https://sfgov.legistar.com/LegislationDetail.aspx?ID=2871128&GUID=DD613DDE-59EC-4529-953B-06137BF83E3C&Options=ID|Text|&Search=161146>

appeal letter contains seven bulleted items expressing the general basis for the appeal. These seven general concerns are listed in order below as Concerns 1 through 4 (the second, fourth, and fifth bulleted item is included under the discussion for Concern 1).

Concern 1: The Project does not qualify for a Community Plan Exemption under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3 because the approval is based upon an out of date 2008 EIR prepared for the Eastern Neighborhoods Area Plan and the EIR's analyses and determinations can no longer be relied upon to support the claimed exemption in the areas of, inter alia, direct, indirect, and cumulative impacts to: land use, consistency with Mission Area plans and policies, recreation and open space, traffic and circulation, transit and transportation, health and safety, and impacts relative to the Calle 24 Latino Cultural District.

Response 1: The appeal does not identify new substantial information that was not known at the time the Eastern Neighborhoods PEIR was certified establishing that the Project would result in significant impacts that were not discussed in the Eastern Neighborhoods PEIR or in more severe adverse impacts than discussed in the PEIR. Therefore, under CEQA Guidelines Section 15183, an additional EIR shall not be prepared for the project. Additionally, absent a change in the Eastern Neighborhoods Rezoning and Area Plans, reopening the Eastern Neighborhoods PEIR is neither warranted nor required under CEQA.

The Appellant alleges that the Department's determination to issue a CPE for the Project is invalid because substantial changes have occurred with respect to the circumstances under which the Eastern Neighborhoods Area Plans were approved due to the involvement of new significant environmental effects and a substantial increase in the severity of previously identified significant effects in the Eastern Neighborhoods PEIR. Bullet four of the Appellant's appeal letter states:

"Substantial changes in circumstances require major revisions to the Eastern Neighborhoods Area Plan EIR due to the involvement of new significant environmental effects and an increase in the severity of previously identified significant impacts; there is new information of substantial importance that would change the conclusions set forth in said EIR and the requirements of the Mitigation Monitoring and Reporting Report."

In order to provide context for the response to this concern, a brief review of the Eastern Neighborhoods PEIR and discussion of CEQA's requirements for when a certified EIR must be revised is provided, before addressing the appeal's concerns with significant new environmental effects and increased severity of significant effects that were previously identified in the Eastern Neighborhoods PEIR.

Eastern Neighborhoods PEIR and the Project CPE

Eastern Neighborhoods PEIR

As discussed on pages 2 through 4 of the CPE Certificate, the Eastern Neighborhoods PEIR is a comprehensive programmatic report that presents an analysis of the environmental effects of

implementation of the Eastern Neighborhoods Rezoning and Area Plans, as well as the potential impacts under several proposed alternatives. According to CEQA Guidelines Section 15168, a program EIR:

... is an EIR which may be prepared on a series of actions that can be characterized as one large project and are related either: (1) geographically; (2) as logical parts in the chain of contemplated actions; (3) in connection with issuance of rules, regulations, plans, or other general criteria to govern the conduct of a continuing program; or (4) as individual activities carried out under the same authorizing statutory or regulatory authority and having generally similar environmental effects which can be mitigated in similar ways.

Use of a program EIR: (1) provides an occasion for a more exhaustive consideration of effects and alternatives than would be practical in an EIR on an individual action; (2) ensures consideration of cumulative impacts that might be slighted in a case-by-case analysis; (3) avoids duplicative reconsideration of basic policy considerations; (4) allows the Lead Agency to consider broad policy alternatives and program-wide mitigation measures at an early time when the agency has greater flexibility to deal with basic problems or cumulative impacts; and (5) allows reduction in paperwork. Subsequent activities in the program must be examined in the light of the program EIR to determine whether an additional environmental document must be prepared.

The Eastern Neighborhoods PEIR evaluated three rezoning alternatives, two community-proposed alternatives which focused largely on the Mission District, and a “No Project” alternative. The alternative selected, or the Preferred Project, represents a combination of Options B and C. The Planning Commission adopted the Preferred Project after fully considering the environmental effects of the Preferred Project and the various scenarios discussed in the PEIR.

As discussed on page 4 of the CPE Checklist, the Eastern Neighborhoods PEIR identified significant impacts related to land use, transportation, cultural resources, shadow, noise, air quality, and hazardous materials. Additionally, the PEIR identified significant cumulative impacts related to land use, transportation, and cultural resources. Mitigation measures were identified that reduced all impacts to less than significant, except for those related to land use (cumulative impacts on PDR use), transportation (program-level and cumulative traffic impacts at nine intersections; program-level and cumulative transit impacts on seven SFMTA lines), cultural resources (cumulative impacts from demolition of historical resources), and shadow (program-level impacts on parks).

On August 7, 2008, the Planning Commission certified the Eastern Neighborhoods PEIR by Motion 17659 and adopted the Preferred Project for final recommendation to the Board of Supervisors. CEQA Guidelines Sec 15162(c) establishes that once a project, in this case the Eastern Neighborhoods Rezoning and Area Plans, is approved:

“[T]he lead agency’s role in that approval is completed unless further discretionary approval on that project is required. Information appearing after an approval does not require reopening of that approval. If after the project is approved, any of the conditions

described in subdivision (a) occurs, a subsequent EIR or negative declaration shall only be prepared by the public agency which grants the next discretionary approval for the project, if any.” [Emphasis added.]

Thus, even if the Appellant’s unsubstantiated claims that the build-out of development consistent with the adopted rezoning and area plans somehow constituted new information or changed circumstances resulting in new or more severe impacts on the physical environment than previously disclosed (i.e., the conditions described in subdivision (a) of CEQA Guidelines section 15162), the Eastern Neighborhoods PEIR would remain valid under CEQA. Simply stated, unless and until the Eastern Neighborhoods Rezoning and Area Plans themselves are amended or revised, the reopening of the Eastern Neighborhoods PEIR is neither warranted nor required under CEQA.

Project CPE

As discussed above, under the Community Plan Exemptions section, CEQA Guidelines Section 15183 limits future environmental review for projects consistent with the development density established by the Eastern Neighborhoods Rezoning and Area Plans, and lead agencies shall not require additional environmental review except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site and that were not disclosed as significant effects in the prior EIR. Per CEQA Guidelines Section 15183, “this streamlines the review of such projects and reduces the need to prepare repetitive environmental studies.” That is, lead agencies are not to reanalyze impacts that are attributable to the project site being developed consistent with the Eastern Neighborhoods Rezoning and Area Plans.

In accordance with CEQA Guidelines Section 15183, a project-level environmental review was undertaken as documented in the CPE Checklist to determine if the 2675 Folsom Street project would result in additional impacts specific to the development proposal, the project site, and if the proposed development would be within the development projections and the 20-year timeframe that the Eastern Neighborhoods PEIR analyzes, so as to assess whether further environmental review is required.

The CPE Checklist fully described the proposed project (consistent with CEQA Guidelines Section 15124), its environmental setting (consistent with CEQA Guidelines Section 15125), and its potential impacts to the environment (consistent with CEQA Guidelines Section 15126). Consistent with CEQA Guidelines Section 15183, the CPE Checklist evaluated whether the proposed project would result in significant impacts that: (1) are peculiar to the project or project site; (2) were not identified as significant project-level, cumulative, or off-site effects in the Eastern Neighborhoods PEIR; or (3) are previously identified significant effects, which as a result of substantial new information that was not known at the time that the Eastern Neighborhoods PEIR was certified, are determined to have a more severe adverse impact than discussed in the PEIR.

Impacts to the environment that might result with implementation of the Project were analyzed in the CPE Checklist according to the project’s potential impacts upon the specific setting for each

environmental topic, clearly stated significance criteria, and substantial evidence in the form of topic-specific analyses. Consistent with CEQA Guidelines Section 15130, the CPE Checklist also includes analysis of the proposed project's potential cumulative impacts for each environmental topic. The CPE Checklist prepared for the Project evaluates its potential project-specific environmental effects and incorporates by reference information contained in the Eastern Neighborhoods PEIR. Project-specific studies related to historical resources, transportation, noise, and wind were prepared for the Project to determine if it would result in any significant environmental impacts that were not identified in the Eastern Neighborhoods PEIR.

The CPE Checklist determined that the proposed project would not have a significant impact that was not previously identified in the Eastern Neighborhoods PEIR for all CEQA Guidelines Appendix G environmental topics. The CPE Checklist identified (and updated as needed to conform with current Planning Department practices) three Mitigation Measures from the Eastern Neighborhoods PEIR to be applied to the Project to avoid impacts previously identified in the PEIR with regard to archeological resources, noise, and hazardous materials. Additionally, per CEQA Guidelines 15183, "(a)n effect of a project on the environment shall not be considered peculiar to the project or the parcel...if uniformly applied development policies or standards have been previously adopted by the city or county with a finding that the development policies or standards will substantially mitigate that environmental effect when applied to future projects."

As discussed on pages 10 and 11 of the CPE Checklist, since the certification of the Eastern Neighborhoods PEIR in 2008, several new policies, regulations, statutes, and funding measures have been adopted, passed, or are underway that have or will implement mitigation measures or further reduce less-than-significant impacts identified in the PEIR. These include, but are not limited to:

- State statute regarding Aesthetics, Parking Impacts, effective January 2014, and state statute and Planning Commission resolution regarding automobile delay, and vehicle miles traveled, (VMT) effective March 2016 (see CPE checklist page 10);
- The adoption of 2016 interim controls in the Mission District requiring additional information and analysis regarding housing affordability, displacement, loss of PDR and other analyses, effective January 2016;
- San Francisco Bicycle Plan update adoption in June 2009, Better Streets Plan adoption in 2010, Transit Effectiveness Project (aka "Muni Forward") adoption in March 2014, Vision Zero adoption by various City agencies in 2014, Proposition A and B passage in November 2014, the Transportation Sustainability Program process, and state statute and Planning Commission resolution regarding automobile delay, and vehicle miles traveled (VMT) effective March 2016 (see CPE Checklist section "Transportation and Circulation" starting on page 18);
- San Francisco ordinance establishing Noise Regulations Related to Residential Uses Near Places of Entertainment effective June 2015 (see Checklist section "Noise");

- San Francisco ordinances establishing Construction Dust Control, effective July 2008 (see CPE Checklist section "Air Quality" starting on page 32) and Enhanced Ventilation Required for Urban Infill Sensitive Use Developments, amended December 2014;
- San Francisco Clean and Safe Parks Bond passage in November 2012 and San Francisco Recreation and Open Space Element of the General Plan adoption in April 2014 (see CPE Checklist section "Recreation" starting on page 38);
- Urban Water Management Plan adoption in 2011 and Sewer System Improvement Program process (see CPE Checklist section "Utilities and Service Systems" starting on page 40);
- Article 22A of the Health Code amendments addressing soil and groundwater contamination, effective August 2013 (see CPE Checklist section "Hazardous Materials" starting on page 45); and
- San Francisco's "Strategies to Address Greenhouse Gas Emissions", a greenhouse gas (GHG) emissions reduction strategy prepared November 2010 (See CPE Checklist section "Greenhouse Gas Emissions" starting on page 34).

In summary, project-level environmental review was conducted, as documented in the CPE Checklist, in accordance with CEQA Guidelines 15183, which limits any further environmental review for projects, like 2675 Folsom Street, that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site and that were not disclosed as significant effects in the prior EIR. The environmental analysis in the CPE Checklist concluded that, with the incorporation of mitigation measures from the Eastern Neighborhoods PEIR and implementation of uniformly applied development policies and standards, there would not be any project-specific effects that are peculiar to the project or its site and that were not disclosed as significant effects in the Eastern Neighborhoods PEIR. Therefore, per CEQA Guidelines Section 15183, no further environmental review may be required, and a Community Plan Exemption was issued based on the environmental analysis in the CPE Checklist.

Per CEQA Guidelines Section 15183, if an impact is not peculiar to the parcel or to the project, has been addressed as a significant effect in the prior EIR *or* can be substantially mitigated by the imposition of uniformly applied development policies or standards, then an additional EIR **shall not** be prepared for the project solely on the basis of that impact.

Concern 1 alleges that substantial changes with respect to the circumstances under which the Eastern Neighborhoods Area Plans has been undertaken have occurred, including growth that has exceeded that which was considered in the Eastern Neighborhoods PEIR, the pace of that growth, impacts associated with displacement of existing residents and businesses, and the establishment of the Calle 24 Latino Cultural District. Concern 1 also alleges that there have been substantial increases in the severity of previously identified significant effects including (as noted above), in relation to traffic and transit, parking, air quality, loss of PDR space, hazardous materials, and cultural resources. These concerns are responded to as follows:

Population and Housing

In its assertion that the Eastern Neighborhoods PEIR no longer fully discloses the cumulative impacts of Eastern Neighborhood projects, the Appellant states on page 2 of his Appeal Letter (Attachment A):

“The PEIR’s projections for housing, including this project and those in the pipeline, have been exceeded when cumulative impacts are considered, i.e., ‘past, present, and reasonably foreseeable probable future projects.’ (Guidelines, § 15355)”

The Appeal Letter incorporates by reference a letter submitted by the Appellant to the Planning Commission on August 3, 2016, which states:

“The cumulative housing production in the Mission (built and in the pipeline) now exceeds projections under any of the three scenarios envisioned when the Eastern Neighborhoods Plan [was] created. According to Planning Department Data projects containing 2,451 housing units have either been completed or are under environmental review as of 2/23/16. Option A of the PEIR envisioned 782 units, Option B 1,118 units and Option C 2[,]054 units, with a Preferred Project at 1[,]696 units.” (page 66 in file “Appeal Ltr 102116.pdf” on the cd disk or online as part of Board of Supervisors File No. 161146)

“The proposed project at 2675 Folsom Street consists of approximately 117 units, 98 of which are “market rate”. These units will cater to residents earning 200% AMI, as compared to the 50% AMI of the residents of the immediate area. There are numerous other market rate projects currently in the pipeline within the LCD that will likewise impact the neighborhood. They are: 1515 South Van Ness (140 “market rate” units), 3314 Cesar Chavez (52 units), 2600 Harrison St. (20), 2799 24th St. (8), and 3357 26th St. (8). Proposed projects immediately adjacent to the LCD are: 1198 Valencia St. (52 units), 2918 Mission St. (38), 1298 Valencia St. (35), 2600 Mission (20). Two blocks from the LCD is 2000-2070 Bryant Street (195 units), giving a total of 666 “market rate” units in the immediate area. Proper assessment of the proposed project therefore requires examination of the cumulative impacts of the above listed projects.” (page 61 in file “Appeal Ltr 102116.pdf” on the cd disk or online as part of Board of Supervisors File No. 161146)

The status of development and population growth under in the Eastern Neighborhoods Plans and the Mission Plan Area as of February 23, 2016 is discussed under “Changes in the Physical Environment” on pages 11 and 12 of the CPE Checklist. The discussion begins by noting that the Eastern Neighborhoods PEIR projected that implementation of the Eastern Neighborhoods Plans could result in an increase of approximately 7,400 to 9,900 net dwelling units and 3,200,000 to 6,600,000 square feet of net non-residential space (excluding PDR loss) through the year 2025, resulting in a total population increase of approximately 23,900 to 33,000 people.

Nowhere in the Eastern Neighborhoods PEIR is it stated or implied that the projections were intended as a cap or limit to growth within the areas that would be subject to the Eastern Neighborhoods Plans. The growth projections were based upon the best estimates available at the time the Eastern Neighborhoods PEIR was prepared. Regardless, and as discussed below, growth under the Eastern Neighborhoods Plans to date has not exceeded the growth projections used to support the environmental impact analysis in the Eastern Neighborhoods PEIR. As of July, 2016, projects containing 8,527 dwelling units and 2,205,720 square feet of non-residential space (excluding PDR loss) have completed environmental review or are currently undergoing environmental review within the Eastern Neighborhoods plan areas, corresponding to an overall population increase of approximately 22,099 to 25,183 persons. Of the 8,527 dwelling units that are under review or have completed environmental review, building permits have been pulled for 4,321 dwelling units,⁴ or approximately 51 percent of those units (information is not available regarding building permits for non-residential square footage). Thus, the number of units approved, let alone constructed, is well below the PEIR projection. The discussion in the CPE Checklist notes that the Eastern Neighborhoods PEIR projected that implementation of the Mission Area Plan could result in an increase of 1,696 net dwelling units and 700,000 to 3,500,000 sf of non-residential space (excluding PDR loss), corresponding to an overall population increase of approximately 4,719 to 12,207 persons. As of July, 2016, projects containing 2,116 dwelling units and 493,373 square feet of non-residential space (excluding PDR loss), including the 2675 Folsom Street project, had been completed, approved or are proposed to complete environmental review within the Mission Plan Area, corresponding to an overall population increase of 5,987 to 6,248 persons. Of the 2,116 dwelling units that are under review or have completed environmental review, building permits have been issued for 590 dwelling units, or approximately 28 percent of those units, well below the PEIR projection.

The growth projections were used as analytical tool in the PEIR to contextualize the potential environmental impacts of the Eastern Neighborhoods Area Plans. The PEIR assumed a total amount of development resulting from the Eastern Neighborhoods Area Plans consisting of all development types (residential, commercial, etc.) and analyzed impacts based on this total development amount. Although the number of foreseeable dwelling units in the Mission plan area may exceed the range of residential development anticipated by the Eastern Neighborhoods PEIR by approximately 420 dwelling units (should all proposed projects be approved and constructed), the total amount of foreseeable non-residential space is well below the maximum evaluated in the Eastern Neighborhoods PEIR, as is the overall population increase. Therefore, while more residential development has occurred, less non-

⁴ This number includes all units approved under CEQA for projects anticipated by the Eastern Neighborhoods PEIR (including CPEs and other types of CEQA documents). Once a project has been approved under CEQA, the building permit process must still be completed. When used in the context of a building permit, the term “pulled” encompasses the different levels of review a permit undergoes from when it is filed (application accepted) to complete (project has been constructed). According to Current Planning staff, projects that are under construction can take up to two years before they are completed and ready for occupancy.

residential development has occurred, and the total development amount and estimated population increase assumed in the PEIR has not been exceeded.

The CPE Checklist on page 12 correctly concluded:

“In summary, projects proposed within the Eastern Neighborhoods Plan Areas have not exceeded the overall population growth that was projected in the Eastern Neighborhoods PEIR; therefore, foreseeable growth within the plan areas do not present substantial new information that was not known at the time of the PEIR and would not result in new significant environmental impacts or substantially more severe adverse impacts than discussed in the PEIR.”

As pointed out on page 12 of the CPE Checklist, the Eastern Neighborhoods PEIR utilized growth projections to analyze the physical environmental impacts that could result from development under the Eastern Neighborhoods Plan on Land Use; Population, Housing, Business Activity, and Employment; Transportation; Noise; Air Quality; Parks, Recreation, and Open Space; Utilities/Public Services; and Water.

However, the CPE checklist prepared for the proposed project does not rely solely on the growth projections considered in the Eastern Neighborhoods PEIR in examining whether the project would have significant impacts that are peculiar to the project or site. The project- and site-specific analysis contained in the CPE checklist is based on updated growth projections and related modelling to evaluate project-level and cumulative impacts on traffic and transportation, air quality, and greenhouse gases.

For example, the projected transportation conditions and cumulative effects of project buildout analyzed in the Eastern Neighborhoods PEIR were based on a 2025 horizon year. However, in 2015, the Planning Department updated its cumulative transportation impact analysis for all projects to use a 2040 horizon year. Therefore, the project-specific cumulative transportation impact analysis presented in the CPE Checklist conducted to determine whether the proposed project would result in new or substantially more severe significant impacts than previously disclosed is based on updated growth projections through year 2040. San Francisco 2040 cumulative conditions were projected using a run of the San Francisco County Transportation Authority’s (Transportation Authority) San Francisco Activity Model Process (SF-CHAMP) and includes residential and job growth estimates and reasonably foreseeable transportation investments through 2040.

As another example, as discussed on page 19 of the CPE Checklist, the Project’s air quality impacts were screened using screening criteria established by the Bay Area Air Quality District in 2011 and screened using the City’s Air Pollutant Exposure Zone mapping. The exposure zone mapping is based on modeling in 2012 of all known air pollutant sources, provides health protective standards for cumulative PM_{2.5} concentration and cumulative excess cancer risk, and incorporates health vulnerability factors and proximity to freeways. As discussed on page 30 of the CPE Checklist, the Project’s greenhouse gas emissions impacts were evaluated against consistency with San Francisco’s GHG Reduction Strategy, a

strategy that has resulted in a 23.3 percent reduction in GHG emissions in 2012 compared to 1990 levels, exceeding the year 2020 reduction goals outlined in the BAAQMD's 2010 Clean Air Plan.

Loss of PDR

The Appeal incorporates by reference a letter submitted by the Appellant to Planning Staff on October 23, 2015, which includes a reference to the "excessive conversion of PDR uses" not anticipated by the Eastern Neighborhoods PEIR (page 590 in file "Appeal Ltr 102116.pdf" on the cd disk or online as part of Board of Supervisors File No. 161146).

"Accordingly, there is significant new information that was not anticipated at the time the Programmatic EIR was prepared. This includes, but is not limited to: ...5) The excessive conversion of PDR."

The loss of PDR space resulting from implementation of the Eastern Neighborhoods Plans was found to be a significant and unavoidable impact in the Eastern Neighborhoods PEIR. The Eastern Neighborhoods PEIR analyzed a range of potential rezoning options and considered the effects of losing between approximately 520,000 to 4,930,000 square feet of PDR space in the Plan Area through the 2025 (compared to an estimated loss of approximately 4,620,000 square feet of PDR space in the Plan Area under the No Project alternative). As of February 23, 2016, projects resulting in the removal of 1,715,001 and 273,073 net square feet of PDR space within the Eastern Neighborhoods and Mission Plan areas, respectively, have completed or are proposed to complete environmental review. Therefore, the potential loss of PDR space from development completed and proposed since adoption of the Eastern Neighborhoods Plan is well within the range assumed in the PEIR of 520,000 to 4,930,000 square feet.

Moreover, neither the Eastern Neighborhoods Area Plans nor the Eastern Neighborhoods PEIR caps the conversion of PDR at 4,930,000 square feet. The loss of 520,000 to 4,930,000 square feet of PDR loss assumed in the PEIR is a projection that the Planning Department used to evaluate whether adoption of the Plan would have a significant impact on land use. The validity of the PEIR does not depend on actual build out under the adopted plan precisely tracking with the growth projections underlying the analysis. For the purposes of CEQA, it is sufficient that the PEIR disclosed that adoption of the plan would have a significant and unavoidable cumulative impact on land use due to the loss of PDR space. The loss of PDR space was the central issue of the Eastern Neighborhoods PEIR and adoption of the Eastern Neighborhoods Area Plans. It was the subject of substantial public comment and review, and of lengthy public hearings before the Planning Commission and the Board of Supervisors. Even if PDR loss exceeded the projections used to evaluate land use impacts in the PEIR, which is not the case, it would not follow that major revisions to the Eastern Neighborhoods PEIR would be required in order to inform the public and decision-makers about the impacts of the Eastern Neighborhoods Area Plans on land use due to the loss of PDR.

As discussed on page 14 of the CPE Checklist, development of the proposed project would result in the net loss of approximately 15,866 square feet of PDR building space (demolition of an existing 21,060-sf PDR space, plus the construction of 5,200-sf of new PDR space in the proposed project). The project site is located in the RH-2, RH-3 and UMU Use Districts and the Calle 24 Special Use District (SUD). The UMU Use District is intended to promote a vibrant mix of uses and to serve as a buffer between residential districts and PDR districts in the Eastern Neighborhoods. The proposed project includes 5,200-sf of arts and craft production space. As determined on page 14 of the CPE Checklist, the conversion of the existing PDR use to a mixed-use residential use would not contribute to the significant and unavoidable cumulative land use impact identified in the Eastern Neighborhoods PEIR.

Eastern Neighborhoods PEIR, Displacement and Cumulative Impacts

The Appellant asserts that the high cost of housing and consequent displacement of residents and businesses represent substantial changes to the circumstances considered in the Eastern Neighborhoods PEIR. In his July 29, 2016, letter to the Planning Commission (Appeal Letter Exhibit D), the Appellant states: (see page 64 in file "Appeal Ltr 102116.pdf" on the cd disk or online as part of Board of Supervisors File No. 161146)

"Unfortunately, circumstances have rendered the 2008 PEIR out of date and it cannot be a reliable measure of environmental impacts of market rate development in the Mission. It is well recognized that the Mission has already experienced extensive displacement of its residents, so much so, that it is now in an advanced stage [of] gentrification."

In his July 29, 2016 letter, the Appellant also provides a bullet list of nine items as evidence of changing demographics and economic conditions in the Eastern Neighborhoods and Mission Plan areas purported to represent changed circumstances not considered by the Eastern Neighborhoods PEIR. The Appellant states on page 3 of his Appeal letter (Attachment A):

"...Potential impacts due to gentrification and displacement to businesses, residents, and nonprofits within the LCD, including impacts to cultural, aesthetic, and historic resources, health and safety and increased traffic due to increased automobile ownership and reverse commutes and shuttle buses have not been considered."

A detailed response to statements regarding displacement, gentrification and cumulative impacts of market rate development, including the proposed project, consistent with the November 15, 2016 Motion of the Board of Supervisors regarding the CEQA Appeal of the proposed project at 1515 South Van Ness will be presented in a subsequent Department response Traffic

In his July 29, 2016 letter to the Planning Commission, incorporated in Exhibit D in the Appeal Letter (see page 61 in file "Appeal Ltr 102116.pdf" on the cd disk or online as part of Board of Supervisors File No. 161146), the Appellant notes several transportation-related issues not anticipated by the Eastern Neighborhoods PEIR, including "reverse commutes to distant areas" and "increased automobile traffic"

related to the fact that “upper income residents are twice as likely to own a car and half as likely to use public transit.” No substantial evidence was presented in support of these allegations.

The travel demand analysis methodology employed in the Eastern Neighborhoods PEIR is provided on pages 267 through 269 of the PEIR. Briefly, the analysis relied upon the San Francisco County Transportation Authority (SFCTA) countywide travel demand forecasting model to develop forecasts for development and growth under the No Project and three zoning options (A, B and C) through the year 2025 in the Eastern Neighborhoods study area. This approach took into account both future development expected within the boundary of the Eastern Neighborhoods Area Plans and the expected growth in housing and employment for the remainder of San Francisco and the nine-county Bay Area. Growth forecasts were prepared for each traffic analysis zone (or TAZ) in the Eastern Neighborhoods study area and the remainder of the City. As the Eastern Neighborhoods PEIR points out on page 268,

“[n]o separate cumulative model run was undertaken, because, as noted, the 2025 forecasts developed by the Planning Department include growth in the remainder of San Francisco, as well as in the rest of the Bay Area. Thus, each rezoning option effectively is [sic] represents a different cumulative growth scenario for the year 2025, including growth from development that would occur with implementation of the proposed Eastern Neighborhoods Rezoning and Area Plans, as well as other, non-project-generated growth accounted for in the 2025 No-Project scenario.”

As pointed out on page 19 of the CPE Checklist for the Project, significant and unavoidable impacts were identified in the Eastern Neighborhoods PEIR for transportation and circulation (specifically, transit). The Appellant provides no evidence that traffic conditions in the area of the Project today represent “changed circumstances” necessitating further environmental review beyond what was conducted in the CPE Checklist, nor does he identify specific significant transportation and circulation impacts that would result from the Project that were not already analyzed in the PEIR.

As stated on page 21 of the CPE Checklist, the Project’s potential impacts with respect to transportation and circulation were analyzed and presented in a comprehensive Transportation Impact Study (see footnote 19 on page 21). As discussed in the CPE Checklist, the projected transportation conditions and cumulative effects of project buildout analyzed in the Eastern Neighborhoods PEIR were based on a 2025 horizon year. However, in 2015, the Planning Department updated its cumulative transportation impact analysis for all projects to use a 2040 horizon year. Therefore, the project-specific cumulative transportation impact analysis presented in the CPE Checklist conducted to determine whether the proposed project would result in new or substantially more severe significant impacts than previously disclosed is based on updated growth projections through year 2040. San Francisco 2040 cumulative conditions were projected using a SF-CHAMP model run and includes residential and job growth estimates and reasonably foreseeable transportation investments through 2040.

The potential transportation and circulation impacts of the Project are evaluated under Topic 4 of the CPE Checklist (pages 19 through 23). As discussed on page 10 of the CPE Checklist, the City (with the Planning Commission's adoption of resolution 19579 on March 3, 2016) no longer considers automobile delay, as described solely by level of service or similar measures of vehicular capacity or traffic congestion, to be a significant impact on the environment under CEQA. Consistent with resolution 19579, the CPE Checklist provides an analysis of the Project's anticipated project-specific and cumulative contribution to Vehicle Miles Travelled (VMT) and induced automobile travel. In both instances, the analysis determined that the Project would not result in a significant project-specific or cumulative impact. Similarly and as also discussed on page 10 of the CPE Checklist (under Aesthetics and Parking), the Project qualifies as an infill project: it is in a transit priority area, it is on an infill site, and it is a mixed-use residential project. Consistent with CEQA Section 21099, aesthetics and parking are not considered as significant environmental effects for such infill projects.

The Transportation and Circulation section provides a comprehensive analysis of the Project's anticipated trip generation and its potential effects on transit, pedestrians, bicyclists, loading, and construction traffic. The analysis is based upon the Transportation Impact Study (TIS) prepared for the proposed project (as stated above) and the analysis and conclusions presented in the Eastern Neighborhoods PEIR. On the basis of the substantial evidence provided by the TIS and an analysis of the Project's potential transportation and circulation effects in relation to the Eastern Neighborhoods PEIR, the CPE Checklist concluded (on page 23) that the Project "would not result in significant impacts that were not identified in the Eastern Neighborhoods PEIR related to transportation and circulation and would not contribute considerably to cumulative transportation and circulation impacts that were identified in the Eastern Neighborhoods PEIR."

The Appellant's contention that the environmental analysis in the CPE Checklist is flawed because the Eastern Neighborhoods PEIR did not consider traffic and transportation effects resulting from displacement is not based upon substantial evidence; the various reports and studies included with the Appellant's letter do not provide specific technical analysis connecting displacement in the Mission District with observable traffic and transportation effects (noting again that traffic congestion is no longer considered an impact under CEQA).

Calle 24 Latino Cultural District

The Appellant states on page 2 of his Appeal Letter (Attachment A):

"The CEQA findings did not take into account the potential impacts of the Proposed Project on the Calle 24 Latino Cultural District (LCD), which was not designated at the time the PEIR was prepared.

Pages 16 through 18 of the CPE checklist provide a comprehensive analysis of the Project's potential impacts with respect to Historic Architectural Resources. The analysis is based on the Historic Resources Evaluation (HRE) prepared by Page and Turnbull, a qualified historic resource consultant and additional

research conducted by Planning Department Preservation staff (See footnote 12 on page 17 of the CPE Checklist). Substantial evidence provided by the HRE and Preservation Team Review forms an analysis of the Project's potential historic architectural resources effects in relation to the Eastern Neighborhoods PEIR. Based on that evidence, the CPE Checklist concluded (on page 17) that the Project "would not result in significant impacts on historic architectural resources that were not identified in the Eastern Neighborhoods PEIR."

As discussed on page 17-18 of the CPE Checklist, the Project is located within the Calle 24 Latino Cultural District. The Calle 24 Latino Cultural District Report on the Community Planning Process Report (Calle 24 LCD Report) (incorporated in Exhibit D in the Appeal Letter, page 285 in file "Appeal Ltr 102116.pdf" on the cd disk or online as part of Board of Supervisors File No. 161146) defines a cultural district as a region and community linked together by similar cultural or heritage assets, and offering a visitor experiences that showcase those resources. The Calle 24 LCD Report in Appendix L identifies a number of cultural assets and art within the LCD. The list of these cultural assets fall under the following themes: (1) Cultural Events; (2) Arts and Culture - Installations and Public Art, Organizations and Venues, and Retail; (3) Religion; Services and Non-Profits; (4) Food and Culinary Arts; and (5) Parks.

The purpose of the Calle 24 LCD is to recognize, promote, and preserve cultural assets of the LCD. However, the Calle 24 LCD is not a historic district adopted by the Historic Preservation Commission or listed on a National or State register, and, as such, is not a historic resource as defined by CEQA. Unlike historic districts that are locally designated or listed on the National or State registers, the LCD was not established through a formal survey by a consultant or Planning Department staff member meeting the Secretary of the Interior's Professional Standards. The LCD Report does not include a statement of significance addressing eligibility for listing on either the California or National Registers. While there are properties within the LCD that qualify as historic resources, either individually or as part of smaller potential historic districts, under CEQA, the Calle 24 LCD is not a historic district under CEQA.

The South Mission Historic Resource Survey (adopted in 2011) surveyed the area within the LCD and did identify several smaller potential historic districts within the LCD boundaries that include the national register-eligible Shotwell Street Victoriana and the following California register-eligible historic districts: South Mission Avenues and Alleys; East Mission Florida-to-Hampshire Streets; Horner's Addition East; Gottlieb Knopf Block; Von Schroeder-Welsh Block; 23rd Street Shops and Row-Houses; Alabama Street Pioneers; Hampshire Street False-Fronts; Juri Street; Olsen's Queen Anne Cottages; O'Donnell-Fowler Homes; and Orange Alley Stables and Lofts. The project site is not located within or near any of those national register-eligible or California register-eligible historic districts and as such, will not cause an impact to these historic districts.

As discussed on page 17 of the CPE Checklist, the existing buildings and their uses are not listed as cultural assets in the Calle 24 LCD Report nor do the uses fall under any of the cultural asset themes presented in the Calle 24 LCD Report. Therefore, even if displacement of a cultural asset would result in a

significant impact on the environment under CEQA, the proposed project would not displace a cultural asset.

In his July 29, 2016 letter to the Planning Commission (see page 61 of file "Appeal Ltr 102116.pdf" on the cd disk or online as part of Board of Supervisors File No. 161146), the Appellant states:

"Notably with respect to this proposed project, the PEIR did not, nor could it have considered the impact of a project on the LCD because the LCD did not exist at the time. Where, as here, the offsite or cumulative impacts were not discussed in the prior PEIR, the exemption provided by Section 15183 does not apply. (See 15183(j))"

First, because the LCD is not a historic resource, as noted above, the creation of the LCD has no impact on the PEIR analysis and is not new information. Second, CEQA Guidelines Section 15183 limits the Project's environmental review, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site. CEQA Guidelines Section 15183(j) states that:

Section 15183 does not affect any requirement to analyze potentially significant offsite or cumulative impacts if these impacts were not adequately discussed in the prior EIR. If a significant offsite or cumulative impact was adequately discussed in the prior EIR, then this section may be used as a basis for excluding further analysis of that offsite or cumulative impact.

The environmental analysis in the CPE Checklist was undertaken in accordance with Section 15183, including subsection 15183(j) as cited by the Appellant. The CPE Checklist includes project-specific environmental review, as summarized above, and determines that the project would not result in significant historic architectural resources impacts that: (1) are peculiar to the project or parcel; (2) were not analyzed as significant effects in the Eastern Neighborhoods PEIR; (3) are off-site or cumulative impacts that weren't addressed in the Eastern Neighborhoods PEIR; or (4) are substantially more severe significant impacts than discussed in the Eastern Neighborhoods PEIR. Therefore, per CEQA Guidelines 15183, a Community Plan Exemption was issued and further environmental review shall not be required for the project.

Substantial evidence is not provided in the Appeal to show that the LCD is a historical resource under CEQA, and how and in what way the Project would result in a significant offsite historic architectural resources impact. Nor is substantial evidence provided to support that the Project would result in a significant cumulative impact not discussed in the Eastern Neighborhoods PEIR. The Project's potential impacts with regard to these impacts are analyzed in the CPE Checklist on the basis of information and data prepared by qualified consultants and the Appellant provides no substantial evidence to support his claim.

Conclusion

On page 3 of the Appeal Letter, the Appellant states: “The City is engaging in a pattern and practice of approving residential projects in the Mission based on a Community Plan Exemption that improperly tiers off of an out of date Eastern Neighborhoods Area Plan EIR instead of conducting project level environmental review.” This is incorrect. The Planning Department properly relies upon CEQA Guidelines Section 15183 to determine if additional environmental review is required for projects that are consistent with the development density established under existing zoning, community plans, or general plan policies, including the Eastern Neighborhoods Plan, for which an EIR was certified. In accordance with this provision of the CEQA Guidelines, additional environmental review **shall not** be required for such projects except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site. The project-level environmental review in the CPE Checklist determined that the Project would not result in significant effects which are peculiar to the project or its site that were not previously disclosed in the Eastern Neighborhoods PEIR.

The Appellant does not provide substantial evidence to support the contention that the Project would result in significant effects which are peculiar to the project or its site and that were not previously disclosed in the Eastern Neighborhoods PEIR. The Eastern Neighborhoods PEIR did consider the effects of displacement of residents and businesses as a result of the rezoning options considered and found those impacts to be less-than-significant. Contrary to the Appellant’s assertion, growth in the Eastern Neighborhoods and Mission Plan areas (as measured by dwelling units and population) do not represent a new significant environmental effect or increased severity of an environmental effect analyzed in the Eastern Neighborhoods PEIR, such that a project-specific EIR would need to be prepared.

Concern 2: The claimed community benefits of the Eastern Neighborhoods Area Plan, outlined in the 2008 PEIR, its approvals and the Statement of Overriding Considerations have not been fully funded, implemented, or are underperforming and the determinations and findings for the proposed Project that rely on the claimed benefits to override impacts outlined in the PEIR are not supported. The City should have conducted Project level review based upon up to date data and the actual community benefits that have accrued since the adoption of the 2008 plan and did not.

Response 2: The Appellant’s contentions concerning community benefits are not valid grounds for an appeal of the CPE because they do not demonstrate that the Project would result in significant effects which are peculiar to the project or its site that were not disclosed in the Eastern Neighborhoods PEIR.

As stated above, CEQA Section 21083.3 and CEQA Guidelines Section 15183 mandate that projects that are consistent with the development density established under existing zoning, community plans, or general plan policies for which an EIR was certified shall not require additional environmental review except as might be necessary to examine whether there are project-specific significant effects which are peculiar to the project or its site. The Appellant’s contentions concerning the funding and implementation of community benefits do not demonstrate that the project would result in significant effects which are peculiar to the project or its site that were not disclosed in the Eastern Neighborhoods PEIR. Therefore,

these contentions do not form a valid ground for an appeal of the determination that the project qualifies for a CPE. For informational purposes, however, the following discussion about the status of the community benefits identified in the CEQA findings and Statement of Overriding Consideration for the adoption of the Eastern Neighborhoods Area Plans is provided.

The Appellant does not specify which community benefits “have not been fully funded, implemented or are underperforming...” or which findings and determinations for the Project “rely on the claimed benefits to override impacts outlined in the PEIR.” Regardless, as the following discussion indicates, community benefits are being provided under the Eastern Neighborhoods Plan through an established process.

The Eastern Neighborhoods Plan included, as an informational item considered by the Planning Commission at the time of the original Eastern Neighborhoods Plans approvals in 2008, a Public Benefits Program detailing a framework for delivering infrastructure and other public benefits as described in an Implementation Document titled Materials for Eastern Neighborhoods Area Plans Initiation Hearing.⁵ The Public Benefits Program consists of:

- 1) an Improvements Program that addresses needs for open space, transit and the public realm, community facilities and affordable housing;
- 2) a Funding Strategy that proposes specific funding strategies and sources to finance the various facilities and improvements identified in the Improvements Plan, and matches these sources to estimated costs; and
- 3) a section on Program Administration that establishes roles for the community and City agencies, provides responsibilities for each, and outlines the steps required to implement the program.

Some of the benefits were to be provided through requirements that would be included in changes to the Planning Code. For example, Planning Code Section 423 (Eastern Neighborhoods Community Infrastructure Impact Fee) fees are collected for “Transit”, “Complete Streets”, “Recreation and Open Space”, “Child Care”, and in some portions of the Mission District and the South of Market Area, “Affordable Housing”. Other benefits were to be funded by fees accrued with development and through other sources of funding. The Public Benefits Program was not intended to be a static list of projects; rather, it was designed to be modified by a Citizens Advisory Committee as needs were identified through time.

⁵ San Francisco Planning Department, *Materials for Eastern Neighborhoods Area Plans Initiation Hearing*, Case No. 2004.0160EMTUZ. April 17, 2008. Accessed August 22, 2016 at: <http://sf-planning.org/sites/default/files/FileCenter/Documents/1507VOL3 - Implementation.pdf>

The current list of public benefit projects is provided as Attachment D to this Appeal Response. The Appellant's assertion that "the claimed benefits to override impacts outlined in the PEIR are not supported," stating that benefits have not been have not been fully funded, implemented, or are underperforming, is incorrect. The Attachment C list shows that of the 66 capital projects that currently comprise the Public Benefits Program, 10 are complete, 16 are under construction, six are fully funded and awaiting construction, and the remaining 34 are in various stages of planning.

In terms of the process for implementing the Public Benefits Program, new development within the Eastern Neighborhoods Plan area, including the Project, are required to pay development impact fees upon issuance of the "first construction document" (either a project's building permit or the first addendum to a project's site permit), which are collected to fund approximately 30 percent of the infrastructure improvements planned within the Eastern Neighborhoods Plan area. Additional funding mechanisms for infrastructure improvements are identified through the City's 10-year Capital Plan. Eighty percent of development impact fees must go towards Eastern Neighborhoods priority projects, until those priority projects are fully funded. The fees are dispersed to fund infrastructure improvements within the entirety of the Eastern Neighborhoods Plan area, on a priority basis established by the Eastern Neighborhoods Citizen Advisory Committee (CAC) and the City's Interagency Plan Implementation Committee (IPIC). The IPIC works with the CAC to prioritize future infrastructure improvements. Additionally, the Planning Department and Capital Planning Program are working with the implementing departments to identify additional state and federal grants, general fund monies, or other funding mechanisms such as land-secured financing or infrastructure finance districts to fund the remaining emerging needs. Impact fees are distributed among the following improvement categories: open space, transportation and streetscape, community facilities, childcare, library, and program administration. As stated in the January 2016 Planning Department's Interagency Plan Implementation Committee Annual Report,⁶ the Planning Department forecasts that pipeline projects, including the proposed project, would contribute approximately \$79.1 million in impact fee revenue within the Eastern Neighborhoods Plan area between fiscal years 2017 and 2021.

Infrastructure projects that are currently underway are also listed in the Planning Department's Interagency Plan Implementation Committee Annual Report. These include various streetscape, roadway, park, and childcare facility improvements. Additionally, a Transportation Sustainability Fee was adopted in November 2015 (BOS File Number 150790) and expenditures of this will shall be allocated according to Table 411A.6A in the Ordinance, which gives priority to specific projects identified in different area plans. These processes and funding mechanisms are intended to provide for implementation of infrastructure improvements to keep pace with development and associated needs of existing and new residents and businesses within the area. The CPE Checklist provides further

⁶ City and County of San Francisco, Interagency Plan Implementation Committee Annual Report, website: http://www.sf-planning.org/ftp/files/plans-and-programs/plan-implementation/2016_IPIC_Report_FINAL.pdf, January 2016.

information regarding improvements within the Eastern Neighborhoods Plan Area. In regards to transit, as discussed on page 22 of the CPE Checklist, Mitigation Measures E-5 through E-11 in the Eastern Neighborhoods PEIR were adopted as part of the Eastern Neighborhoods Area Plans with uncertain feasibility to address significant transit impacts. While these plan-level measures are not applicable to the Project, each is in some stage of implementation (see discussion on page 22 and 23 of the CPE Checklist). In regards to recreation, the funding and planning for several Eastern Neighborhoods parks and open space resources is discussed on pages 36 and 37 of the CPE Checklist.

Thus, based on the evidence provided, the public benefits included in the Public Benefits Program are in the process of being provided under the Eastern Neighborhoods Area Plans. As is generally the case with development fee-based provision of community benefits, capital facilities are constructed as fees are collected and are rarely provided in advance of development. The Appellant's assertion that the provision of community benefits is so deficient as to render the environmental determinations in the Eastern Neighborhoods PEIR invalid is not supported by substantial evidence. As described above, the CPE does provide an up-to-date description of the provision of transportation and recreation community benefits. For these and other impact analyses, the CPE properly concludes that the Project would not result in a significant impact not previously identified in the Eastern Neighborhoods PEIR.

Concern 3: The CEQA findings are inadequate and incomplete, fail to adequately describe the Project's components and are not supported by substantial evidence.

Response 3: The CEQA findings adopted by the Planning Commission on September 22, 2016 as part of the Commission's approval of the Conditional Use Authorization and Large Project Authorization for the Project are not subject to appeal under San Francisco Administrative Code Section 31.16(e)(3).

Per San Francisco Administrative Code Section 31.16(e)(3), the grounds for appeal of a CEQA exemption determination are limited to whether the project conforms to the requirements of CEQA for an exemption. The CEQA findings are a part of the Project approval action, which is not before the Board of Supervisors in this appeal of the Community Plan Exemption. Regardless, neither state law nor Chapter 31 of the Administrative Code requires that any findings be made for an exemption determination, including a Community Plan Exemption. Detailed CEQA findings are required to be made only when an EIR has been prepared, there are significant unmitigated environmental impacts associated with the project, and the agency decides to approve the project despite those impacts, pursuant to CEQA Guidelines Section 15091.

Concern 4: The Project is inconsistent with the General Plan and the Mission Area Plan.

Response 4: The Project is consistent with the development density established under the Eastern Neighborhoods Area Plan, and would not result in significant impacts on the physical environment due to conflicts with the General Plan or the Mission Area Plan that are peculiar to the project or the project site.

On page 3 of the Appeal Letter (Attachment A), the Appellant states "The Proposed Project is inconsistent with the General Plan and the Mission Area Plan." In the Appellant's July 29, 2016 letter to the Planning Commission (see page 68 and 69 in file "Appeal Ltr 102116.pdf" on the cd disk or online as part of Board of Supervisors File No. 161146), he states:

"In evaluating the desirability of the proposed project, the Commission should evaluate it in light of its inconsistency with the objectives of the Eastern Neighborhoods and Mission Plans. The EIR for the Eastern Neighborhoods Plan reflected the Eastern Neighborhood objectives as follows:

- *Reflect Local Values:* To develop a rezoning proposal that reflects the land use needs and priorities of each neighborhoods' stakeholders and that meets citywide goals for residential and industrial land use.
- *Increase Housing:* To identify appropriate locations for housing in the City's industrially zoned land to meet a citywide need for more housing, and affordable housing in particular. (emphasis supplied)
- *Maintain Some Industrial Land Supply:* To retain an adequate supply of industrial land to meet the current and future needs of the City's production, distribution, and repair businesses and the city's economy.
- *Improve the Quality of All Existing Areas with Future Development:* To improve the quality of the residential and nonresidential places that future development will create over that which would occur under the existing zoning.

The Mission Area Plan was even more specific in its land use policy: to protect "established areas of residential, commercial, and PDR, and ensuring that areas that have become mixed-use over time develop in such a way that they contribute positively to the neighborhood. A place for living and working also means a place where affordably priced housing is made available, a diverse array of jobs is protected, and where goods and services are oriented to the needs of the community."

- Mission-wide goals include:
- Increase the amount of affordable housing.
- Preserve and enhance the existing Production, Distribution and Repair businesses.
- Preserve and enhance the unique character of the Mission's distinct commercial areas.
- Minimize displacement."

Topic 1(b) (Land Use and Land Use Planning) of the CPE Checklist limits review of the Project's conflicts with any applicable land use plan, policy, or regulation to those "adopted for the purpose of avoiding or mitigating an environmental effect." Project-related policy conflicts and inconsistencies do not constitute, in and of themselves, significant environmental impacts. The consistency of the Project with those General Plan and Mission Area Plan policies that do not relate to physical environmental issues or result in physical environmental effects (such as those cited above by the Appellant), were considered by the Planning Commission as part of its determination of whether to approve, modify, or disapprove the Project.

As discussed above under Concern 1, the loss of PDR space resulting from implementation of the Eastern Neighborhoods Plan was found to be a significant and unavoidable impact in the Eastern Neighborhoods Plan PEIR. To address that impact, the City created PDR zones in the Eastern Neighborhoods Plan Area, including the Mission Area, in which PDR uses would be protected and competing uses, including residential and office developments, are not permitted, and made findings that the loss of PDR uses and space outside the PDR zoning districts was acceptable and overridden by the other benefits of the Plan.

The Project's contribution to loss of PDR space is disclosed under Topic 1(b) of the CPE Checklist, which provides an analysis of the anticipated loss of PDR evaluated in the Eastern Neighborhoods Plan PEIR on page 14, observing that as of February, 2016, projects resulting in the removal of 1,715,001 and 273,073 net square feet of PDR space within the Eastern Neighborhoods Plan and Mission District subarea, respectively, have completed or are proposed to complete environmental review.

As discussed on page 14 of the CPE Checklist, development of the proposed project would result in the net loss of approximately 15,866 square feet of PDR building space. The Project site was not included as part of the long-term PDR land supply loss in the Eastern Neighborhoods PEIR. The proposed project would also include 5,200-sf or art and craft production space. The conversion of the existing PDR use to a mixed-use residential use would not contribute considerably to the significant and unavoidable cumulative land use impact identified in the Eastern Neighborhoods PEIR.

The Planning Department's Citywide Planning and Policy Analysis Division determined that the Project was consistent with the General Plan and with the bulk, density, and land uses as envisioned in the Mission Area Plan. The determination further states:

"The Mission Area Plan calls for maximizing development potential in keeping with neighborhood character in Objective 1.2. The proposed project is consistent with these objectives by providing 117 dwelling units. The project also includes 2 bedroom, 2 bedroom and 1 bedroom units to satisfy a unit mix, consistent with Objective 2.3. The project also meets Objective 1.7 of the Mission Area Plan by retaining the Mission's role as an important location for PDR activities."

The Citywide determination concludes:

"For the purposes of the Citywide Planning and Policy Analysis division, the project is eligible for consideration of a Community Plan Exemption under California Public

Resources Code Sections 21159.21, 21159.23, 21159.24, 21081.2, and 21083.3, and/or Section 15183 of the California Environmental Quality Act (CEQA) Guidelines.”

As a general matter, the determination of whether a project is consistent with a specific plan or policy can be subjective, and is best made with a broad understanding of the often-competing policy objectives in a planning document. Consequently, policy consistency determinations are ultimately made by the City’s decision-making bodies such as the Planning Commission and the Board of Supervisors independent of the environmental review process, as part of the decision to approve or reject the project. In its approval of the Project’s Large Project Authorization and Conditional Use Authorization, the Planning Commission determined that the project is generally consistent with the objectives and policies of the General Plan, including the Mission Area Plan.

Accordingly, the Project would not result in significant impacts on the physical environment due to inconsistency with the General Plan, the Eastern Neighborhoods Plan, or the Mission Subarea Plan that are peculiar to the project or the project site.

CONCLUSION:

The Appellant has not demonstrated nor provided substantial evidence to support a claim that the CPE fails to conform to the requirements of CEQA for a community plan exemption pursuant to CEQA Section 21083.3 and CEQA Guidelines Section 15183. The Planning Department conducted necessary studies and analyses, and provided the Commission with the information and documents necessary to make an informed decision, based on substantial evidence in the record, at a noticed public hearing in accordance with the Planning Department’s CPE Checklist and standard procedures, and pursuant to CEQA and the CEQA Guidelines. Therefore, the Planning Department respectfully recommends that the Board uphold the Department’s determination for the CPE and reject Appellant’s appeal.

Attachment A

October 21, 2016 Appeal Letter

West Bay Law
Law Office of J. Scott Weaver

October 21, 2016

Clerk, San Francisco Board of Supervisors
Environmental Review Officer, Bill Wycko
#1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

**Re: Case No. 2014-000601 CUA, 2014-000601ENX- 2675 Folsom Street
Appeal of the September 22, 2016 Planning Commission Decisions**

Dear Members of the Board of Supervisors and Bill Wycko:

The Calle 24 Latino Cultural District Community Council appeals the following decisions of the Planning Commission made on August 11, 2016 regarding the project proposed for 2675 Folsom Street ("Proposed Project" hereafter) proposed by applicant Muhammed Nadhiri of Axis Development Group Company.

- 1) Adoption of a Community Plan Exemption and CEQA findings under Section 15183 of the CEQA guidelines and Public Resources Code Section 21083.3.1

The Final Motion for the relevant appeals is attached as **Exhibit A**. Evidence in support of the appeals is attached as **Exhibits B-D** and is also contained in the letters submitted to the Planning Department objecting to the approval of the Project and the Community Plan Exemption, incorporated here by reference.

1. Appeal of the adoption of the Community Plan Exemption and CEQA Findings

The appeal of the adoption of the Community Plan Exemption and CEQA Findings are filed on the following bases.

Page 1 of 3

Calle 24 Latino Cultural District Community Council Appeal

- The CEQA findings did not take into account the potential impacts of the Proposed Project on the Calle 24 Latino Cultural District (LCD), which was not designated at the time the PEIR was prepared. Potential impacts due to gentrification and displacement to businesses, residents, and nonprofits within the LCD, including impacts to cultural, aesthetic, and historic resources, health and safety and increased traffic due to increased automobile ownership and reverse commutes and shuttle busses have not been considered.
- The Proposed Project does not qualify for a Community Plan Exemption under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3 because the approval is based upon an out of date 2008 EIR prepared for the Eastern Neighborhoods Area Plan and the EIR's analysis and determination can no longer be relied upon to support the claimed exemption in the areas of, *inter alia*, direct, indirect, and cumulative impacts to: land use, consistency with Mission Area Plans and policies, land use, recreation and open space, traffic and circulation, transit and transportation, health and safety, and impacts relative to the Calle 24 Latino Cultural District.
- The PEIR's projections for housing, including this project and those in the pipeline, have been exceeded when cumulative impacts are considered, i.e., "past, present, and reasonably foreseeable probable future projects." (Guidelines, § 15355) The amount of housing development and the pace of that development were not envisioned in the Eastern Neighborhoods Plan EIR neither for the Eastern Neighborhoods in general nor the Mission Area Plan in particular.
- The claimed community benefits of the Eastern Neighborhoods Area Plan, outlined in the 2008 PEIR, its approvals and the Statement of Overriding Considerations have not been fully funded, implemented, or are underperforming and the determinations and findings for the proposed Project that rely on the claimed benefits to override impacts outlined in the PEIR are not supported. The City should have conducted Project level review based upon up to date data and the actual community benefits that have accrued since the adoption of the 2008 plan and did not.

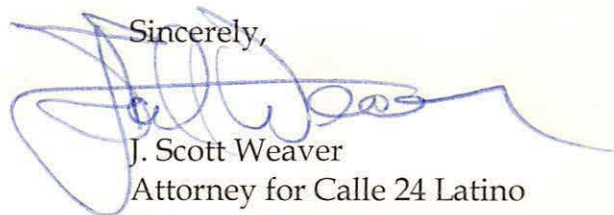
- Substantial changes in circumstances require major revisions to the Eastern Neighborhoods Area Plan EIR due to the involvement of new significant environmental effects and an increase in the severity of previously identified significant impacts; there is new information of substantial importance that would change the conclusions set forth in said EIR and the requirements of the Mitigation Monitoring and Reporting Report.
- The CEQA findings are inadequate and incomplete and are not supported by substantial evidence.
- The Proposed Project is inconsistent with the General Plan and the Mission Area Plan.

2. Pattern and Practice

The City is engaging in a pattern and practice of approving residential projects in the Mission based upon a Community Plan Exemption that improperly tiers off of an out of date Eastern Neighborhoods Area Plan EIR instead of conducting project level environmental review. This results in the approval of projects with unexamined environmental affects to the detriment of Mission residents.

2. Exhibits (Attached)

- Exhibit A:** Planning Commission Motion Nos. 19744, 19745
- Exhibit B:** Link to Video of August 4, 2016 and September 22, 2016 Planning Commission hearings.
- Exhibit C:** Link to Eastern Neighborhoods Plan EIR, Motion 17661 of the Planning Commission, which adopted CEQA findings for the Plan EIR.
- Exhibit D:** Evidence in support of the Appeal

Sincerely,

 J. Scott Weaver
 Attorney for Calle 24 Latino
 Cultural District Council

Attachment B

November 18, 2016 Appeal Letter

West Bay Law
Law Office of J. Scott Weaver

November 18, 2016

President London Breed and San Francisco Board of Supervisors
San Francisco City Hall
1 Dr Carlton B Goodlett Pl #244
San Francisco, CA 94102

**Re: Re: Case No. 2014-000601 CUA, 2014-000601ENX- 2675 Folsom Street
Appeal of the September 22, 2016 Planning Commission Decisions.**

Dear Supervisor Breed,

Please accept this submission on behalf of the Calle 24 Latino Cultural District Council with respect to the proposed project at 2675 Folsom Street.

I. Factual Background

The proposed project is a four story building at Folsom Street near 23rd Street, directly adjacent to Parque de Los Ninos, across the street from Cesar Chavez Elementary School, and within the boundaries of the Calle 24 Latino Cultural District. It replaces 16,000 square feet of PDR use with a project consisting of approximately 5,219 square feet of art space 117 housing units of various sizes. Shortly before the hearing the project sponsor proposed that 19 of those units (16%) affordable to those earning 55% AMI and 4 units (3%) affordable to those earning 100% AMI.

A. On June 23, 2016 Appellant Calle 24 Latino Cultural District Council ("Council") wrote to the Planning Department requesting that any environmental analysis of the proposed project include an evaluation of the cumulative impacts of the proposed project along with other market rate projects affecting the businesses, nonprofits, and residents in the Calle 24 Latino Cultural District (LCD), and to fashion mitigations for any negative impacts. The letter also noted that substantial new information rendered the Eastern Neighborhoods Plan EIR ("PEIR") out of date. (See Exhibits,0073)

- B. On July 29, 2016 Appellant Council wrote to the Planning Department with regard to the anticipated August 4th hearing for approval. The Council reiterated its request for an analysis of the impacts on the LCD, stating the reason such analysis was needed, and requesting that adequate mitigations be put in place. The letter provided specific areas of inquiry that would assist in this evaluation. The letter also reiterated the substantial new information rendered the PEIR out of date and no longer a basis for issuing a Certificate of Exemption. (Exhibits, Pages 0061)
- C. On August 3, 2016 Supervisor David Campos wrote to the Planning Commission requesting that impacts of the projects affecting the LCD be evaluated and adequate mitigations be put in place prior to the approval of any project. (Exhibits, Page 0081)
- D. On August 4, 2016, the Planning Commission heard the matter and expressed a number of concerns regarding the project. The matter was then continued to September 22, 2016. The Planning Commission, on September 22, 2016 approved the proposed project approved the proposed project, including approval of the Community Plan Exemption (Exhibits, 002-0057).
- E. Appellant timely filed this appeal on October 21, 2016.
- F. On November 15, 2016, the Board of Supervisors granted appellant's CEQA appeal for 1515 South Van Ness Avenue, requiring the Planning Department to evaluate cumulative impacts of displacement caused by that project, and other similar projects (such as this) on the physical environment of the Calle 24 Latino Cultural District.

II. Reasons for Appeal

- A. The CEQA findings did not take into account the direct, indirect, and cumulative impacts that the proposed project and other "market rate" projects would have on the businesses, residents, and non-profits in the LCD,
- B. The Community Plan Exemption reliance on the PEIR was improper because 1) The PEIR contemplated production of no more than 2,054 units with an approved preferred project of 1,696 units for the Mission Area. As of February, 2016 there were 2,451 units either completed or under environmental review. and 2) Substantial new information renders the PEIR out of date. These changes cumulatively impact areas of land use, consistency with area plans and policies, recreation and open space, traffic and circulation, transit and transportation

- C. The Planning Department and Planning Commission have engaged in a pattern and practice of approving projects relying on an out-of-date Plan EIR and without regard to the direct and indirect cumulative impacts that these projects have on the environment.
- D. Conditional Use was improperly granted because the project is not “necessary or desirable” in light of its gentrification impacts, inconsistency Eastern Neighborhoods Plan and Mission Area Plan objective and inconsistency with interim controls and Mission Action Plan 2020 (MAP 2020).

III. The CEQA Findings Did Not Take into Account the Cumulative Impacts of the Proposed Project on the Calle 24 Latino Cultural District.

A. Background of the LCD and Existing Threats.

The businesses and nonprofits in the LCD have been recognized by resolution of the Board of Supervisors as an important cultural, historical and commercial resource for the City. (Resolution Creating LCD is attached as Exhibit Pages 0276-0284) The Ordinance creating the LCD noted that “The Calle 24 Latino Cultural District memorializes a place whose richness of culture, history and entrepreneurship is unrivaled in San Francisco.” The District was established “to stabilize the displacement of Latino Businesses, and residents, preserve Calle 24 as the center of Latino culture and commerce, enhance the unique nature of Calle 24 as a special place for San Francisco’s residents and tourists, . . .” and that its contribution will provide “cultural visibility, vibrancy, and economic opportunity for Latinos in the City and County of San Francisco.” (See Exhibits Page 0718)

The Calle 24 Latino Cultural District Community Council (“the Council”), a nonprofit consisting of community stakeholders in the LCD, has stated as its mission: “To preserve, enhance, and advocate for Latino cultural continuity, vitality, and community in San Francisco’s touchstone Latino Cultural District and the greater Mission community”. (Exhibits Page 302) With funding from the Mayor’s Office of Economic and Workforce Development and technical support from the Gato Group, the Council engaged in an extensive planning process that included numerous stakeholder interviews, four focus groups, a study session with expert consultants, and four community meetings. At the conclusion, the Council prepared a report on its community planning process. (Exhibits Pages 305-308) Among the Council’s initiatives are the creation of a Special Use District and a Cultural Benefits Campaign district. These initiatives are currently in process.

The report noted that “there were major concerns among all stakeholders about the **lack of affordable housing** and about the gentrification and recent eviction and displacement of long-time residents. A related theme was the **rapid transformation** underway with some saying they wanted to prevent another ‘Valencia’ (referring to the way Valencia lost much of its Latino culture in the 1990s and 2000s)”. (Emphasis original) (Exhibits Page 297)

Unfortunately, we are beginning to see the Valenciazation of the LCD. Small mom and pop businesses are being replaced by upscale corporate-owned businesses. Non-profits such as the 40-year-old Galaria de la Raza, on month-to-month tenancies are extremely vulnerable. They are also seeing a diminution of their customer base due to gentrification and the resulting displacement.

While it is true that “gentrification” is already occurring in the area, with little market rate development, the sudden influx of over 650 households earning 200% AMI will pour gasoline on the fire. (See “cumulative impacts” below)

Development has already demonstrated the potential physical impacts of continued market rate development. For instance, at a proposed project on 24th and York, the owner plans to build 12 condo townhomes which will cover a mural that has been on there over 30 years and is part of the Precita eyes mural tours. The famous Carlos Santana mural on 22nd and South Van Ness was completely covered when the lot in front built housing. In Balmy Alley new owners of a property wanted to remodel and add a second unit which faced balmy ally, covering a 40 year-old mural.

More disturbing has been complaints by newcomers against neighboring Latino owned businesses from the owner and residents of the Vida on Mission Street. A group of new residents on Harrison St. calling themselves “the gang of five” said they would sue to stop Carnival. During Sunday Streets on 24th a group of neighbors did not want the low riders on Harrison Street, saying that they were intimidated by them. Additionally, neighbors have complained about “Mexican” music on 24th Street. Without sufficient mitigation and community benefits, problems such as these will only get worse with the influx of hundreds more “gentrifiers”, all to the detriment of the residents, businesses, and nonprofits that the City said it wanted to protect when it created the LCD. As we have seen on Valencia Street we can foresee gentrifiers requesting the police to move Latino youths, and adults, off “their” street corners.

B. Cumulative Impacts Must Be Examined.

Under Public Resources Code Section 21083 subdivision (b)(2).) "The possible effects of a project are individually limited but cumulatively considerable. As used in this paragraph ‘cumulatively considerable’ means that the incremental effects of an individual project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects." Stated otherwise, a lead agency shall require an EIR be prepared for a project when the record contains substantial evidence that

the "project has possible environmental effects that are individually limited but cumulatively considerable." (Guidelines section 15065 subdivision (a) (3).)

The impacts of the proposed project cannot be examined in isolation. The proposed project is not constructed inside a bubble. Both the project and its residents interact with the immediate community in multiple ways. Similarly, the environmental impacts of this project cannot be examined apart from other proposed projects currently in the pipeline. Including this project, there are approximately 666 luxury units currently in the pipeline that are located in or near the LCD. They are: 1515 South Van Ness Avenue (120 "market rate" units), 3314 Cesar Chavez (52 units), 2600 Harrison St. (20), 2799 24th St. (8), and 3357 26th St. (8). Proposed projects immediately adjacent to the LCD are: 1198 Valencia St. (52 units), 2918 Mission St. (38), 1298 Valencia St. (35), and 2600 Mission (20). Two blocks from the LCD is 2000-2070 Bryant Street (191 units).(Exhibits, Page 0097, 0098)

C. Cumulative Impacts of the Proposed Project and Other Market Rate Projects on the LCD are Subject to CEQA Review.

CEQA defines "environment" as "the physical conditions which exist within the area which will be affected by a proposed project, including land, air, water, minerals, flora, fauna, noise, and objects of historic or aesthetic significance." 14 CCR Sec. 15131(a). See e.g. *Eureka Citizens for Responsible Government v City of Eureka* (2007) 147 Cal.App.4th 357, 363). The cumulative impacts of the proposed project on the LCD are subject to CEQA because (1) They have a potential adverse impact on the businesses and nonprofits in the LCD and therefore may impact the physical environment, and (2) LCD is "historic" as defined in the Public Resources Code and the CCR. These impacts to land use were not examined in the PEIR because the LCD did not exist at the time the PEIR was prepared.

1) The Market Rate Projects Have a Potential Adverse Impact on the Physical Environment.

As previously stated, the City has placed great importance on the long-term viability of the LCD, by its creation, investment in the study by the Council (Exhibits, Pages 276-311), its inclusion in the MAP 2020 program, and by creation of a Legacy Business program along with other assistance to small businesses. Further, two of the primary objectives of the Mission Area Plan are to preserve the diversity of the Mission, and to "preserve and enhance the unique character of the Mission District Commercial Areas". (Exhibits Page 609). It is a resource worth preserving.

The proposed project itself will result in the influx of approximately 98 households earning 200% AMI. In the pipeline are projects proposing more than 500 more households in or near the LCD. It is no leap of faith to anticipate that the proposed project will result in higher rents on properties within the LCD especially for businesses and non-profits which do not have rent control protections. High wage earners have much more disposable income than most residents of the area. According to 2009-2013 census estimates, the median income for residents in the census tract on which the proposed project site is situated was \$51,510 (or 50% Median Income for a family of four). In addition to having significantly more disposable incomes and ability to purchase higher priced goods and services, these newcomers are more likely to have different consumer preferences, affecting both price and the nature of the goods and services provided by businesses in the 24th Street corridor. We might ask "how can the City provide economic opportunities for Latinos if its policies price Latinos out of the market?" We only need look at Valencia Street to see how the influx of higher wage earners with only modest market rate development can impact a commercial corridor, substituting for mom and pop businesses with high end restaurants and clothing stores. Envisioning a similar result along 24th Street is a far cry from "speculative," it is reasonably foreseeable.

Significant effect on the environment" is defined as "a substantial, or potentially substantial, *adverse change in any of the physical conditions within the area affected by the project* including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic or aesthetic significance. An economic or social change by itself shall not be considered a significant effect on the environment. A social or economic change related to a physical change may be considered in determining whether the physical change is significant." (Guidelines, § 15382, italics added.)

The Court's decision in *Bakersfield Citizens for Local Control v City of Bakersfield* (2004) 124 Cal.App. 4th 1184 is highly instructive on this issue and analogous to the matter currently before the Board. In *Bakersfield*, the city refused to consider the impacts of two proposed shopping centers on downtown businesses and the potential to cause urban decay. The Court held that the businesses were part of the physical environment for which an EIR was required. Noting that under Guidelines 15131(a) "(I)f forecasted economic or social effects of a proposed project directly or indirectly will lead to adverse physical changes in the environment, then CEQA requires disclosure and analysis of these resulting physical impacts. (Citations) subdivision (e) of Guidelines section 15064 provides that when economic or social effects of a project cause a physical change, this is to be regarded as a significant effect in the same manner as any other physical change resulting from the project."

Noting that this concept is not limited to the issue of urban decay, the Court referenced *El Dorado Union High School Dist. v City of Placerville* (1983) 144 Cal. App.3d, 123, 131, where the city was required to evaluate whether a proposed apartment house

development would necessitate the need to construct a new high school. In *Christward Ministry v. Superior Court* (1986) 184 Cal.App.3d 180, 197, the Court required a study as to whether the physical impacts associated with a new waste management facility under CEQA would disturb worship in an environmental retreat center.

Here, the cumulative impacts of the proposed project and other projects poses the risk of accelerated Valenciazation of the LCD. Here, mom and pop Latino owned and operated concerns are at risk being replaced by high end restaurants, clothing and accessory stores, and personal trainer gyms and yoga studios. This is a change in the physical environment that defies the City's designation of the district, the MAP 2020 process, and which the City has, at least by its words, sought to avoid.

The Council's repeated requests for evaluation of impacts and development of mitigation measures is supported by a recent report by The Institute for Government Studies. It concluded that: 1) on a regional level, creation of market rate housing will relieve displacement pressures, 2) the creation of affordable housing will have double the impact of relieving such pressures, and 3) "on a block group level in San Francisco, neither market-rate nor subsidized housing production has the protective power they do at a regional scale, likely due to the mismatch between demand and supply. (Exhibits, page 447, 456) The report further concluded that further analysis was needed "to clarify the complex relationship between development, affordability, and displacement at the local scale, . . . (and) also investing in the preservation of housing affordability and stabilizing vulnerable communities."

2) The Calle 24 Latino Cultural District Council has Made a Fair Argument that the Department Should Have Evaluated Cumulative Impacts on the LCD.

Finally, the Board should be mindful of the burdens of both the City and Appellant to provide "substantial evidence" to support their position. "[A]rgument, speculation, unsubstantiated opinion or narrative, evidence which is clearly inaccurate or erroneous, or evidence of social or economic impacts which do not contribute to, or are not caused by, physical impacts on the environment is not substantial evidence. Substantial evidence shall include facts, reasonable assumptions predicated upon facts, and expert opinion supported by facts." (Pub. Res. Code § 21082.2(c); Guidelines, § 15384.)

The Court in *Stanislaus Audubon Society v. County of Stanislaus* (1995) 33 Cal.App.4th 144, 151, stressed the "low threshold" vis-à-vis the presence of a fair argument, noting that a lead agency should not give an "unreasonable definition" to the term substantial evidence, "equating it with overwhelming or overpowering evidence. CEQA does not impose such a monumental burden" on those seeking to raise a fair argument of impacts. Whether the administrative record contains a fair argument sufficient to trigger preparation of an EIR is a question of law, not a question of fact. Under this unique test "deference to the agency's determination is not appropriate and its decision not to require an EIR can be upheld only when

there is no credible evidence to the contrary.”

In *Keep Our Mountains Quiet v. County of Santa Clara* (2015) 236 Cal.App.4th 714 lay testimony held sufficient to support fair argument. “Relevant personal observations of area residents on nontechnical subjects may qualify as substantial evidence.” *Pocket Protectors v. City of Sacramento* (2004) 124 Cal.App.4th 903, 928. “For example, an adjacent property owner may testify to traffic conditions based upon personal knowledge.” (*Citizens Assn. for Sensible Development of Bishop Area v. County of Inyo* (1985) 172 Cal.App.3d 151, 173.) Because substantial evidence includes “reasonable assumptions predicated upon facts” (Guidelines, § 15384, 17 subd. (b)) and “reasonable inferences” (id., subd. (a)) from the facts, factual testimony about existing environmental conditions can form the basis for substantial evidence.⁹ (Guidelines, § 15384; *Banker’s Hill, Hillcrest, Park West Community Preservation Group v. City of San Diego* (2006) 139 Cal.App.4th 249, 274 (*Banker’s Hill*) [“local residents may testify to their observations regarding existing traffic conditions”]. “The question is not whether [citizen testimony] constitutes proof that [particular effects] will occur,” but whether it (or

reasonable inferences from it) “constitutes substantial, credible evidence that supports a fair argument that . . . [the project] may have a significant impact on the environment.” Emphasis supplied) *Rominger v. County of Colusa* (2014) 229 Cal.App.4th 690, 721

Here, the Department has provided no evidence to support its position. The PEIR does not mention the LCD (because the LCD did not exist at the time the PEIR was prepared) and the Department refused to consider the impacts when so requested.

By contrast Appellant Council has provided substantial evidence to support a fair argument that the cumulative direct and indirect impacts of this and other projects at or near the LCD could, directly or indirectly adversely affect the LCD – which is part of the physical environment. The Council has presented the resolution creating the geographic area constituting the LCD (Exhibits Page 0276) the report concerning the threats to the LCD (Exhibits, Pages 0285); the extent of market rate development proposed in or near the LCD (Exhibits, Page 0097, 0098), letters describing the connection between “market rate” development and threats to LCD businesses and nonprofits. (Exhibits, Pages 61, 63) the Budget Analyst report describing income levels in the Mission (Exhibits 547), and census information regarding income levels for residents living in or adjacent to the proposed site and within the LCD (<http://www.census.gov/censusexplorer/censusexplorer.html> - showing household AMI for the subject census tract at \$60,479 and across the street from the site, a household income at \$51,510)

Accordingly, the City failed to meet its informational obligations under CEQA. The Certification of Exemption from Environmental Review is therefore defective and cannot be relied on for approval of the proposed project. Before we can proceed with this and other projects, we need to understand their impacts on the LCD and potential mitigation measures that will lessen those impacts.

2. The LCD is an Historic Resource.

Notwithstanding the potential physical impacts described above, and in addition to those impacts LCD qualifies as an Historic Resource and the impacts on this resource must also be evaluated under CEQA against the CRHR criteria prior to making a finding as to a proposed project's impacts to historical resources. A project that may cause a substantial adverse change in the significance of an historical resource is a project that may have a significant effect on the environment. (Pub. Res. Code § 21084.1; Guidelines §15064.5).

A historical resource is defined as any object, building, structure, site, area, place, record, or manuscript that: a) Is historically or archaeologically significant, or is significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, or cultural annals of California; and b) Meets any of the following criteria: (1) Is associated with events that have made a significant contribution to the broad patterns of California's history and cultural heritage; (2) Is associated with the lives of persons important in our past; (3) Embodies the distinctive characteristics of a type, period, region, or method of construction, or represents the work of an important creative individual, or possesses high artistic values; or (4) Has yielded, or may be likely to yield, information important in prehistory or history (14 CCR 15064.5(a)(3)). These businesses and nonprofits in the LCD have been recognized as an important cultural and commercial resource for the City whose "richness of culture, history and entrepreneurship is unrivaled in San Francisco."

The near and long term preservation and enhancement of the LCD is a stated goal of the City. This, of necessity, includes the physical presence of its residents, businesses, and nonprofits, which we submit are endangered by the extensive market rate development slated for the area.

IV. The Community Plan Exemption Reliance on the PEIR was Improper Because: 1) The PEIR Contemplated Production of no More than 2,054 Units with an Approved Preferred Project of 1,696 Units for the Mission Area: as of February, 2016 there were 2,451 Units Either Completed or Under Environmental Review; and 2) Other Substantial New Information Renders the PEIR Out of Date. These Changes Cumulatively Impact Areas of Land Use, Consistency with Area Plans and Policies, Recreation and Open Space, Traffic and Circulation, Transit and Transportation

The Department should not have issued a Certificate of Exemption under the Eastern Neighborhoods Plan EIR (PEIR) instead of a project EIR. The use of the PEIR in this way presupposes that it is sufficiently current to address all areas required under CEQA. The Mission Plan had as its goals *inter alia* to produce a substantial amount of affordable housing, preserve diversity and vitality of the Mission, preserve and enhance the distinct character of the Mission's distinct commercial areas, and preserve and enhance existing PDR businesses. (Exhibits, Page 621 at page 632) The PEIR assumed these goals and presumably believed that they would be realized under the ENP. Now, eight years later, it has become painfully apparent that the Plan is falling short of its goals and that its implementation is out of balance with changing circumstances in the neighborhood. Of the 1855 units entitled or under review as of between 2011 and 12/31/15, only 12% were affordable. An additional 504 units were built during this period, however the monitoring report does not state how many were affordable. (Exhibits, Mission Monitoring Report – Pages 137, 139), Likewise the Eastern Neighborhoods Plan Community Advisory Council had noted that many of ENP outcomes have been skewed in the wrong direction. (Exhibits Pages,99-109)

On September 13, this Board of Supervisors, when considering the project at 2000 to 2070 Bryant Street, expressed serious concerns about the efficacy of the Eastern Neighborhoods Plan in today's environment. (See http://sanfrancisco.granicus.com/MediaPlayer.php?view_id=10&clip_id=26119 beginning at 3:16).

At least part of the reason for the disconnect between the goals and the outcomes is that there have been numerous changes on the ground that have direct, indirect and cumulative impacts on the environment. These changes impact on the physical environment in terms of the physical character of the Mission, notably the character of commercial areas and the presence of PDR businesses, as well as recreation and open space, transportation infrastructure, and traffic and circulation. When substantial new information becomes available, CEQA Guidelines require comprehensive analysis of these issues. (CEQA Guidelines Sec. 15183). The situation on the ground has changed substantially since the PEIR was prepared in 2008 in the following ways:

- **An Unanticipated Rapid Pace of Development.** the PEIR was prepared in the midst of the “great recession” and did not project the steep increases in housing prices that we have witnessed during the past eight years. This has been especially exacerbated by the increase in high paying jobs that have come to the City. This has resulted in a construction explosion. As a result, the cumulative total of units built, approved, and under review in the pipeline (2,451 as of February 23, 2016), now exceeds the highest number of units contemplated in the Plan EIR for the Mission (2,056). The PEIR projected this production to take place over a much longer period of time - 2008 to 2025. Development has therefore accelerated at a pace higher than that anticipated in the PEIR. (Exhibits, Page 0097) Because of the unexpectedly rapid pace of development, community benefits, including improvements to the Mission’s traffic, transportation, open space, and recreation infrastructures have been unable to keep pace (ENCAC Response to Monitoring Report (99-108) - The report also noted that transportation impacts hurt businesses (at page 0107). The PEIR clearly did not anticipate this pace of development.
- **Disproportionate Construction of Market Rate Units as compared with Affordable Units.** As previously stated, only 12% of the units under construction, entitled, or under review are affordable units. This is worse than the deplorable City-wide totals. There, the number of market rate units have exceeded the RHNA Allocations while the number of units affordable to low and moderate income San Franciscans is well below the 60% RHNA allocation. (Exhibits, Page 205, 206). (see also Housing Balance Report at Page 0166 *et. seq.* Again, the PEIR could not have anticipated such poor performance in terms of affordability. This will have substantial traffic and transportation (see below) impacts as well as impacts on types of businesses in our neighborhoods (as previously discussed).
- **Disappearance of Redevelopment Money.** In 2012, Redevelopment Agencies throughout the State were dismantled and with that about \$1 billion per year for affordable housing. Now Cities have to struggle to meet affordable housing needs.
- **State of Advanced Gentrification in the Mission.** The glut of high income earners in the Mission has created an “advanced gentrification” that was not anticipated at the time of the PEIR. <http://missionlocal.org/2015/09/sf-mission-gentrification-advanced/> With this gentrification, small Latino “mom and pop” businesses and non-profits have been replaced with high end restaurants, clothing and accessory stores, and other businesses that cater to high earners. Additional high income earners who will occupy the proposed market rate units will further exacerbate these problems. (*Case Studies on Gentrification and Displacement in the San Francisco Bay Area* (Begins at Page 298.) The San Francisco Analyst has reported that the Mission has lost 27% of its Latinos and 26% of its families with children since 2000.

One would hope that if the 2008 EIR was able to envision this advanced state that it would have advocated for more protective measures.

- **Gentrification Has Caused Unanticipated Increases in Traffic and Automobile Ownership.** The unanticipated influx of high earners in the Mission has resulted, and will result, in a substantial increase in the rate of automobile ownership in the Mission. Between 2000 to 2013, the number of households with automobiles increased from 37% to 64% - or 9,172 automobiles in 2000 to 16,435 in 2013. At the same time AMI increased from \$50,676 to \$75,269. (Exhibits, Pages 347, 348) It is now well recognized that high earners are twice as likely to own an automobile than their low income counterparts – even in transit rich areas such as the Mission. (Exhibits, Pages 331, *et. seq.*) The displacement of Mission residents has resulted in, and will result in, long reverse commutes to places of employment, children's schools, and social services that are not available in outlying areas. These reverse commutes further exacerbate traffic congestion and create greenhouse gas emissions not contemplated in the PEIR. A recent report by the Eviction Defense Collaborative following up on a sampling of 566 displaced clients found that nearly 39% were forced to move moved outside San Francisco. (Exhibits, Page 211)
- **Tech Shuttle Gentrification and Displacement Impacts.** The PEIR did not anticipate the impact of tech shuttles from a traffic standpoint, nor from that of the demand for housing. The specter of living within a few blocks of a free ride to work has caused many tech employees to move to areas where the shuttles stop – predominantly in the Mission. As such, we have high-earning employees exacerbating the already high demand for housing. The anti-eviction mapping project has documented the connection between shuttle stops and higher incidences of no-fault evictions. (Exhibits, Page 0213)
<http://www.antievictionmappingproject.net/techbusevictions.html>
- **MTA Traffic Changes Will Directly Impact the Proposed Project.** The recent traffic changes along Mission Street by the SFMTA forces mandatory right turns onto Cesar Chavez from Mission, and prohibits through traffic on Mission, which has added increased traffic on the surrounding residential streets. Much of the right turn traffic will then turn left at South Van Ness to This project will add 140 more households and significantly increase the traffic on Mission Street.
- **Luxury Housing Has Exacerbated the Demand for Affordable Housing.** A 2007 Nexus Study, commissioned by the Planning Department, (Exhibits, Page 214, 223, 224) concluded that the production of 100 market rate rental units generates a demand of 19.44 lower income households through goods and services demanded by the market rate tenants. [These conclusions were made in 2007, well before housing prices began their steep upward trajectory.

Today, new “market rate” two bedroom apartments rented in the Mission begin at about \$6,000 per month – requiring an annual household income of \$240,000.] At the time, the PEIR anticipated a 15% inclusionary rate. The current Nexus study waiting to be released is expected to show a demand of 28 affordable units for every 100 built. With a 12% inclusionary rate, there is a need for 16 additional affordable units per hundred market rate units produced. (28 minus 12 = 16) This was not anticipated in the PEIR.

These changed circumstances render the current PEIR obsolete. A Community Plan Exemption is therefore not appropriate for this project and should not have been issued, due to new conditions that were not contemplated in the 2008 EN EIR, and the overbuilding of market rate units in the Mission, which have exceeded the unit count contemplated in the EN EIR.

V. The Department has Engaged in a Pattern and Practice of Allowing Community Plan Exemptions Despite the Fact that it is No Longer an Accurate Informational Tool to Evaluate the Environmental Impacts of a Project.

The improper grant of a Community Plan Exemption is part of a pattern and practice used by the City to approve residential development projects. The facts stated above demonstrate that this practice is improper as applied to proposed projects within both the Mission Area Plan and the LCD. This is in violation of the mandates of CEQA and applicable state and local land use policies and regulations. Employment of the community plan exemption routinely relies on an out of date Plan EIR that fails to account and/or provide adequate mitigation for significant direct, indirect, and cumulative environmental impacts. The City’s policy to approve projects based upon a community plan exemption rather than conduct project level review forms a pattern of actions and/or is embedded in routine practices that are implemented despite the public’s request to implement corrective measures and are a detriment to the environment. See *Californians For Native Salmon etc. v. Department of Forestry* (1990) 221 Cal.App.3d 1419, 1426-1430.

As such, the Board of Supervisors Should instruct the Department to refrain from using Community Plan Exemptions for projects within the boundaries of the mission Area Plan, including the LCD.

VI. Conditional Use Should Be Denied Because of Inconsistency with Eastern Neighborhoods Plan and Mission Area Plan Objectives, and Inconsistency with Interim Control and Mission Area Plan 2020, and is therefore not Necessary or Desirable.

In addition to exemption from environmental review, the applicant is seeking Condition Use authorization. The proposed project involves the consolidation of three lots, each zoned differently (RH-2, RH-3 and UMU). Conditional Use is being sought for exemption from:

1) rear yard requirements (PC Sec. 134), 2) dwelling unit exposure (PC Sec. 140), 3) off-street freight loading (PC Sec. 152.1, and 4) horizontal mass reduction (PC Section 270.1). Conditional use is also required under the Interim Controls instituted by the Commission on January 14, 2016.

Planning Code Section 303(c)(1) requires a grant of conditional use only upon a finding that “the proposed use or feature, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable for, and compatible with, the neighborhood or the community.”

The project as proposed is not necessary or desirable for and compatible with the community. Conditional use should be denied for several reasons: 1) the project is inconsistent with the stated purposes of the Eastern Neighborhoods Plan and the Mission Plan, 2) the proposed project does not comply with Interim Controls or MAP 2020 guidelines.

1. The Proposed Project is Inconsistent with the Stated Purposes of the Eastern Neighborhoods Plan and the Mission Plan.

In evaluating the desirability of the proposed project, the Commission should evaluate it in light of its inconsistency with the objectives of the Eastern Neighborhoods and Mission Plans. The EIR for the Eastern Neighborhoods Plan reflected the Eastern Neighborhood objectives as follows:

- *Reflect Local Values:* To develop a rezoning proposal that reflects the land use needs and priorities of each neighborhoods’ stakeholders and that meets citywide goals for residential and industrial land use.

- *Increase Housing:* To identify appropriate locations for housing in the City’s industrially zoned land to meet a citywide need for more housing, and affordable housing in particular. (emphasis supplied)

- *Maintain Some Industrial Land Supply:* To retain an adequate supply of industrial land to meet the current and future needs of the City’s production, distribution, and repair businesses and the city’s economy.

- *Improve the Quality of All Existing Areas with Future Development:* To improve the quality of the residential and nonresidential places that future development will create over that which would occur under the existing zoning.

The Mission Area Plan was even more specific in its land use policy: to protect “established areas of residential, commercial, and PDR, and ensuring that areas that have become mixed-use over time develop in such a way that they contribute positively to the neighborhood. A place for living and working also means a place where affordably priced housing is made available, a diverse array of jobs is protected, and where goods and services are oriented to the needs of the community.”

Mission-wide goals include:

- Increase the amount of affordable housing.
- Preserve and enhance the existing Production, Distribution and Repair businesses.
- Preserve and enhance the unique character of the Mission’s distinct commercial areas.
- Minimize displacement.

In light of these goals, the Commission must consider; 1) the proposed project’s removal of 25,000 square feet of PDR, 2) the provision of 98 luxury units as against only 19 affordable, 3) the impacts on the LCD, and 4) the merits, or lack of merits of the exemptions that the applicant is seeking.

2. The Proposed Project Does Not Comply with Interim Controls or MAP 2020 Objectives.

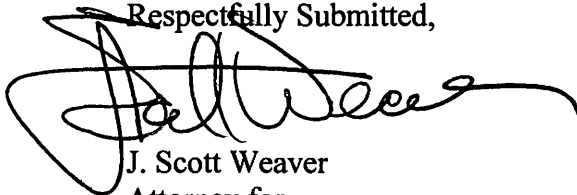
Under the Interim Controls, the sponsor is required to evaluate, from a socio-economic perspective, how the proposed project would affect existing and future residents, business and community serving providers in the area. (Interim Controls, IV.C(1)). The sponsor completely avoided any meaningful evaluation, and made no mention of the potential impact on the LDC. Instead, the sponsor described the population changes in the Mission as a whole, including the continued decimation of Latino households in the Mission. The sponsor’s report concluded that the proposed project will “not impact” the demographic changes occurring in the Mission. There is no credible data that supports this, and again, all the more reason why cumulative impacts of luxury development in the Latino Cultural District should be studied.

In the preamble to the Interim Controls, the Commission found that they were consistent with the eight priority policies of section 101.1 of the Planning Code including: 1) preserving and enhancing neighborhood employment and ownership of neighborhood-serving businesses; 2) preserving, existing neighborhood character and economic and cultural diversity; and 3) preserving and enhancing affordable housing.

Likewise, the stated purpose of the MAP 2020 Planning Process is to “retain low to moderate income residents and community-serving businesses (including Production, Distribution, and Repair) artists and nonprofits in order to strengthen and preserve the socioeconomic diversity of the Mission neighborhoods”.

The cumulative impacts of this and other predominantly luxury development projects create a result 180 degrees opposite the purposes of Interim Controls and the MAP 2020 process. The commission cannot make an informed decision as to whether the project, both individually and cumulatively, is “necessary or desirable for and compatible with the neighborhood or community. For that reason, the Commission should require evaluation of these impacts.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'J. Scott Weaver', written over the typed name.

J. Scott Weaver
Attorney for
Calle 24 Latino Cultural District Council

JSW:sme

Attachment C

Planning Commission Motion 19744



SAN FRANCISCO PLANNING DEPARTMENT

Subject to: (Select only if applicable)

☒ Affordable Housing (Sec. 415)

☐ Jobs Housing Linkage Program (Sec. 413)

☐ Downtown Park Fee (Sec. 412)

☒ First Source Hiring (Admin. Code)

☒ Child Care Requirement (Sec. 414A)

☒ Other (EN Impact Fees, Sec 423; TSF. Sec 411A)

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Planning Commission Motion No. 19744

HEARING DATE: SEPTEMBER 22, 2016

Case No.: 2014-000601ENX
Project Address: 2675 FOLSOM STREET
Zoning: UMU (Urban Mixed Use) Zoning District;
RH-2 (Residential, House, Two-Family) Zoning District;
RH-3 (Residential, House, Three-Family) Zoning District
40-X Height and Bulk District
Block/Lot: 3639/006, 007 and 024
Project Sponsor: Muhammed Nadhiri, Axis Development Group
580 California Street, 16th Floor
San Francisco, CA 94104
Staff Contact: Richard Sucre – (415) 575-9108
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ADOPTING FINDINGS RELATING TO A LARGE PROJECT AUTHORIZATION PURSUANT TO PLANNING CODE SECTION 329, TO ALLOW EXCEPTIONS TO 1) REAR YARD PURSUANT TO PLANNING CODE SECTION 134, 2) DWELLING UNIT EXPOSURE PURSUANT TO PLANNING CODE 140, 3) STREET FRONTAGE PURSUANT TO PLANNING CODE SECTION 145.1, 4) OFF-STREET LOADING PURSUANT TO PLANNING CODE SECTION 152.1, AND, 5) HORIZONTAL MASS REDUCTION PURSUANT TO PLANNING CODE SECTION 270.1, AND TO ALLOW CONSTRUCTION OF A NEW FOUR-STORY, 40-FT TALL, RESIDENTIAL BUILDING (APPROXIMATELY 109,917 SQUARE FEET) WITH 117 DWELLING UNITS (CONSISTING OF 24 STUDIOS, 46 1-BEDROOM UNITS, 45 2-BEDROOM UNITS, AND 2 3-BEDROOM UNITS) AND 66 OFF-STREET PARKING SPACES, LOCATED AT 2675 FOLSOM STREET, LOTS 006, 007 AND 024 IN ASSESSOR'S BLOCK 3639, WITHIN THE UMU (URBAN MIXED-USE), RH-2 (RESIDENTIAL, HOUSE, TWO-FAMILY), AND RH-3 (RESIDENTIAL, HOUSE, THREE-FAMILY) ZONING DISTRICTS AND A 40-X HEIGHT AND BULK DISTRICT, AND ADOPTING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

PREAMBLE

On April 30, 2015, Muhammed Nadhiri of Axis Development Group (hereinafter "Project Sponsor") filed Application No. 2014-000601ENX (hereinafter "Application") with the Planning Department (hereinafter "Department") for a Large Project Authorization to construct a new four-story, 40-ft tall, residential

building with 117 dwelling units at 2675 Folsom Street (Block 3639 Lots 006, 007 and 024) in San Francisco, California.

The environmental effects of the Project were determined by the San Francisco Planning Department to have been fully reviewed under the Eastern Neighborhoods Area Plan Environmental Impact Report (hereinafter "EIR"). The EIR was prepared, circulated for public review and comment, and, at a public hearing on August 7, 2008, by Motion No. 17661, certified by the Commission as complying with the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et seq., (hereinafter "CEQA"). The Commission has reviewed the Final EIR, which has been available for this Commission's review as well as public review.

The Eastern Neighborhoods EIR is a Program EIR. Pursuant to CEQA Guideline 15168(c)(2), if the lead agency finds that no new effects could occur or no new mitigation measures would be required of a proposed project, the agency may approve the project as being within the scope of the project covered by the program EIR, and no additional or new environmental review is required. In approving the Eastern Neighborhoods Plan, the Commission adopted CEQA Findings in its Motion No. 17661 and hereby incorporates such Findings by reference.

Additionally, State CEQA Guidelines Section 15183 provides a streamlined environmental review for projects that are consistent with the development density established by existing zoning, community plan or general plan policies for which an EIR was certified, except as might be necessary to examine whether there are project-specific effects which are peculiar to the project or its site. Section 15183 specifies that examination of environmental effects shall be limited to those effects that (a) are peculiar to the project or parcel on which the project would be located, (b) were not analyzed as significant effects in a prior EIR on the zoning action, general plan or community plan with which the project is consistent, (c) are potentially significant off-site and cumulative impacts which were not discussed in the underlying EIR, or (d) are previously identified in the EIR, but which are determined to have a more severe adverse impact than that discussed in the underlying EIR. Section 15183(c) specifies that if an impact is not peculiar to the parcel or to the proposed project, then an EIR need not be prepared for that project solely on the basis of that impact.

On September 20, 2016, the Department determined that the proposed application did not require further environmental review under Section 15183 of the CEQA Guidelines and Public Resources Code Section 21083.3. The Project is consistent with the adopted zoning controls in the Eastern Neighborhoods Area Plan and was encompassed within the analysis contained in the Eastern Neighborhoods Final EIR. Since the Eastern Neighborhoods Final EIR was finalized, there have been no substantial changes to the Eastern Neighborhoods Area Plan and no substantial changes in circumstances that would require major revisions to the Final EIR due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial importance that would change the conclusions set forth in the Final EIR. The file for this project, including the Eastern Neighborhoods Final EIR and the Community Plan Exemption certificate, is available for review at the San Francisco Planning Department, 1650 Mission Street, Suite 400, San Francisco, California.

Planning Department staff prepared a Mitigation Monitoring and Reporting Program (MMRP) setting forth mitigation measures that were identified in the Eastern Neighborhoods Plan EIR that are applicable to the project. These mitigation measures are set forth in their entirety in the MMRP attached to the draft Motion as Exhibit C.

The Planning Department Commission Secretary is the custodian of records, located in the File for Case No. 2014-000601ENX at 1650 Mission Street, Fourth Floor, San Francisco, California.

On September 22, 2016, the Planning Commission ("Commission") conducted a duly noticed public hearing at a regularly scheduled meeting on Large Project Authorization Application No. 2014-000601ENX.

The Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of the applicant, Department staff, and other interested parties.

MOVED, that the Commission hereby authorizes the Large Project Authorization requested in Application No. 2014-000601ENX, subject to the conditions contained in "EXHIBIT A" of this motion, based on the following findings:

FINDINGS

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

1. The above recitals are accurate and constitute findings of this Commission.
2. **Site Description and Present Use.** The Project is located on three lots (with a lot area of approximately 35,734 square feet), which have approximately 242-ft of frontage along Folsom Street and 40-ft of frontage along Treat Avenue. The project site contains three existing buildings: a two-story industrial building, a one-story industrial building, and a one-story temporary building. Collectively, these three buildings measure 21,599 square feet. Realizing Our Youth as Leaders, aka "Royal, Inc.", a non-profit organization, recently vacated the second floor of the two-story industrial building. Currently, the existing buildings are occupied by Charyn Auctions, a reseller of food service equipment.
3. **Surrounding Properties and Neighborhood.** The project site is located within the UMU Zoning Districts in the Mission Area Plan. The immediate context is mixed in character with residential, industrial, and institutional uses. The immediate neighborhood includes two-to-three-story residential development to the north, Cesar Chavez Elementary School to the west, a series of one-to-two-story industrial properties to the east across Treat Avenue, and a public park (Parque Ninos Unidos) to the south. Parque Ninos Unidos occupies the entire block face on the north side of 23rd Street between Folsom Street and Treat Avenue. The project site is located within the boundaries of the Proposed Calle 24 Special Use District, which was established as part of the interim controls by the Board of Supervisors per Ordinance No. 133-15, and the Calle 24 Latino

Cultural District, which was established by Board of Supervisors Resolution, File No. 140421 in May 2014. Other zoning districts in the vicinity of the project site include: P (Public), NC-3 (Neighborhood Commercial-Moderate Scale), and the 24th-Mission NCT (Neighborhood Commercial Transit) Zoning District.

4. **Project Description.** The proposed Project includes demolition of the three existing buildings on the project site, and new construction of a four-story, 40-ft tall, residential building (approximately 109,917 gross square feet) with 117 dwelling units, approximately 5,291 square feet of PDR use, 65 below-grade off-street parking spaces, 1 car-share parking space, 160 Class 1 bicycle parking spaces, and 14 Class 2 bicycle parking spaces. The Project includes a dwelling unit mix consisting of 2 three-bedroom units, 45 two-bedroom units, 46 one-bedroom units, and 24 studio units. The Project includes 4,775 square feet of public open space, 5,209 square feet of common open space via ground floor courtyard and roof deck, and 3,356 square feet of private open space via balconies and terraces. The Project would also include a lot merger of Lots 006, 007 and 024 on Block 3639.
5. **Public Comment.** The Department has received a few public correspondences regarding the proposed project. This correspondence has primarily expressed opposition to the project, though the Department has received a few letters in support.

From Lucia Bogatay, the Department received correspondence expressing positive sentiment for the architecture of the Project.

From Ronald Charyn of Charyn Auctions (existing tenant), the Department received a letter in support of the project. They noted that the Project Sponsor (Axis Development) has provided them with in-kind and financial assistance to relocate the existing business.

From Emily Kuehler, the Department received correspondence questioning the location of the garage entrance on Treat Avenue.

From the Mission Kids Co-Op, the Department received correspondence, which advocated for childcare, rather than a local artist galley, particularly in this location given its proximity to a public park.

From Juliana Sloane, the Department received correspondence expressing concern over parking and traffic.

From Edward Stiel, the Department received correspondence, which requesting a full Environmental Impact Report (EIR) for the Project. This correspondence stated that the Project would cast additional shadow on Parque Ninos Unidos and Cesar Chavez Elementary School, increase traffic and vehicle emissions, and have a wind tunnel effect. In addition, this letter stated that the development would lead to further involuntary displace with increased no fault evictions and landlord harassment.

From J. Scott Weaver on behalf the Calle 24 Latino Cultural District (LCD), the Department received a letter expressing concern over the project and its impact on the existing businesses, residents, and non-profits within the Calle 24 LCD. This letter noted that the proposed market rate housing, along with the other development occurring in the Mission, will affect the neighborhood and create a climate of gentrification. This letter also questions the Community Plan Exemption (CPE) published for the Project, and requests additional environmental review of the project's impacts. Finally, the letter concludes with a request to analyze the project, both individually and cumulatively, with respect to the potential impacts of market rate development on the Calle 24 Latino Cultural District.

In addition, the Department has engaged with on-going dialogue between community members and the Project Sponsors to review the various aspects of the project, including the inclusion of on-site PDR space, the amount of affordable housing, and the project's larger public benefits.

6. **Planning Code Compliance:** The Commission finds that the Project is consistent with the relevant provisions of the Planning Code in the following manner:

- A. **Permitted Uses in UMU Zoning Districts.** Planning Code Section 843.20 states that residential use is a principally permitted use within the UMU Zoning District.

The Project would construct new residential use within the UMU Zoning District; therefore, the Project complies with Planning Code Sections 843.20.

- B. **Rear Yard.** Planning Code Section 134 requires a minimum rear yard equal to 25 percent of the total lot depth of the lot to be provided at every residential level. Given the irregular condition of the project site, the required rear yard would measure 9,024 sq ft.

Currently, the Project is designed to have full lot coverage on the ground floor level and does not provide a rear yard at the lowest level containing a dwelling unit. The Project provides open space through a publically-accessible mid-block alley, an interior courtyard and a roof terrace. The Project provides a total of 13,340 sq ft of Code-complying open space. This amount of open space, which would have been provided through the required rear yard, is thus exceeded. Since the Project does not provide a Code-complying rear yard, the Project is seeking an exception to the rear yard requirement as part of the Large Project Authorization.

The Project is located on a block bounded by Treat Avenue, 22nd, Folsom and 23rd Streets. The subject block does possess a pattern of mid-block open space, since the adjacent buildings to the north are residential. By providing for an interior courtyard, the Project maintains the pattern of mid-block open space on the subject block, and provides sufficient dwelling unit exposure for all dwelling units facing onto this courtyard.

- C. **Useable Open Space.** Planning Code Section 135 requires a minimum of 80 sq ft of open space per dwelling unit, if not publically accessible, or 54 sq ft of open space per dwelling unit, if publically accessible. Private useable open space shall have a minimum horizontal dimension of six feet and a minimum area of 36 sq ft is located on a deck, balcony, porch or

roof, and shall have a minimum horizontal dimension of 10 feet and a minimum area of 100 sq ft if located on open ground, a terrace or the surface of an inner or outer court. Common useable open space shall be at least 15 feet in every horizontal dimension and shall be a minimum area of 300 sq ft. Further, inner courts may be credited as common useable open space if the enclosed space is not less than 20 feet in every horizontal dimension and 400 sq ft in area, and if the height of the walls and projections above the court on at least three sides is such that no point on any such wall or projection is higher than one foot for each foot that such point is horizontally distant from the opposite side of the clear space in the court.

The Project provides a publically-accessible mid-block alley, which measures 4,775 sq ft; thus, the Project addresses the open space requirement for 88 dwelling units by providing public open space. For the remaining 29 dwelling units, the Project is required to provide 2,320 sq ft of open space. The Project meets and exceeds this open space requirement by providing for an courtyard that measures 5,209 sq ft, as well as private open space (balconies and terraces) collectively measuring 3,356 sq ft. Therefore, the Project complies with Planning Code Section 135.

- D. **Streetscape and Pedestrian Improvements.** Planning Code Section 138.1 requires a streetscape plan, which includes elements from the Better Streets Plan, for new construction on a lot greater than a half-acre in size.

The Project includes the new construction of a four-story residential building on a lot with approximately 242-ft of frontage along Folsom Street, and 40-ft of frontage along Treat Avenue. Currently, the Project includes new streetscape elements, such as new concrete sidewalks, linear planters along the street edge, and new street trees. Therefore, the Project complies with Planning Code Section 138.1.

- E. **Bird Safety.** Planning Code Section 139 outlines the standards for bird-safe buildings, including the requirements for location-related and feature-related hazards.

The project site is not located in close proximity to an Urban Bird Refuge. The Project meets the requirements of feature-related standards and does not include any unbroken glazed segments 24-sq ft and larger in size; therefore, the Project complies with Planning Code Section 139.

- F. **Dwelling Unit Exposure.** Planning Code Section 140 requires that at least one room of all dwelling units face onto a public street, rear yard or other open area that meets minimum requirements for area and horizontal dimensions. To meet exposure requirements, a public street, public alley at least 20-ft wide, side yard or rear yard must be at least 25 ft in width, or an open area (either an inner court or a space between separate buildings on the same lot) must be no less than 25 ft in every horizontal dimension for the floor at which the dwelling unit is located.

The Project organizes the dwelling units to have exposure either on one of the public streets (Folsom Street or Treat Avenue), the public mid-block alley, which ranges in width from 24-ft to 27-ft, within Code-complying courtyard or facing the south lot line towards the public park (Parque Ninos Unidos).

Since 44 out of 117 dwelling units face the south lot line, the Project is seeking an exception to the dwelling unit exposure requirements as part of the Large Project Authorization.

- G. Street Frontage in Mixed Use Districts.** Planning Code Section 145.1 requires off-street parking at street grade on a development lot to be set back at least 25 feet on the ground floor; that no more than one-third of the width or 20 feet, whichever is less, of any given street frontage of a new structure parallel to and facing a street shall be devoted to parking and loading ingress or egress; that space for active uses be provided within the first 25 feet of building depth on the ground floor; that non-residential uses have a minimum floor-to-floor height of 17 feet; that the floors of street-fronting interior spaces housing non-residential active uses and lobbies be as close as possible to the level of the adjacent sidewalk at the principal entrance to these spaces; and that frontages with active uses that are not residential or PDR be fenestrated with transparent windows and doorways for no less than 60 percent of the street frontage at the ground level.

The Project meets the requirements of Planning Code Section 145.1. All off-street parking is located below-grade. The Project has only one 12-ft wide garage entrance along Treat Avenue accessed via a 10-ft wide curb cut. The Project features active uses on the ground floor with residential amenities, the entryway to the mid-block alley, and walk-up dwelling units with direct, individual pedestrian access to a public sidewalk. Finally, the Project features appropriate street-facing ground level spaces, as well as the ground level transparency and fenestration requirements.

Since the Project includes a non-residential use along Folsom Street, which does not possess a 17-ft ground floor ceiling height for the entirety of the space, the Project is seeking an exception from the street frontage requirements as part of the Large Project Authorization.

- H. Off-Street Parking.** Planning Code Section 151 requires one off-street parking space per dwelling unit in the RH-2 & RH-3 Zoning Districts.

Planning Section 151.1 of the Planning Code allows off-street parking at a maximum ratio of .75 per dwelling unit in the UMU Zoning District.

The Project would construct 108 dwelling units in the UMU Zoning District, 7 dwelling units in the RH-3 Zoning District, and 2 dwelling units in the RH-2 Zoning District. Therefore, for the 117 dwelling units, the Project is allowed to have a maximum of 90 off-street parking spaces. Of these 90 off-street parking spaces, the Project provides 54 off-street parking spaces via mechanical lifts, 3 ADA parking spaces, 1 ADA van spaces have been identified, and 8 standard parking spaces (which include five spaces for electrical vehicles). Therefore, the Project complies with Planning Code Section 151.1.

- I. Off-Street Freight Loading.** Planning Section 152.1 of the Planning Code requires one off-street freight loading space for apartment use between 100,001 and 200,000 gsf.

The Project includes approximately 127,081 square feet of residential use; thus, the Project requires at one off-street freight loading space. The Project is proposing one on-street loading space along Folsom Street, and does not possess any off-street freight loading within the below-grade garage. Therefore, the

Project is seeking an exception to the off-street freight loading requirement as part of the Large Project Authorization.

- J. **Bicycle Parking.** For projects with over 100 dwelling units, Planning Code Section 155.2 requires at least 100 Class 1 bicycle parking spaces plus one Class 1 bicycle parking space for every four dwelling units above 100, and one Class 2 bicycle parking spaces for every 20 dwelling units.

The Project includes 117 dwelling units; therefore, the Project is required to provide 104 Class 1 bicycle parking spaces and 6 Class 2 bicycle parking spaces. The Project will provide 160 Class 1 bicycle parking spaces and 14 Class 2 bicycle parking spaces. Therefore, the Project complies with Planning Code Section 155.2.

- K. **Car Share Requirements.** Planning Code Section 166 requires one car-share parking space for projects with 50 to 200 residential units.

Since the Project includes 117 dwelling units, it is required to provide a minimum of one car-share parking space. The Project provides one car-share parking space. Therefore, the Project complies with Planning Code Section 166.

- L. **Unbundled Parking.** Planning Code Section 167 requires that all off-street parking spaces accessory to residential uses in new structures of 10 dwelling units or more be leased or sold separately from the rental or purchase fees for dwelling units for the life of the dwelling units.

The Project is providing off-street parking that is accessory to the dwelling units. These spaces will be unbundled and sold and/or leased separately from the dwelling units; therefore, the Project meets this requirement.

- M. **Dwelling Unit Mix.** Planning Code Section 207.6 requires that no less than 40 percent of the total number of proposed dwelling units contain at least two bedrooms, or no less than 30 percent of the total number of proposed dwelling units contain at least three bedrooms.

For the 117 dwelling units, the Project is required to provide at least 47 two-bedroom units or 36 three-bedroom units. The Project provides 24 studios, 46 one-bedroom units and 45 two-bedroom units, and 2 three-bedroom units. Therefore, the Project meets the requirements for dwelling unit mix.

- N. **Horizontal Mass Reduction.** Planning Code Section 270.1 outlines the requirements for horizontal mass reduction on large lots within the Eastern Neighborhoods Mixed Use Districts. For projects with street frontage greater than 200-ft in length, one or more mass reduction breaks must be incorporated to reduce the horizontal scale of the building into discrete sections not more than 200-ft in length. Specifically, the mass reduction must 1) be not less than 30-ft in width; 2) be not less than 60-ft in depth from the street-facing building façade; 3) extend up to the sky from a level not higher than 25-ft above grade or the third

story, whichever is lower; and, 4) result in discrete building sections with a maximum plan length along the street frontage not greater than 200-ft.

Since the overall frontage is 242-ft along Folsom Street, the Project is required to provide a single horizontal mass break along Bryant and Florida Streets, which is not less than 30-ft wide by 60-ft deep, and extends from the third-story up to the sky. Per the Planning Code, this mass break must result in discrete building sections along the street frontage of not greater than 200-ft.

The Project uses the publically-accessible mid-block alley to provide for horizontal mass reduction. Along Treat Avenue, the Project incorporates a mass break, which measures 25-ft wide by 42-ft long by 40-ft tall at the ground floor and extending upward on all levels. Since the provided horizontal mass reduction does not meet the dimensional requirements of the Planning Code, the Project is seeking an exception to the horizontal mass reduction requirements as part of the Large Project Authorization.

- O. Mid-Block Alley.** Planning Code Section 270.2 outlines the requirements for mid-block alleys on large lots within the Eastern Neighborhoods Mixed Use Districts. This requirement applies to all new construction on parcels that have one or more street frontages of over 200 linear feet on a block face longer than 400-ft between intersections.

The Project provides a publically-accessible mid-block alley from Folsom Street to Treat Avenue, which measures 25-ft along Folsom Street and 11-ft along Treat Avenue. This mid-block alley meets the design and performance standards of Planning Code Section 270.2(e), since it is: located as close to the middle portion of the subject block face as possible; is perpendicular to the subject frontage; provides pedestrian access and no vehicular access; has a minimum width of 20-ft from building face to building face; provides a minimum clear walking width of 10-ft free of any obstructions; is at least 60% open to the sky; and, features appropriate paving, furniture, and amenities. Therefore, the Project complies with Planning Code Section 270.2.

- P. Transportation Sustainability Fee.** Planning Code Section 411A is applicable to new development that results in more than twenty dwelling units.

The Project includes approximately 92,072 gsf of new residential use. This square footage shall be subject to the Transportation Sustainability Fee, as outlined in Planning Code Section 411A. The Project shall receive a prior use credit for the 21,060 sq ft of existing PDR space.

- Q. Residential Child-Care Impact Fee.** Planning Code Section 414A is applicable to new development that results in at least one net new residential unit.

The Project includes approximately 92,072 gsf of new residential use associated with the new construction of 117 dwelling units. This square footage shall be subject to the Residential Child-Care Impact Fee, as outlined in Planning Code Section 411A.

- R. Inclusionary Affordable Housing Program.** Planning Code Section 415 sets forth the requirements and procedures for the Inclusionary Affordable Housing Program. Under Planning Code Section 415.3, these requirements apply to projects that consist of 10 or more

units. The applicable percentage is dependent on the number of units in the project, the zoning of the property, and the date that the project submitted a complete Environmental Evaluation Application. A complete Environmental Evaluation Application was submitted on January 10, 2015; therefore, pursuant to Planning Code Section 415.3 the Inclusionary Affordable Housing Program requirement for the On-site Affordable Housing Alternative is to provide 16.4% of the proposed dwelling units as affordable.

The Project Sponsor has demonstrated that it is eligible for the On-Site Affordable Housing Alternative under Planning Code Section 415.5 and 415.6, and has submitted an 'Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415,' to satisfy the requirements of the Inclusionary Affordable Housing Program by providing the affordable housing on-site instead of through payment of the Affordable Housing Fee. In order for the Project Sponsor to be eligible for the On-Site Affordable Housing Alternative, the Project Sponsor must submit an 'Affidavit of Compliance with the Inclusionary Affordable Housing Program: Planning Code Section 415,' to the Planning Department stating that any affordable units designated as on-site units shall be sold as ownership units and will remain as ownership units for the life of the project or submit to the Department a contract demonstrating that the project's on- or off-site units are not subject to the Costa Hawkins Rental Housing Act, California Civil Code Section 1954.50 because, under Section 1954.52(b), the Project Sponsor has entered into an agreement with a public entity in consideration for a direct financial contribution or any other form of assistance specified in California Government Code Sections 65915 et seq. and submits an Affidavit of such to the Department. All such contracts entered into with the City and County of San Francisco must be reviewed and approved by the Mayor's Office Housing and Community Development and the City Attorney's Office. The Project Sponsor has indicated the intention to enter into an agreement with the City to qualify for a waiver from the Costa-Hawkins Rental Housing Act based upon the proposed density bonus and concessions provided by the City and approved herein. The Project Sponsor submitted such Affidavit on February 3, 2016. The applicable percentage is dependent on the total number of units in the project, the zoning of the property, and the date that the project submitted a complete Environmental Evaluation Application. A complete Environmental Evaluation Application was submitted on January 10, 2015; therefore, pursuant to Planning Code Section 415.3 the Inclusionary Affordable Housing Program requirement for the On-site Affordable Housing Alternative is to provide 16.4% of the total proposed dwelling units as affordable. 19 units (4 studios, 8, one-bedroom, 7 two-bedroom) of the total 117 units provided will be affordable units. If the Project becomes ineligible to meet its Inclusionary Affordable Housing Program obligation through the On-site Affordable Housing Alternative, it must pay the Affordable Housing Fee with interest, if applicable.

- S. **Eastern Neighborhood Infrastructure Impact Fees.** Planning Code Section 423 is applicable to any development project within the MUO (Mixed Use Office) Zoning District that results in the addition of gross square feet of non-residential space.

The Project includes approximately 109,917 square feet of new development consisting of approximately 92,072 sq ft of residential use, 5,291 sq ft of PDR use, and 12,554 sq ft of garage space. Excluding the square footage dedicated to the garage, the other uses are subject to Eastern Neighborhood Infrastructure Impact Fees, as outlined in Planning Code Section 423. These fees must be paid prior to the issuance of the building permit application.

7. **Large Project Authorization in Eastern Neighborhoods Mixed Use District.** Planning Code Section 329(c) lists nine aspects of design review in which a project must comply; the Planning Commission finds that the project is compliant with these nine aspects as follows:

A. Overall building mass and scale.

The Project is designed as a four-story, 40-ft tall, residential development, which incorporates sunken residential entryways along Folsom Street, as well as massing setbacks. This massing is appropriate given the larger neighborhood context, which includes one-and-two-story industrial buildings, and two-and-three-story residential buildings. The surrounding neighborhood is extremely varied with many examples of smaller-scale residential properties along Folsom Street and larger-scale industrial properties to the east of Treat Avenue. The Project's overall mass and scale are further refined by the building modulation, which incorporates projecting bays and sunken entryways. In addition, the Project incorporates a 25-ft wide publically-accessible mid-block alley, which provides an appropriate mass break and entry court. Overall, these features provide variety in the building design and scale, while providing for features that strongly complement the neighborhood context. Thus, the Project is appropriate and consistent with the mass and scale of the surrounding neighborhood.

B. Architectural treatments, facade design and building materials:

The Project's architectural treatments, façade design and building materials include a fiber cement board horizontal lap siding in two tones, metal siding, aluminum storefront, iron railings and gates, and dark bronze frame aluminum windows. The Project is distinctly contemporary in its character. The Project incorporates a simple, yet elegant, architectural language that is accentuated by contrasts in the exterior materials. Overall, the Project offers a high quality architectural treatment, which provides for unique and expressive architectural design that is consistent and compatible with the surrounding neighborhood.

C. The design of lower floors, including building setback areas, commercial space, townhouses, entries, utilities, and the design and siting of rear yards, parking and loading access;

The Project incorporates a courtyard, which assists in continuing the pattern of mid-block open space evident on the subject block. Along the lower floors, the Project provides for a publically-accessible mid-block alley, residential amenities (entry lobby, leasing office/art gallery, and resident lounge/kitchen), and walk-up dwelling units with individual pedestrian access on Folsom Street. These dwelling units and amenities will provide for activity on the street level. The Project minimizes the impact to pedestrian by providing one 12-ft wide garage entrance on Treat Avenue. In addition, off-street parking is located below grade.

D. The provision of required open space, both on- and off-site. In the case of off-site publicly accessible open space, the design, location, access, size, and equivalence in quality with that otherwise required on-site;

The Project provides exceeds the open space requirement by constructing a publically-accessible mid-block, a ground floor courtyard, a roof terrace, and private balconies/terraces.

- E. The provision of mid-block alleys and pathways on frontages between 200 and 300 linear feet per the criteria of Section 270, and the design of mid-block alleys and pathways as required by and pursuant to the criteria set forth in Section 270.2;

The Project provides a code-complying mid-block alley, which meets the criteria of Planning Code Section 270.2.

- F. Streetscape and other public improvements, including tree planting, street furniture, and lighting.

In compliance with Planning Code Section 138.1, the Project includes new streetscape elements, such as new concrete sidewalks, linear planters along the street edge, and new street trees. These improvements would vastly improve the public realm and surrounding streetscape.

- G. Circulation, including streets, alleys and mid-block pedestrian pathways;

The Project provides ample circulation in and around the project site through the streetscape improvement and construction of a publically-accessible mid-block alley. Automobile access is limited to the one entry/exit on Treat Avenue. An off-street loading zone is provided along Folsom Street. The Project incorporates an interior courtyard, which is accessible to residents.

- H. Bulk limits;

The Project is within an 'X' Bulk District, which does not restrict bulk.

- I. Other changes necessary to bring a project into conformance with any relevant design guidelines, Area Plan or Element of the General Plan;

The Project, on balance, meets the Objectives and Policies of the General Plan. See Below.

8. **Large Project Authorization Exceptions.** Proposed Planning Code Section 329 allows exceptions for Large Projects in the Eastern Neighborhoods Mixed Use Districts:

- A. Rear Yard: Exception for rear yards, pursuant to the requirements of Section 134(f);

Modification of Requirements in the Eastern Neighborhoods Mixed Use Districts. The rear yard requirement in Eastern Neighborhoods Mixed Use Districts may be modified or waived by the Planning Commission pursuant to Section 329...provided that:

- (1) A comparable, but not necessarily equal amount of square footage as would be created in a code conforming rear yard is provided elsewhere within the development;

The Project provides for a comparable amount of open space, in lieu of the required rear yard. Overall, the Project will be located on a lot measuring 35,734 sq ft in size, and would be required to provide a rear yard measuring 9,024 sq ft. The Project provides common open space for the 117 dwelling units through a publically-accessible mid-block alley, a ground floor courtyard, a roof terrace, and a series of private balconies and terraces. In total, the Project provides approximately 13,340 sq ft of Code-complying open space, thus exceeding the amount of space, which would have been provided in a code-conforming rear yard.

(2) The proposed new or expanding structure will not significantly impede the access to light and air from adjacent properties or adversely affect the interior block open space formed by the rear yards of adjacent properties; and

The Project does not impede access to light and air for the adjacent properties. To the south, the Project abuts a public park. To the north, the Project incorporates a courtyard, which extends the pattern of mid-block open space for the subject block. Therefore, the Project continues the pattern of rear yards, which are evident within the properties to the north.

(3) The modification request is not combined with any other residential open space modification or exposure variance for the project, except exposure modifications in designated landmark buildings under Section 307(h)(1).

The Project is seeking an exception to dwelling unit exposure requirements, since the Project includes dwelling units, which face onto the south lot line. Given the overall quality of the Project and its design, the Commission supports the exception to the rear yard requirement, since the proposed units would not be afforded undue access to light and air. Overall, the Project meets the intent of exposure and open space requirements defined in Planning Code Sections 135 and 140; therefore, the modification of the rear yard is deemed acceptable.

- B. Off-Street Loading: Exception from satisfaction of loading requirements per Section 152.1 pursuant to the criteria contained therein.

For projects in the Eastern Neighborhoods Mixed Use Districts that are subject to Section 329, the Planning Commission may waive these requirements per the procedures of Section 329 if it finds that the design of the project, particularly ground floor frontages, would be improved and that such loading could be sufficiently accommodated on adjacent streets and alleys.

The Project would provide one on-street loading parking spaces on Folsom Street. The on-street loading would meet the residential loading needs of the Project. By providing on-street loading, the Project is able to limit the access to the below-grade garage through one entry/exit measuring 12-ft wide, which is located on Treat Avenue. Overall, the Project's proposed loading assists in improving the ground floor street frontage and would improve character of the streets.

- C. Horizontal Mass Reduction: Modification of the horizontal massing breaks required by Section 270.1 in light of any equivalent reduction of horizontal scale, equivalent volume of

reduction, and unique and superior architectural design, pursuant to the criteria of Section 270.1(d).

The Planning Commission may modify or waive this requirement through the process set forth in Section 329. When considering any such application, the Commission shall consider the following criteria:

- 1) no more than 50% of the required mass is reduced unless special circumstances are evident;

The Project incorporates a horizontal mass break from the ground floor up to the sky, which is 25-ft in width and 42-ft deep. Therefore, the Project exceeds the required amount of mass that would have been reduced under a Code-complying mass reduction.

- 2) the depth of any mass reduction breaks provided is not less than 15 feet from the front facade, unless special circumstances are evident;

The Project incorporates a mass break, which is more than 15-ft deep from the front façade.

- 3) the proposed building envelope can be demonstrated to achieve a distinctly superior effect of reducing the apparent horizontal dimension of the building; and

Through the incorporation of the publically-accessible mid-block alley and horizontal mass break, the Project achieves a distinctly superior building form, which results in two masses measuring 169-ft and 32-ft wide. This massing continues the pattern on the subject block, particularly along Folsom Street, and allows for projections and recesses within the subject lots.

- 4) the proposed building achieves unique and superior architectural design.

The Project achieves a unique and superior architectural design that is contemporary in character with a curated material palette. The Project's massing and scale is appropriate given the neighborhood context. Overall, the Project provides finer grain details, which are appropriate given the Project's design and style.

- D. Where not specified elsewhere in Planning Code Section 329(d), modification of other Code requirements which could otherwise be modified as a Planned Unit Development (as set forth in Section 304), irrespective of the zoning district in which the property is located;

In addition to the modification of the requirements for rear yard, off-street loading, and horizontal mass reduction, the Project is seeking modifications of the requirements for street frontage (Planning Code Section 145.1) and dwelling unit exposure (Planning Code Section 140).

Under Planning Code Section 145.1(c)(4), the ground floor ceiling height for non-residential uses is required to be a minimum of 17-ft in the UMU Zoning District. Currently, the Project includes non-residential use on the ground floor (PDR use), which does not possess a full 17-ft ground floor ceiling

height. Although portions of the Project meets the ground floor ceiling height, the entire non-residential ground floor space does not meet the requirements of the Planning Code. Despite the lower floor levels, the Project includes an architectural expression along the street frontage, which is beneficial to the public realm and adjacent sidewalks and which reinforces the concept of a tall ground floor. The Commission supports this exception, due to the overall quality of design and the streetscape improvements along Folsom Street and Treat Avenue.

Under Planning Code Section 140, all dwelling units must face onto a public street, public alley or an open area, which is at least 25-wide. The Project organizes the dwelling units to have exposure either on one of the public streets (Folsom Street or Treat Avenue), the public mid-block alley, which ranges in width from 24-ft to 27-ft, within Code-complying courtyard or facing the south lot line towards the public park (Parque Ninos Unidos). Currently, forty-four dwelling units do not face onto a street, alley or open area, which meet the dimensional requirements of the Planning Code. These dwelling units still face onto an open area, since the public park is located directly adjacent to the project site; therefore, these units are still afforded sufficient access to light and air. Given the overall design and composition of the Project, the Commission is in support of this exception, due to the Project's high quality of design and amount of open space/open areas.

8. **General Plan Compliance.** The Project is, on balance, consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

Objectives and Policies

OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

Policy 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

Policy 1.2

Focus housing growth and infrastructure necessary to support growth according to community plans. Complete planning underway in key opportunity areas such as Treasure Island, Candlestick Park and Hunter's Point Shipyard.

Policy 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

The Project is a higher density residential development, which provides up to 117 new dwelling units in a mixed-use area. The Project abuts residential uses and one-to-two-story industrial buildings, as well as a public park. The project site was recently rezoned as part of a long range planning goal to create a cohesive residential and mixed-use neighborhood. The Project includes 19 on-site affordable housing units for rent,

which assist in meeting the City's affordable housing goals. The Project is also in proximity to public transportation options.

OBJECTIVE 4

FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

Policy 4.1

Develop new housing, and encourage the remodeling of existing housing, for families with children.

Policy 4.4

Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

Policy 4.5

Ensure that new permanently affordable housing is located in all of the City's neighborhoods, and encourage integrated neighborhoods, with a diversity of unit types provided at a range of income levels.

The Project meets the affordable housing requirements for the UMU Zoning District by providing for 19 on-site BMR units for rent. The Project will provide 117 dwelling units into the City's housing stock.

OBJECTIVE 11

SUPPORT AND RESPECT THE DIVERSE AND DISTINCT CHARACTER OF SAN FRANCISCO'S NEIGHBORHOODS.

Policy 11.1

Promote the construction and rehabilitation of well-designed housing that emphasizes beauty, flexibility, and innovative design, and respects existing neighborhood character.

Policy 11.2

Ensure implementation of accepted design standards in project approvals.

Policy 11.3

Ensure growth is accommodated without substantially and adversely impacting existing residential neighborhood character.

Policy 11.4

Continue to utilize zoning districts which conform to a generalized residential land use and density plan and the General Plan.

Policy 11.6

Foster a sense of community through architectural design, using features that promote community interaction.

Policy 11.8

Consider a neighborhood's character when integrating new uses, and minimize disruption caused by expansion of institutions into residential areas.

OBJECTIVE 12

BALANCE HOUSING GROWTH WITH ADEQUATE INFRASTRUCTURE THAT SERVES THE CITY'S GROWING POPULATION.

Policy 12.2

Consider the proximity of quality of life elements such as open space, child care, and neighborhood services, when developing new housing units.

The Project responds to the site's mixed-character by providing new dwelling units, which appropriately address the adjacent residential uses, nearby industrial uses and adjacent public park. The Project appropriately responds to the varied character of the larger neighborhood. The Project's facades provide a unique expression not commonly found within the surrounding area, while providing for a contrasting material palette.

RECREATION AND OPEN SPACE ELEMENT

Objectives and Policies

OBJECTIVE 4:

PROVIDE OPPORTUNITIES FOR RECREATION AND THE ENJOYMENT OF OPEN SPACE IN EVERY SAN FRANCISCO NEIGHBORHOOD.

Policy 4.5:

Require private usable outdoor open space in new residential development.

Policy 4.6:

Assure the provision of adequate public open space to serve new residential development.

The Project will create a publically-accessible mid-block alley and common open space in a new residential development. The Project also incorporates private open space through balconies and terraces.

TRANSPORTATION ELEMENT

Objectives and Policies

OBJECTIVE 24:

IMPROVE THE AMBIENCE OF THE PEDESTRIAN ENVIRONMENT.

Policy 24.2:

Maintain and expand the planting of street trees and the infrastructure to support them.

Policy 24.3:

Install pedestrian-serving street furniture where appropriate.

Policy 24.4:

Preserve pedestrian-oriented building frontages.

The Project includes new street trees along the public rights-of-way. In addition, the Project includes streetscape elements, including new concrete sidewalks, linear planters along the street edge, and new street trees. Frontages are designed with active spaces oriented at the pedestrian level. The new garage entrance/exit is narrow in width and assists in minimizing pedestrian and bicycle conflicts.

OBJECTIVE 28:

PROVIDE SECURE AND CONVENIENT PARKING FACILITIES FOR BICYCLES.

Policy 28.1:

Provide secure bicycle parking in new governmental, commercial, and residential developments.

Policy 28.3:

Provide parking facilities which are safe, secure, and convenient.

The Project includes 160 Class 1 bicycle parking spaces and 14 Class 2 bicycle parking spaces in secure, convenient locations, thus meeting the amount required by the Planning Code.

OBJECTIVE 34:

RELATE THE AMOUNT OF PARKING IN RESIDENTIAL AREAS AND NEIGHBORHOOD COMMERCIAL DISTRICTS TO THE CAPACITY OF THE CITY'S STREET SYSTEM AND LAND USE PATTERNS.

Policy 34.1:

Regulate off-street parking in new housing so as to guarantee needed spaces without requiring excesses and to encourage low auto ownership in neighborhoods that are well served by transit and are convenient to neighborhood shopping.

Policy 34.3:

Permit minimal or reduced off-street parking supply for new buildings in residential and commercial areas adjacent to transit centers and along transit preferential streets.

Policy 34.5:

Minimize the construction of new curb cuts in areas where on-street parking is in short supply and locate them in a manner such that they retain or minimally diminish the number of existing on-street parking spaces.

The Project adheres to the principally permitted parking amounts within the Planning Code. The parking spaces are accessed by one ingress and egress point. Parking is adequate for the project and complies with maximums prescribed by the Planning Code.

URBAN DESIGN ELEMENT

Objectives and Policies

OBJECTIVE 1:

EMPHASIS OF THE CHARACTERISTIC PATTERN WHICH GIVES TO THE CITY AND ITS NEIGHBORHOODS AN IMAGE, A SENSE OF PURPOSE, AND A MEANS OF ORIENTATION.

Policy 1.3:

Recognize that buildings, when seen together, produce a total effect that characterizes the city and its districts.

Policy 1.7:

Recognize the natural boundaries of districts, and promote connections between districts.

The Project is located within the Mission neighborhood, which is characterized by the mix of uses. As such, the Project provides expressive street façades, which respond to form, scale and material palette of the existing neighborhood, while also providing a new contemporary architectural vocabulary.

OBJECTIVE 3:

MODERATION OF MAJOR NEW DEVELOPMENT TO COMPLEMENT THE CITY PATTERN, THE RESOURCES TO BE CONSERVED, AND THE NEIGHBORHOOD ENVIRONMENT.

Policy 3.1:

Promote harmony in the visual relationships and transitions between new and older buildings.

Policy 3.3:

Promote efforts to achieve high quality of design for buildings to be constructed at prominent locations.

Policy 3.4:

Promote building forms that will respect and improve the integrity of open spaces and other public areas

The Project is consistent and compatible with the neighborhood, and appropriate responds to its unique location adjacent to a public park. The Project is setback from the south lot line to provide some relief relative to the adjacent public park. In addition, the Project provides for a high quality design along the park edge, in order to provide visual interest and activity.

OBJECTIVE 4:

IMPROVEMENT OF THE NEIGHBORHOOD ENVIRONMENT TO INCREASE PERSONAL SAFETY, COMFORT, PRIDE AND OPPORTUNITY.

Policy 4.5:

Design walkways and parking facilities to minimize danger to pedestrians.

Policy 4.13:

Improve pedestrian areas by providing human scale and interest.

Although the project site has two street frontages, it only provides one vehicular access points for the off-street parking, thus limiting conflicts with pedestrians and bicyclists. Numerous street trees will be planted on each street. Along the project site, the pedestrian experience will be greatly improved.

MISSION AREA PLAN

Objectives and Policies

Land Use

OBJECTIVE 1.1

STRENGTHEN THE MISSION'S EXISTING MIXED USE CHARACTER, WHILE MAINTAINING THE NEIGHBORHOOD AS A PLACE TO LIVE AND WORK

Policy 1.1.8

While continuing to protect traditional PDR functions that need large, inexpensive spaces to operate, also recognize that the nature of PDR businesses is evolving gradually so that their production and distribution activities are becoming more integrated physically with their research, design and administrative functions.

OBJECTIVE 1.2

IN AREAS OF THE MISSION WHERE HOUSING AND MIXED-USE IS ENCOURAGED, MAXIMIZE DEVELOPMENT POTENTIAL IN KEEPING WITH NEIGHBORHOOD CHARACTER.

Policy 1.2.1

Ensure that in-fill housing development is compatible with its surroundings.

Policy 1.2.3

In general, where residential development is permitted, control residential density through building height and bulk guidelines and bedroom mix requirements.

Policy 1.2.4

Identify portions of the Mission where it would be appropriate to increase maximum heights for residential development.

Housing

OBJECTIVE 2.1

ENSURE THAT A SIGNIFICANT PERCENTAGE OF NEW HOUSING CREATED IN THE MISSION IS AFFORDABLE TO PEOPLE WITH A WIDE RANGE OF INCOMES

Policy 2.1.1

Require developers in some formally industrial areas to contribute towards the City's very low-, low-, moderate- and middle-income needs as identified in the Housing Element of the General Plan.

OBJECTIVE 2.3

ENSURE THAT NEW RESIDENTIAL DEVELOPMENTS SATISFY AN ARRAY OF HOUSING NEEDS WITH RESPECT TO TENURE, UNIT MIX AND COMMUNITY SERVICES

Policy 2.3.3

Require that a significant number of units in new developments have two or more bedrooms, except Senior Housing and SRO developments unless all Below Market Rate units are two or more bedrooms.

Policy 2.3.5

Explore a range of revenue-generating tools including impact fees, public funds and grants, assessment districts, and other private funding sources, to fund community and neighborhood improvements.

Policy 2.3.6

Establish an impact fee to be allocated towards an Eastern Neighborhoods Public Benefit Fund to mitigate the impacts of new development on transit, pedestrian, bicycle, and street improvements, park and recreational facilities, and community facilities such as libraries, child care and other neighborhood services in the area.

Built Form

OBJECTIVE 3.1

PROMOTE AN URBAN FORM THAT REINFORCES THE MISSION'S DISTINCTIVE PLACE IN THE CITY'S LARGER FORM AND STRENGTHENS ITS PHYSICAL FABRIC AND CHARACTER

Policy 3.1.1

Adopt heights that are appropriate for the Mission's location in the city, the prevailing street and block pattern, and the anticipated land uses, while preserving the character of its neighborhood enclaves.

Policy 3.1.8

New development should respect existing patterns of rear yard open space. Where an existing pattern of rear yard open space does not exist, new development on mixed-use-zoned parcels should have greater flexibility as to where open space can be located.

OBJECTIVE 3.2

PROMOTE AN URBAN FORM AND ARCHITECTURAL CHARACTER THAT SUPPORTS WALKING AND SUSTAINS A DIVERSE, ACTIVE AND SAFE PUBLIC REALM

Policy 3.2.1

Require high quality design of street-facing building exteriors.

Policy 3.2.3

Minimize the visual impact of parking.

Policy 3.2.4

Strengthen the relationship between a building and its fronting sidewalk.

Policy 3.2.6

Sidewalks abutting new developments should be constructed in accordance with locally appropriate guidelines based on established best practices in streetscape design.

Transportation

OBJECTIVE 4.7

IMPROVE PUBLIC TRANSIT TO BETTER SERVE EXISTING AND NEW DEVELOPMENT IN THE MISSION

Policy 4.7.2

Provide secure, accessible and abundant bicycle parking, particularly at transit stations, within shopping areas and at concentrations of employment.

OBJECTIVE 4.8

ENCOURAGE ALTERNATIVES TO CAR OWNERSHIP AND THE REDUCTION OF PRIVATE VEHICLE TRIPS

Policy 4.8.1

Continue to require car-sharing arrangements in new residential and commercial developments, as well as any new parking garages.

Streets & Open Space

OBJECTIVE 5.3

CREATE A NETWORK OF GREEN STREETS THAT CONNECTS OPEN SPACES AND IMPROVES THE WALKABILITY, AESTHETICS AND ECOLOGICAL SUSTAINABILITY OF THE NEIGHBORHOOD.

Policy 5.3.1

Redesign underutilized portions of streets as public open spaces, including widened sidewalks or medians, curb bulb-outs, "living streets" or green connector streets.

Policy 5.3.2

Maximize sidewalk landscaping, street trees and pedestrian scale street furnishing to the greatest extent feasible.

Community Facilities

OBJECTIVE 7.1

PROVIDE ESSENTIAL COMMUNITY SERVICES AND FACILITIES

Policy 7.1.2

Recognize the value of existing facilities, including recreational and cultural facilities, and support their expansion and continued use.

OBJECTIVE 7.2

ENSURE CONTINUED SUPPORT FOR HUMAN SERVICE PROVIDERS THROUGHOUT THE EASTERN NEIGHBORHOODS

Policy 7.2.1

Promote the continued operation of existing human and health services that serve low-income and immigrant communities in the Eastern Neighborhoods.

The Project includes the demolition of 21,060 sq ft of PDR space, which included a community-serving use for a local non-profit. Both of these uses are encouraged to be retained within the Mission, as they provide for blue-collar jobs, assist in diversifying the neighborhood economy, provide valued community resources, and add cultural diversity to the neighborhood. However, the Project also includes a significant amount of housing, including on-site BMR units as well as a diversity of housing types (from small studios to larger family-sized units). The Project has provided relocation assistance to the existing PDR tenant, and the community serving use vacated the site in March 2016. Overall, the Project features an appropriate use encouraged by the Area Plan for this location. The Project provides 117 new dwelling units, which will be available for rent. In addition, the Project is located within the prescribed height guidelines, and includes the appropriate dwelling unit mix, since more than 40% or 47 units are two- or three-bedroom dwellings. The Project introduces a contemporary architectural vocabulary that is sensitive to the prevailing scale and neighborhood fabric. The Project provides for a high quality designed exterior, which features a variety of materials, colors and textures, including fiber cement board horizontal lap siding in two tones, metal siding, aluminum storefront, iron railings and gates, and dark bronze frame aluminum windows. The Project provides a publically-accessible mid-block alley, ample common open space and also improves the public rights of way with new streetscape improvements, street trees and landscaping. The Project

minimizes the impact of off-street parking and is in proximity to public transit options. The Project is also respectful of the adjacent public park. The Project will also pay the appropriate development impact fees, including the Eastern Neighborhoods Impact Fees. Despite the loss of PDR space, on balance, the Project meets the Objectives and Policies of the Mission Area Plan.

9. Planning Code Section 101.1(b) establishes eight priority-planning policies and requires review of permits for consistency with said policies. On balance, the project does comply with said policies in that:

- A. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses be enhanced.

The project site does not possess any neighborhood-serving retail uses. The Project provides 117 new dwelling units, which will enhance the nearby retail uses by providing new residents, who may patron and/or own these businesses.

- B. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods.

The project site does possess any existing housing. The Project would provide 117 new dwelling units, thus resulting in an overall increase in the neighborhood housing stock. In addition, the Project would add PDR use (arts activity), which adds to the public realm and neighborhood character by highlighting local artists. The Project is expressive in design, and relates well to the scale and form of the surrounding neighborhood. For these reasons, the Project would protect and preserve the cultural and economic diversity of the neighborhood.

- C. That the City's supply of affordable housing be preserved and enhanced.

The Project does not currently possess any existing affordable housing. The Project will comply with the City's Inclusionary Housing Program by providing 19 below-market rate dwelling units for rent. Therefore, the Project will increase the stock of affordable housing units in the City.

- D. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The project site is served by nearby public transportation options. The Project is located along a Muni bus line (12-Folsom/Pacific), and is within walking distance of the BART Station at 24th and Mission Streets. In addition, the Project is within one block of 24th Street and the 48-Quintara/24th Street bus route. Future residents would be afforded proximity to a bus line. The Project also provides off-street parking at the principally permitted amounts and sufficient bicycle parking for residents and their guests.

- E. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced.

The Project does not include commercial office development. Although the Project would remove a PDR use, the Project does provide new housing, which is a top priority for the City. The Project incorporate new PDR use, thus assisting in diversifying the neighborhood character.

- F. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project will be designed and will be constructed to conform to the structural and seismic safety requirements of the Building Code. This proposal will not impact the property's ability to withstand an earthquake.

- G. That landmarks and historic buildings be preserved.

Currently, the project site does not contain any City Landmarks or historic buildings.

- H. That our parks and open space and their access to sunlight and vistas be protected from development.

Although the Project does have shadow impacts on the adjacent public park, the adjacent public park (Parque Ninos Unidos) is still afforded access to sunlight, which should not dramatically affect the use and enjoyment of this park. Since the Project is not more than 40-ft tall, additional study of the shadow impacts was not required per Planning Code Section 295.

9. **First Source Hiring.** The Project is subject to the requirements of the First Source Hiring Program as they apply to permits for residential development (Section 83.4(m) of the Administrative Code), and the Project Sponsor shall comply with the requirements of this Program as to all construction work and on-going employment required for the Project. Prior to the issuance of any building permit to construct or a First Addendum to the Site Permit, the Project Sponsor shall have a First Source Hiring Construction and Employment Program approved by the First Source Hiring Administrator, and evidenced in writing. In the event that both the Director of Planning and the First Source Hiring Administrator agree, the approval of the Employment Program may be delayed as needed.

The Project Sponsor submitted a First Source Hiring Affidavit and prior to issuance of a building permit will execute a First Source Hiring Memorandum of Understanding and a First Source Hiring Agreement with the City's First Source Hiring Administration.

10. The Project is consistent with and would promote the general and specific purposes of the Code provided under Section 101.1(b) in that, as designed, the Project would contribute to the character and stability of the neighborhood and would constitute a beneficial development.
11. The Commission hereby finds that approval of the Large Project Authorization would promote the health, safety and welfare of the City.

DECISION

That based upon the Record, the submissions by the Applicant, the staff of the Department and other interested parties, the oral testimony presented to this Commission at the public hearings, and all other written materials submitted by all parties, the Commission hereby **APPROVES Large Project Authorization Application No. 2014-000601ENX** under Planning Code Section 329 to allow the new construction of a four-story, 40-ft tall, residential building with 117 dwelling units, and a modification to the requirements for: 1) rear yard (Planning Code Section 134); 2) dwelling unit exposure (Planning Code Section 140); 3) street frontage (Planning Code Section 145.1); 4) off-street freight loading (Planning Code Section 152.1); and, 5) horizontal mass reduction (Planning Code Section 270.1), within the UMU (Urban Mixed Use), RH-2 (Residential, House, Two-Family), and RH-3 (Residential, House, Three-Family) Zoning Districts and a 40-X Height and Bulk District. The project is subject to the following conditions attached hereto as "EXHIBIT A" in general conformance with plans on file, dated August 30, 2016, and stamped "EXHIBIT B", which is incorporated herein by reference as though fully set forth.

The Planning Commission hereby adopts the MMRP attached hereto as Exhibit C and incorporated herein as part of this Motion by this reference thereto. All required mitigation measures identified in the Eastern Neighborhoods Plan EIR and contained in the MMRP are included as conditions of approval.

APPEAL AND EFFECTIVE DATE OF MOTION: Any aggrieved person may appeal this Section 329 Large Project Authorization to the Board of Appeals within fifteen (15) days after the date of this Motion. The effective date of this Motion shall be the date of adoption of this Motion if not appealed (after the 15-day period has expired) OR the date of the decision of the Board of Appeals if appealed to the Board of Appeals. For further information, please contact the Board of Appeals at (415) 575-6880, 1660 Mission, Room 3036, San Francisco, CA 94103.

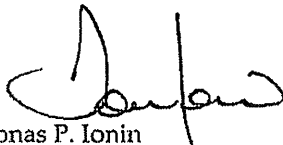
Protest of Fee or Exaction: You may protest any fee or exaction subject to Government Code Section 66000 that is imposed as a condition of approval by following the procedures set forth in Government Code Section 66020. The protest must satisfy the requirements of Government Code Section 66020(a) and must be filed within 90 days of the date of the first approval or conditional approval of the development referencing the challenged fee or exaction. For purposes of Government Code Section 66020, the date of imposition of the fee shall be the date of the earliest discretionary approval by the City of the subject development.

If the City has not previously given Notice of an earlier discretionary approval of the project, the Planning Commission's adoption of this Motion, Resolution, Discretionary Review Action or the Zoning Administrator's Variance Decision Letter constitutes the approval or conditional approval of the development and the City hereby gives NOTICE that the 90-day protest period under Government Code Section 66020 has begun. If the City has already given Notice that the 90-day approval period has begun for the subject development, then this document does not re-commence the 90-day approval period.

Motion No. 19744
September 22, 2016

CASE NO. 2014-000601ENX
2675 Folsom Street

I hereby certify that the Planning Commission ADOPTED the foregoing Motion on September 22, 2016.



Jonas P. Ionin
Commission Secretary

AYES: Fong, Hillis, Johnson, Koppel and Richards

NAYS: Melgar and Moore

ADOPTED: September 22, 2016

**EXHIBIT 1:
MITIGATION MONITORING AND REPORTING PROGRAM**
(Including the Text of the Mitigation Measures Adopted as Conditions of Approval and Proposed Improvement Measures)

1. MITIGATION MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Report Responsibility	Status/Date Completed
-------------------------------------------------------------	--------------------------------------	------------------------	-------------------------------------	--------------------------

MEASURES DEEMED FEASIBLE				
F. Noise				
<p><i>Mitigation Measure F-5: Siting of Noise-Generating Uses</i></p> <p>To reduce potential conflicts between existing sensitive receptors and new noise-generating uses, for new development including commercial, industrial or other uses that would be expected to generate noise levels in excess of ambient noise, either short-term, at nighttime, or as a 24-hour average, in the proposed project site vicinity, the Planning Department shall require the preparation of an analysis that includes, at a minimum, a site survey to identify potential noise-sensitive uses within 900 feet of, and that have a direct line-of-sight to, the project site, and including at least one 24-hour noise measurement (with maximum noise level readings taken at least every 15 minutes), prior to the first project approval action. The analysis shall be prepared by persons qualified in acoustical analysis and/or engineering and shall demonstrate with reasonable certainty that the proposed use would comply with the use compatibility requirements in the General Plan and in Police Code Section 2909I, would not adversely affect nearby noise-sensitive uses, and that there are no particular circumstances about the proposed project site that appear to warrant heightened concern about noise levels that would be generated by the proposed use. Should such concerns be present, the Department may require the completion of a detailed noise assessment by person(s) qualified in acoustical analysis and/or engineering prior to the first project approval action.</p>	Project Sponsor along with Project Contractor of each subsequent development project undertaken pursuant to the Eastern Neighborhoods Rezoning and Area Plans Project.	Prior to first approval action, noise analysis must be done. Design measures to be incorporated into project design and evaluated in environmental/ building permit review.	San Francisco Planning Department and the Department of Building Inspection	Considered complete upon first project approval action.
J. Archeological Resources				
<p><i>Mitigation Measure J-2: Accidental Discovery</i></p> <p>The following mitigation measure is required to avoid any potential adverse effect from the proposed project on accidentally discovered buried or submerged historical resources as defined in CEQA Guidelines Section 15064.5(a) and (c). The project sponsor shall distribute the Planning Department archeological resource "ALERT" sheet to the project prime contractor; to any project subcontractor (including demolition, excavation, grading, foundation, pile driving, etc. firms); or utilities firm involved in soils disturbing activities within the project site. Prior to any soils disturbing activities being undertaken each contractor is responsible for ensuring that</p>	Project Sponsor/project archeologist	Upon discovery of a buried or submerged historical resource	Project sponsor and ERO	Upon determination of the ERO that resource is not present or adversely impacted; or upon certification of Final Archeological Resources Report (FARR)

EXHIBIT 1:
MITIGATION MONITORING AND REPORTING PROGRAM
 (Including the Text of the Mitigation Measures Adopted as Conditions of Approval and Proposed Improvement Measures)

1. MITIGATION MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Report Responsibility	Status/Date Completed
<p>the "ALERT" sheet is circulated to all field personnel including, machine operators, field crew, pile drivers, supervisory personnel, etc. The project sponsor shall provide the Environmental Review Officer (ERO) with a signed affidavit from the responsible parties (prime contractor, subcontractor(s), and utilities firm) to the ERO confirming that all field personnel have received copies of the Alert Sheet.</p> <p>Should any indication of an archeological resource be encountered during any soils disturbing activity of the project, the project Head Foreman and/or project sponsor shall immediately notify the ERO and shall immediately suspend any soils disturbing activities in the vicinity of the discovery until the ERO has determined what additional measures should be undertaken.</p> <p>If the ERO determines that an archeological resource may be present within the project site, the project sponsor shall retain the services of an archaeological consultant from the pool of qualified archaeological consultants maintained by the Planning Department archaeologist. The archeological consultant shall advise the ERO as to whether the discovery is an archeological resource, retains sufficient integrity, and is of potential scientific/historical/cultural significance. If an archeological resource is present, the archeological consultant shall identify and evaluate the archeological resource. The archeological consultant shall make a recommendation as to what action, if any, is warranted. Based on this information, the ERO may require, if warranted, specific additional measures to be implemented by the project sponsor.</p> <p>Measures might include: preservation in situ of the archeological resource; an archaeological monitoring program; or an archeological testing program. If an archeological monitoring program or archeological testing program is required, it shall be consistent with the Environmental Planning (EP) division guidelines for such programs. The ERO may also require that the project sponsor immediately implement a site security program if the archeological resource is at risk from vandalism, looting, or other damaging actions. The project archeological consultant shall submit a Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describing the archeological and historical research methods employed in the archeological monitoring/data recovery program(s) undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable</p>				

-0040-

**EXHIBIT 1:
 MITIGATION MONITORING AND REPORTING PROGRAM**
 (Including the Text of the Mitigation Measures Adopted as Conditions of Approval and Proposed Improvement Measures)

1. MITIGATION MEASURES ADOPTED AS CONDITIONS OF APPROVAL	Responsibility for Implementation	Mitigation Schedule	Monitoring/Report Responsibility	Status/Date Completed
<p>insert within the final report.</p> <p>Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO, copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Environmental Planning division of the Planning Department shall receive one bound copy, one unbound copy and one unlocked, searchable PDF copy on CD three copies of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.</p>				
<p>L. Hazardous Materials</p> <p><i>Mitigation Measure L-1—Hazardous Building Materials</i></p> <p>The City shall condition future development approvals to require that the subsequent project sponsors ensure that any equipment containing PCBs or DEPH, such as fluorescent light ballasts, are removed and properly disposed of according to applicable federal, state, and local laws prior to the start of renovation, and that any fluorescent light tubes, which could contain mercury, are similarly removed and properly disposed of. Any other hazardous materials identified, either before or during work, shall be abated according to applicable federal, state, and local laws.</p>	<p>Project Sponsor/project archeologist of each subsequent development project undertaken pursuant to the Eastern Neighborhoods Areas Plans and Rezoning</p>	<p>Prior to approval of each subsequent project, through Mitigation Plan.</p>	<p>Planning Department, in consultation with DPH; where Site Mitigation Plan is required, Project Sponsor or contractor shall submit a monitoring report to DPH, with a copy to Planning Department and DBI, at end of construction.</p>	<p>Considered complete upon approval of each subsequent project.</p>

-0041-

Attachment D

Eastern Neighborhoods Capital Projects

Eastern Neighborhoods
List of Capital Projects

IPIC Category	Capital Plan Sub-Category	Project Title	Scope	Status
Complete Streets	Green Connections	22nd Street (Pennsylvania to Illinois)	Streetscaping, including but not limited street trees, landscaping, and pedestrian lighting.	Planned: fully funded, final design underway.
Complete Streets	Green Connections	CalTrain bridge lighting	Lighting of CalTrain bridges with artistic lighting.	Planned - fully funded.
Complete Streets	Green Connections	Blue Greenway (24th to Cove)		Planned
Complete Streets	Green Connections	Blue Greenway (Illinois)		Planned
Open Space		Angel Alley Improvements (CCG Recipient)	Creation of a community gather space at Tennessee and 22nd Street	Complete
Open Space		Tunnel Top Park (CCG Recipient)	Creation of a mini-park at 25th and Pennsylvania Streets.	Phase I Complete; Phase II to begin summer 2016
Open Space	Open Space New	New Park(s) Central Waterfront	Placeholder for one or more new parks, open space, or recreational facility for the Central Waterfront.	Planning underway. Not fully funded. CW/D Public Realm Plan expected to be completed by summer 2016, which will inform how to move forward with both new parks and rehabilitation of parks in CW.
Open Space	Open Space New	Dogpatch Art Plaza	Located at the dead-end portion of 19th Street, the plaza envisions a pedestrian space of 8,000 sf designed to ccommodate special events and rotating art exhibits, bulb-outs, café and other movable seating and bleacher seating.	Planned and underway: to be under construction soon.
Open Space	Open Space Rehab	Park Rehab: Central Waterfront	Though not yet scoped out, funds have been set aside to establish new parks and/or improve Esprit Park.	Planning underway. Not fully funded. CW/D Public Realm Plan expected to be completed by summer 2016, which will inform how to move forward with both new parks and rehabilitation of parks in CW.
Open Space	Open Space Rehab	Warm Water Cove Park	Improvement to and expansion of Warm Water Cover Park.	Planning underway as part of the Dogpatch Public Realm Plan
Complete Streets		Dogpatch and Potrero Sidewalk Landscaping (CCG Recipient)	Installation of sidewalk landscaping in the Dogpatch and Potrero Hill neighborhoods.	Complete
Complete Streets	Green Connections	22nd Street Steps (Missouri to Texas)	Stairs and open space landscaping, along 22nd Street alignment between Texas and Missouri.	Planned: fully funded; to be constructed by adjacent Project Sponsor.
Complete Streets	Green Connections	22nd Street (Pennsylvania to Texas)	One block of landscaping between Pennsylvania (where the Green Connections project will end) and the 22nd Street stair.	Conceptual - not currently funded.
Complete Streets	Streetscape Projects	6th Street Streetscape	Pedestrian safety improvements on 6th Street from Market to Howard Streets. Project could sidewalk widening on both sides of 6th Street, vehicle travel lane reduction, "flex" zone and textured median with raised refuges, pedestrian scale lighting, new street furnishings and tree grates as well	Planned and underway: community engagement currently underway.
Complete Streets	Vision Zero	6th and Minna (traffic signal)	6th and Minna (traffic signal)	Complete
Complete Streets	Vision Zero	King St (Bike lanes between 2nd/3rd)	King St (Bike lanes between 2nd/3rd)	Planned - not complete.
Complete Streets	Streetscape Projects	SoMa Alleyways Phase II	Alley improvements that include raised crosswalks, stamped asphalt, traffic calming, chicanes, street trees, among other features. Minna and Natoma Streets, from 6th Street to Mary Street; Tehama, Clementina, Shipley, and Clara streets, from 6th Street to 5th Street	Complete
Open Space	Open Space Rehab	South Park Rehabilitation	Park features are proposed to include a variety of different programmatic spaces, including a children’s play area, a large open meadow, plazas of varying scales, and a variety of areas designed for sitting and/or picnicking to increase park capacity.	Planned and underway: under construction.

Eastern Neighborhoods
List of Capital Projects

IPIC Category	Capital Plan Sub-Category	Project Title	Scope	Status
Complete Streets	Vision Zero	5th Street (green backed sharrows)	Green back sharrows from Market to Townsend on 5th St.	Complete
Complete Streets	Streetscape Projects	2nd Street Streetscape	Includes sidewalk widening, curbside bikeways with floating parking and bus boarding islands, vehicle lane reduction and traffic signal modifications	Planned and underway: fully funded; construction expected fall 2016.
Open Space	Open Space New	Brannan Street Warf		Complete
Complete Streets	Streetscape Projects	7th Street Streetscape	Includes streetscape improvements on Seventh Street between Market and Harrison Streets. Elements include: Reducing the amount of traffic lanes from four to three; the addition of a buffer separated bike lane or "cycle track"; corner bulbs and bus bulbs at intersections reducing pedestrian	Planned: (update coming soon)
Complete Streets	Major Projects	Folsom Streetscape	Includes streetscape improvements on Folsom Street between Fifth Street and 11th Street. Improvements include: the addition of an improved separated bi-directional bike lane "cycle track" with a buffer using either parking or raised traffic islands; corner bulbs and bus bulbs at intersections	Planned - Partially Funded, EIR to be complete by winter 2016-17. Community engagement and design planned for 2017, approvals 2018, construction 2019 or after.
Complete Streets	Major Projects	Howard Streetscape	Streetscape improvements on Folsom Street between Fifth Street and 11th Street and start construction. Improvements include: The current four lane one way street will be converted to one eastbound and two westbound traffic lanes and a planted median; the existing Howard Street bike	Planned - Partially Funded, EIR to be complete by winter 2016-17. Community engagement and design planned for 2017, approvals 2018, construction 2019 or after.
Complete Streets	Streetscape Projects	SoMa Alleyways (Minna, Shipley, Clara, Natoma, Clementina)	Alley improvements that include raised crosswalks, stamped asphalt, traffic calming, chicanes, street trees, among other features.	Complete
Complete Streets	Streetscape Projects	7th and 8th Street Restriping	Remove one travel lane on 7th Street between Harrison and Market Streets and study the operation of the new lane configuration. The lane reduction will help inform the environmental review for the preferred design of the ENTRIPS 7th Street Streetscape.	Complete
Open Space	Open Space New	New Park(s) Soma	Placeholder for one or more new parks, open space, or recreational facility for the South of Market.	Planned and underway, Rec and Park actively seeking acquisition; not fully funded.
Open Space	Open Space Rehab	Gene Friend/SOMA Recreation Center Reconstruction	Plans for the rehabilitation of Gene Friend currently include demolishing the existing structure and rebuilding a larger, more flexible and attractive facility.	Planned and underway: completed initial phase of community engagement; currently in planning phase.
Complete Streets	Streetscape Projects	Bartlett Street / Mission Mercado	Streetscape improvements to make the street segment double as a plaza. Interventions include widened sidewalks, raised shared surface, new street trees and landscaping, and pergola structures.	Planned and underway: under construction.
Complete Streets	Streetscape Projects	Potrero Ave.	Repaving and utility upgrades from Alameda to 25th Street. Bus bulbs, ped and bike improvements throughout. Focused streetscaping between 21st and 25th including median, widened sidewalks and pedestrian lighting.	Planned and underway: currently under construction.
Complete Streets	Streetscape Projects	Mission District Traffic Calming	In Mission Streetscape Plan (Hampshire, Shotwell, 20, 26)	Conceptual - not currently funded.
Complete Streets	Vision Zero	16th and Capp (traffic signal)	16th and Capp (traffic signal)	Complete
Open Space	Open Space Rehab	Mission Rec Center	The project is currently being scoped with the goal of completely rebuilding the enclosed Recreation Center.	Planned: seed funding provided through IPIC; planning to begin mid 2016.
Open Space	Open Space New	17th and Folsom Street Park	A new park at 17th and Folsom that will include a children's play ara, demonstration garden, outdoor amphitheater and seating, among other amenities.	Planned and underway: under construction.
Open Space	Open Space Rehab	Franklin Square	The smaller near-term project is to install a exercise course at the park.	Planned: athletic course project fully funded; beginning design with construction 2016.
Open Space	Open Space Rehab	Jose Coronado Playground	The project could include playing field resurfacing and new fencing.	Planned: - additional scoping exected.

Eastern Neighborhoods
List of Capital Projects

IPIC Category	Capital Plan Sub-Category	Project Title	Scope	Status
Open Space	Open Space Rehab	Juri Commons (Playground)	This smaller near-term project looks to reconstruct the playground at this small park.	Planned, fully funded.
Open Space		Fallen Bridge Park (CCG Recipient)	Further improvement of Fallen Bridge Park, a community-created park, located at the based of the I-101 pedestrian bridge on its west side.	Complete
Open Space	Open Space Rehab	Garfield Square Aquatics Center	This project includes enhancing the facility to a higher capacity Aquatics Center, which, besides refurbishing the pool, would also include adding additional amenities such a multi-purpose room and a slide.	Planned and underway: currently completing community engagement for final design.
Transit	Major Projects	Mission Street (Muni Forward) - Mission		Planned and underway. Frequency increase in 2015. Construction scheduled for 2016.
Transit	Major Projects	16th Street Multimodal Corridor Project		Planned and underway: fully funded, phased implementation to begin soon; hard construction to begin 2018.
Complete Streets	Streetscape Projects	Cesar Chavez (Hairball short term improvements)		Conceptual - not currently funded.
Complete Streets	Vision Zero	11th/13th/Bryant (bicycle intersection improvements)	11th/13th/Bryant (bicycle intersection improvements)	Planned.
Complete Streets		Hope SF Potrero Street Safety improvements	[need to check]	Planned and underway.
Complete Streets	Green Connections	22nd Street Steps (Arkansas to Missouri)	Stairs along the north side of Potrero Recreation center along the 22nd Street right-of-way and alignment.	Conceptual - not currently funded.
Complete Streets	Green Connections	17th Street (phased with Loop OS)	Streetscape improvements to activate the portion of 17th Street that crosses under the 101.	Planned; funding being sought.
Complete Streets	Green Connections	17th Street Green Street	Green connection streetscape interventions along 17th Steet within Showplace Square.	Conceptual - not currently funded.
Complete Streets	Green Connections	Wisconsin @ Jackson Playground	Green connection streetscape interventions Wisconsin Street between Jackson Playground and 16th Street.	Conceptual - not currently funded.
Complete Streets	Streetscape Projects	Cesar Chavez (East)		Conceptual - not currently funded.
Open Space	Open Space Rehab	Jackson Playground	Scope for the rehabilitation of Jackson Playground is currently being developed between Rec and Park, Friends of Jackson Playground, Live Oak School and other interested parties.	Planned: Planning underway. Funding actively being sought.
Open Space	Open Space New	Daggett Park	A new park on the former Daggett right-of-way.	Near Complete.
Open Space		Connecticut Friendship Garden Outdoor Classroom (CCG Recipient)	Creation of a community outdoor classroom at the Connecticut Street Friendship Garden immediately adjacent to Potrero Recreation Center.	Planned and underway.
Open Space	Open Space New	The Loop	A series of open space and streetscape interventions at the intersections of 17th Street and Highway 101 that would activate and enliven the underutilized space along and under the freeway.	Conceptual; actively seeking funding.
Open Space	Open Space New	Irwin Plaza	Plaza improvements at the intersetion of 16th Street and Irwin.	Conceptual - not currently funded.

Eastern Neighborhoods
List of Capital Projects

IPIC Category	Capital Plan Sub-Category	Project Title	Scope	Status
Transit	Transit	New bus routing in Showplace/Potrero and Central Waterfront.		Community consultation underway.
Complete Streets	Streetscape Projects	8th Street Streetscape	Streetscape improvements on Eighth Street between Market and Harrison Streets. Elements include: The addition of an improved buffer separated bike lane "cycle track" using either parking or raised traffic islands; corner bulbs and bus bulbs at intersections reducing pedestrian crossing distances and	Planned: (update coming soon)
Complete Streets	Streetscape Projects	Ringold Alley	Streetscape improvements that include enhanced lighting, landscaping, paving, furnishings, and undergrounding utility lines.	Planned and underway. Construction to begin soon.
Complete Streets	Streetscape Projects	Western SOMA Gateway Treatments at highway off-ramps		Conceptual - not currently funded.
Open Space	Open Space New	12th Street Greening (Eagle Plaza adjacent)	Possible improvements between Folsom and Betrice that would include a "living streets" treatment that would include widened sidewalks, landscaping and some programmed uses.	Conceptual - not yet officially proposed
Open Space	Open Space New	12th Street Greening (Eagle Plaza)	Eagle Plaza envisions are share surface treatment between Betrice and Harrison, with a single south bound travel lanes, plaza plantings, seating, lighting and other amendities to allow the space to be used for both active and passive recreational use and for events.	Planned and underway through in-kind.
Complete Streets	Streetscape Projects	7th Street from Townsend to 16th Street	Conceptual placeholder for extending streetscaping and complete streets treatment for southern portion of 7th Street.	Conceptual - not currently funded. Awaiting RAB.
Complete Streets	Green Connections	GC Segments: Basic Signage and Wayfinding	General low-level low-cost interventions for all portions of identified "Green Connections" within Eastern Neighborhoods.	General placeholder
Complete Streets	Streetscape Projects	Infill Street Tree Planting		General placeholder
Complete Streets	Streetscape Projects	EN Streetscape Improvements through 2025		general placeholder
Complete Streets	Vision Zero	Walk First Long-Term, Comprehensive Improvements	All WalkFirst Phase 2 improvements in Eastern Neighborhoods.	Conceptual - not currently funded.
Open Space	Open Space - Other	Community Challenge Grant Projects		Ongoing. Third funding cycle recently opened.

Carroll, John (BOS)

From: BOS Legislation, (BOS)
Sent: Friday, November 18, 2016 3:45 PM
To: jscottweaver@aol.com; mnadhiri@axisdevgroup.com; toliphant@axisdevgroup.com
Cc: Givner, Jon (CAT); Stacy, Kate (CAT); Byrne, Marlena (CAT); Sanchez, Scott (CPC); Rodgers, AnMarie (CPC); Starr, Aaron (CPC); Sucre, Richard (CPC); Horner, Justin (CPC); Gibson, Lisa (CPC); Ionin, Jonas (CPC); BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela (BOS); Somera, Alisa (BOS); Rahaim, John (CPC); Lew, Lisa (BOS); Goldstein, Cynthia (PAB); victormarquezesq@aol.com; alexis@pelosilawgroup.com; BOS Legislation, (BOS)
Subject: APPEAL RESPONSE: - Appeal of Community Plan Exemption and Conditional Use - Proposed 2675 Folsom Street Project - Appeal Hearing on November 29, 2016
Categories: 161150, 161146

Good afternoon,

Please find linked below an appeal response received by the Office of the Clerk of the Board from J. Scott Weaver, on behalf of the Calle 24 Latino Cultural District Community Council, concerning the Community Plan Exemption and Conditional Use Appeal for the proposed project at 2675 Folsom Street.

[Appellant Letter - November 18, 2016](#)

The appeal hearing for this matter is scheduled for a 3:00 p.m. special order before the Board on November 29, 2016.

I invite you to review the entire matter on our [Legislative Research Center](#) by following the link below:

[Board of Supervisors File No. 161146](#)

[Board of Supervisors File No. 161150](#)

Thank you,

Brent Jalipa

Legislative Clerk

Board of Supervisors - Clerk's Office

1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

(415) 554-7712 | Fax: (415) 554-5163

brent.jalipa@sfgov.org | www.sfbos.org



Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form

Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors' website or in other public documents that members of the public may inspect or copy.

West Bay Law
Law Office of J. Scott Weaver

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2016 NOV 18 AM 10:20

BY 

November 18, 2016

President London Breed and San Francisco Board of Supervisors
San Francisco City Hall
1 Dr Carlton B Goodlett Pl #244
San Francisco, CA 94102

**Re: Re: Case No. 2014-000601 CUA, 2014-000601ENX- 2675 Folsom Street
Appeal of the September 22, 2016 Planning Commission Decisions.**

Dear Supervisor Breed,

Please accept this submission on behalf of the Calle 24 Latino Cultural District Council with respect to the proposed project at 2675 Folsom Street.

I. Factual Background

The proposed project is a four story building at Folsom Street near 23rd Street, directly adjacent to Parque de Los Ninos, across the street from Cesar Chavez Elementary School, and within the boundaries of the Calle 24 Latino Cultural District. It replaces 16,000 square feet of PDR use with a project consisting of approximately 5,219 square feet of art space 117 housing units of various sizes. Shortly before the hearing the project sponsor proposed that 19 of those units (16%) affordable to those earning 55% AMI and 4 units (3%) affordable to those earning 100% AMI.

- A. On June 23, 2016 Appellant Calle 24 Latino Cultural District Council ("Council") wrote to the Planning Department requesting that any environmental analysis of the proposed project include an evaluation of the cumulative impacts of the proposed project along with other market rate projects affecting the businesses, nonprofits, and residents in the Calle 24 Latino Cultural District (LCD), and to fashion mitigations for any negative impacts. The letter also noted that substantial new information rendered the Eastern Neighborhoods Plan EIR ("PEIR") out of date. (See Exhibits, 0073)

- B. On July 29, 2016 Appellant Council wrote to the Planning Department with regard to the anticipated August 4th hearing for approval. The Council reiterated its request for an analysis of the impacts on the LCD, stating the reason such analysis was needed, and requesting that adequate mitigations be put in place. The letter provided specific areas of inquiry that would assist in this evaluation. The letter also reiterated the substantial new information rendered the PEIR out of date and no longer a basis for issuing a Certificate of Exemption. (Exhibits, Pages 0061)
- C. On August 3, 2016 Supervisor David Campos wrote to the Planning Commission requesting that impacts of the projects affecting the LCD be evaluated and adequate mitigations be put in place prior to the approval of any project. (Exhibits, Page 0081)
- D. On August 4, 2016, the Planning Commission heard the matter and expressed a number of concerns regarding the project. The matter was then continued to September 22, 2016. The Planning Commission, on September 22, 2016 approved the proposed project approved the proposed project, including approval of the Community Plan Exemption (Exhibits, 002-0057).
- E. Appellant timely filed this appeal on October 21, 2016.
- F. On November 15, 2016, the Board of Supervisors granted appellant's CEQA appeal for 1515 South Van Ness Avenue, requiring the Planning Department to evaluate cumulative impacts of displacement caused by that project, and other similar projects (such as this) on the physical environment of the Calle 24 Latino Cultural District.

II. Reasons for Appeal

- A. The CEQA findings did not take into account the direct, indirect, and cumulative impacts that the proposed project and other "market rate" projects would have on the businesses, residents, and non-profits in the LCD,
- B. The Community Plan Exemption reliance on the PEIR was improper because 1) The PEIR contemplated production of no more than 2,054 units with an approved preferred project of 1,696 units for the Mission Area. As of February, 2016 there were 2,451 units either completed or under environmental review. and 2) Substantial new information renders the PEIR out of date. These changes cumulatively impact areas of land use, consistency with area plans and policies, recreation and open space, traffic and circulation, transit and transportation

- C. The Planning Department and Planning Commission have engaged in a pattern and practice of approving projects relying on an out-of-date Plan EIR and without regard to the direct and indirect cumulative impacts that these projects have on the environment.
- D. Conditional Use was improperly granted because the project is not “necessary or desirable” in light of its gentrification impacts, inconsistency Eastern Neighborhoods Plan and Mission Area Plan objective and inconsistency with interim controls and Mission Action Plan 2020 (MAP 2020).

III. The CEQA Findings Did Not Take into Account the Cumulative Impacts of the Proposed Project on the Calle 24 Latino Cultural District.

A. Background of the LCD and Existing Threats.

The businesses and nonprofits in the LCD have been recognized by resolution of the Board of Supervisors as an important cultural, historical and commercial resource for the City. (Resolution Creating LCD is attached as Exhibit Pages 0276-0284) The Ordinance creating the LCD noted that “The Calle 24 Latino Cultural District memorializes a place whose richness of culture, history and entrepreneurship is unrivaled in San Francisco.” The District was established “to stabilize the displacement of Latino Businesses, and residents, preserve Calle 24 as the center of Latino culture and commerce, enhance the unique nature of Calle 24 as a special place for San Francisco’s residents and tourists, . . .” and that its contribution will provide “cultural visibility, vibrancy, and economic opportunity for Latinos in the City and County of San Francisco.” (See Exhibits Page 0718)

The Calle 24 Latino Cultural District Community Council (“the Council”), a nonprofit consisting of community stakeholders in the LCD, has stated as its mission: “To preserve, enhance, and advocate for Latino cultural continuity, vitality, and community in San Francisco’s touchstone Latino Cultural District and the greater Mission community”. (Exhibits Page 302) With funding from the Mayor’s Office of Economic and Workforce Development and technical support from the Gato Group, the Council engaged in an extensive planning process that included numerous stakeholder interviews, four focus groups, a study session with expert consultants, and four community meetings. At the conclusion, the Council prepared a report on its community planning process. (Exhibits Pages 305-308) Among the Council’s initiatives are the creation of a Special Use District and a Cultural Benefits Campaign district. These initiatives are currently in process.

The report noted that “there were major concerns among all stakeholders about the **lack of affordable housing** and about the gentrification and recent eviction and displacement of long-time residents. A related theme was the **rapid transformation** underway with some saying they wanted to prevent another ‘Valencia’ (referring to the way Valencia lost much of its Latino culture in the 1990s and 2000s)”. (Emphasis original) (Exhibits Page 297)

Unfortunately, we are beginning to see the Valenciazation of the LCD. Small mom and pop businesses are being replaced by upscale corporate-owned businesses. Non-profits such as the 40-year-old Galaria de la Raza, on month-to-month tenancies are extremely vulnerable. They are also seeing a diminution of their customer base due to gentrification and the resulting displacement.

While it is true that “gentrification” is already occurring in the area, with little market rate development, the sudden influx of over 650 households earning 200% AMI will pour gasoline on the fire. (See “cumulative impacts” below)

Development has already demonstrated the potential physical impacts of continued market rate development. For instance, at a proposed project on 24th and York, the owner plans to build 12 condo townhomes which will cover a mural that has been on there over 30 years and is part of the Precita eyes mural tours. The famous Carlos Santana mural on 22nd and South Van Ness was completely covered when the lot in front built housing. In Balmy Alley new owners of a property wanted to remodel and add a second unit which faced balmy ally, covering a 40 year-old mural.

More disturbing has been complaints by newcomers against neighboring Latino owned businesses from the owner and residents of the Vida on Mission Street. A group of new residents on Harrison St. calling themselves “the gang of five” said they would sue to stop Carnival. During Sunday Streets on 24th a group of neighbors did not want the low riders on Harrison Street, saying that they were intimidated by them. Additionally, neighbors have complained about “Mexican” music on 24th Street. Without sufficient mitigation and community benefits, problems such as these will only get worse with the influx of hundreds more “gentrifiers”, all to the detriment of the residents, businesses, and nonprofits that the City said it wanted to protect when it created the LCD. As we have seen on Valencia Street we can foresee gentrifiers requesting the police to move Latino youths, and adults, off “their” street corners.

B. Cumulative Impacts Must Be Examined.

Under Public Resources Code Section 21083 subdivision (b)(2).) "The possible effects of a project are individually limited but cumulatively considerable. As used in this paragraph ‘cumulatively considerable’ means that the incremental effects of an individual project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects." Stated otherwise, a lead agency shall require an EIR be prepared for a project when the record contains substantial evidence that

the "project has possible environmental effects that are individually limited but cumulatively considerable." (Guidelines section 15065 subdivision (a) (3).)

The impacts of the proposed project cannot be examined in isolation. The proposed project is not constructed inside a bubble. Both the project and its residents interact with the immediate community in multiple ways. Similarly, the environmental impacts of this project cannot be examined apart from other proposed projects currently in the pipeline. Including this project, there are approximately 666 luxury units currently in the pipeline that are located in or near the LCD. They are: 1515 South Van Ness Avenue (120 "market rate" units), 3314 Cesar Chavez (52 units), 2600 Harrison St. (20), 2799 24th St. (8), and 3357 26th St. (8). Proposed projects immediately adjacent to the LCD are: 1198 Valencia St. (52 units), 2918 Mission St. (38), 1298 Valencia St. (35), and 2600 Mission (20). Two blocks from the LCD is 2000-2070 Bryant Street (191 units).(Exhibits, Page 0097, 0098)

C. Cumulative Impacts of the Proposed Project and Other Market Rate Projects on the LCD are Subject to CEQA Review.

CEQA defines "environment" as "the physical conditions which exist within the area which will be affected by a proposed project, including land, air, water, minerals, flora, fauna, noise, and objects of historic or aesthetic significance." 14 CCR Sec. 15131(a). See e.g. *Eureka Citizens for Responsible Government v City of Eureka* (2007) 147 Cal.App.4th 357, 363). The cumulative impacts of the proposed project on the LCD are subject to CEQA because (1) They have a potential adverse impact on the businesses and nonprofits in the LCD and therefore may impact the physical environment, and (2) LCD is "historic" as defined in the Public Resources Code and the CCR. These impacts to land use were not examined in the PEIR because the LCD did not exist at the time the PEIR was prepared.

1) The Market Rate Projects Have a Potential Adverse Impact on the Physical Environment.

As previously stated, the City has placed great importance on the long-term viability of the LCD, by its creation, investment in the study by the Council (Exhibits, Pages 276-311), its inclusion in the MAP 2020 program, and by creation of a Legacy Business program along with other assistance to small businesses. Further, two of the primary objectives of the Mission Area Plan are to preserve the diversity of the Mission, and to "preserve and enhance the unique character of the Mission District Commercial Areas". (Exhibits Page 609). It is a resource worth preserving.

The proposed project itself will result in the influx of approximately 98 households earning 200% AMI. In the pipeline are projects proposing more than 500 more households in or near the LCD. It is no leap of faith to anticipate that the proposed project will result in higher rents on properties within the LCD especially for businesses and non-profits which do not have rent control protections. High wage earners have much more disposable income than most residents of the area. According to 2009-2013 census estimates, the median income for residents in the census tract on which the proposed project site is situated was \$51,510 (or 50% Median Income for a family of four). In addition to having significantly more disposable incomes and ability to purchase higher priced goods and services, these newcomers are more likely to have different consumer preferences, affecting both price and the nature of the goods and services provided by businesses in the 24th Street corridor. We might ask "how can the City provide economic opportunities for Latinos if its policies price Latinos out of the market?" We only need look at Valencia Street to see how the influx of higher wage earners with only modest market rate development can impact a commercial corridor, substituting for mom and pop businesses with high end restaurants and clothing stores. Envisioning a similar result along 24th Street is a far cry from "speculative," it is reasonably foreseeable.

Significant effect on the environment" is defined as "a substantial, or potentially substantial, *adverse change in any of the physical conditions within the area affected by the project* including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic or aesthetic significance. An economic or social change by itself shall not be considered a significant effect on the environment. A social or economic change related to a physical change may be considered in determining whether the physical change is significant." (Guidelines, § 15382, italics added.)

The Court's decision in *Bakersfield Citizens for Local Control v City of Bakersfield* (2004) 124 Cal.App. 4th 1184 is highly instructive on this issue and analogous to the matter currently before the Board. In *Bakersfield*, the city refused to consider the impacts of two proposed shopping centers on downtown businesses and the potential to cause urban decay. The Court held that the businesses were part of the physical environment for which an EIR was required. Noting that under Guidelines 15131(a) "(I)f forecasted economic or social effects of a proposed project directly or indirectly will lead to adverse physical changes in the environment, then CEQA requires disclosure and analysis of these resulting physical impacts. (Citations) subdivision (e) of Guidelines section 15064 provides that when economic or social effects of a project cause a physical change, this is to be regarded as a significant effect in the same manner as any other physical change resulting from the project."

Noting that this concept is not limited to the issue of urban decay, the Court referenced *El Dorado Union High School Dist. v City of Placerville* (1983) 144 Cal. App.3d, 123, 131, where the city was required to evaluate whether a proposed apartment house

development would necessitate the need to construct a new high school. In *Christward Ministry v. Superior Court* (1986) 184 Cal.App.3d 180, 197, the Court required a study as to whether the physical impacts associated with a new waste management facility under CEQA would disturb worship in an environmental retreat center.

Here, the cumulative impacts of the proposed project and other projects poses the risk of accelerated Valenciazation of the LCD. Here, mom and pop Latino owned and operated concerns are at risk being replaced by high end restaurants, clothing and accessory stores, and personal trainer gyms and yoga studios. This is a change in the physical environment that defies the City's designation of the district, the MAP 2020 process, and which the City has, at least by its words, sought to avoid.

The Council's repeated requests for evaluation of impacts and development of mitigation measures is supported by a recent report by The Institute for Government Studies. It concluded that: 1) on a regional level, creation of market rate housing will relieve displacement pressures, 2) the creation of affordable housing will have double the impact of relieving such pressures, and 3) "on a block group level in San Francisco, neither market-rate nor subsidized housing production has the protective power they do at a regional scale, likely due to the mismatch between demand and supply. (Exhibits, page 447, 456) The report further concluded that further analysis was needed "to clarify the complex relationship between development, affordability, and displacement at the local scale, . . . (and) also investing in the preservation of housing affordability and stabilizing vulnerable communities."

2) The Calle 24 Latino Cultural District Council has Made a Fair Argument that the Department Should Have Evaluated Cumulative Impacts on the LCD.

Finally, the Board should be mindful of the burdens of both the City and Appellant to provide "substantial evidence" to support their position. "[A]rgument, speculation, unsubstantiated opinion or narrative, evidence which is clearly inaccurate or erroneous, or evidence of social or economic impacts which do not contribute to, or are not caused by, physical impacts on the environment is not substantial evidence. Substantial evidence shall include facts, reasonable assumptions predicated upon facts, and expert opinion supported by facts." (Pub. Res. Code § 21082.2(c); Guidelines, § 15384.)

The Court in *Stanislaus Audubon Society v. County of Stanislaus* (1995) 33 Cal.App.4th 144, 151, stressed the "low threshold" vis-à-vis the presence of a fair argument, noting that a lead agency should not give an "unreasonable definition" to the term substantial evidence, "equating it with overwhelming or overpowering evidence. CEQA does not impose such a monumental burden" on those seeking to raise a fair argument of impacts. Whether the administrative record contains a fair argument sufficient to trigger preparation of an EIR is a question of law, not a question of fact. Under this unique test "deference to the agency's determination is not appropriate and its decision not to require an EIR can be upheld only when

there is no credible evidence to the contrary.”

In *Keep Our Mountains Quiet v. County of Santa Clara* (2015) 236 Cal.App.4th 714 lay testimony held sufficient to support fair argument. “Relevant personal observations of area residents on nontechnical subjects may qualify as substantial evidence.” *Pocket Protectors v. City of Sacramento* (2004) 124 Cal.App.4th 903, 928. “For example, an adjacent property owner may testify to traffic conditions based upon personal knowledge.” (*Citizens Assn. for Sensible Development of Bishop Area v. County of Inyo* (1985) 172 Cal.App.3d 151, 173.) Because substantial evidence includes “reasonable assumptions predicated upon facts” (Guidelines, § 15384, 17 subd. (b)) and “reasonable inferences” (id., subd. (a)) from the facts, factual testimony about existing environmental conditions can form the basis for substantial evidence.⁹ (Guidelines, § 15384; *Banker’s Hill, Hillcrest, Park West Community Preservation Group v. City of San Diego* (2006) 139 Cal.App.4th 249, 274 (*Banker’s Hill*) [“local residents may testify to their observations regarding existing traffic conditions”]. “The question is not whether [citizen testimony] constitutes proof that [particular effects] will occur,” but whether it (or

reasonable inferences from it) “constitutes substantial, credible evidence that supports a fair argument that . . . [the project] may have a significant impact on the environment.” Emphasis supplied) *Rominger v. County of Colusa* (2014) 229 Cal.App.4th 690, 721

Here, the Department has provided no evidence to support its position. The PEIR does not mention the LCD (because the LCD did not exist at the time the PEIR was prepared) and the Department refused to consider the impacts when so requested.

By contrast Appellant Council has provided substantial evidence to support a fair argument that the cumulative direct and indirect impacts of this and other projects at or near the LCD could, directly or indirectly adversely affect the LCD – which is part of the physical environment. The Council has presented the resolution creating the geographic area constituting the LCD (Exhibits Page 0276) the report concerning the threats to the LCD (Exhibits, Pages 0285); the extent of market rate development proposed in or near the LCD (Exhibits, Page 0097, 0098), letters describing the connection between “market rate” development and threats to LCD businesses and nonprofits. (Exhibits, Pages 61, 63) the Budget Analyst report describing income levels in the Mission (Exhibits 547), and census information regarding income levels for residents living in or adjacent to the proposed site and within the LCD (<http://www.census.gov/censusexplorer/censusexplorer.html> - showing household AMI for the subject census tract at \$60,479 and across the street from the site, a household income at \$51,510)

Accordingly, the City failed to meet its informational obligations under CEQA. The Certification of Exemption from Environmental Review is therefore defective and cannot be relied on for approval of the proposed project. Before we can proceed with this and other projects, we need to understand their impacts on the LCD and potential mitigation measures that will lessen those impacts.

2. The LCD is an Historic Resource.

Notwithstanding the potential physical impacts described above, and in addition to those impacts LCD qualifies as an Historic Resource and the impacts on this resource must also be evaluated under CEQA against the CRHR criteria prior to making a finding as to a proposed project's impacts to historical resources A project that may cause a substantial adverse change in the significance of an historical resource is a project that may have a significant effect on the environment. (Pub. Res. Code § 21084.1; Guidelines §15064.5).

A historical resource is defined as any object, building, structure, site, area, place, record, or manuscript that: a) Is historically or archaeologically significant, or is significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, or cultural annals of California; and b) Meets any of the following criteria: (1) Is associated with events that have made a significant contribution to the broad patterns of California's history and cultural heritage; (2) Is associated with the lives of persons important in our past; (3) Embodies the distinctive characteristics of a type, period, region, or method of construction, or represents the work of an important creative individual, or possesses high artistic values; or (4) Has yielded, or may be likely to yield, information important in prehistory or history (14 CCR 15064.5(a)(3)). These businesses and nonprofits in the LCD have been recognized as an important cultural and commercial resource for the City whose "richness of culture, history and entrepreneurship is unrivaled in San Francisco."

The near and long term preservation and enhancement of the LCD is a stated goal of the City. This, of necessity, includes the physical presence of its residents, businesses, and non-profits, which we submit are endangered by the extensive market rate development slated for the area.

IV. The Community Plan Exemption Reliance on the PEIR was Improper Because: 1) The PEIR Contemplated Production of no More than 2,054 Units with an Approved Preferred Project of 1,696 Units for the Mission Area: as of February, 2016 there were 2,451 Units Either Completed or Under Environmental Review; and 2) Other Substantial New Information Renders the PEIR Out of Date. These Changes Cumulatively Impact Areas of Land Use, Consistency with Area Plans and Policies, Recreation and Open Space, Traffic and Circulation, Transit and Transportation

The Department should not have issued a Certificate of Exemption under the Eastern Neighborhoods Plan EIR (PEIR) instead of a project EIR. The use of the PEIR in this way presupposes that it is sufficiently current to address all areas required under CEQA. The Mission Plan had as its goals *inter alia* to produce a substantial amount of affordable housing, preserve diversity and vitality of the Mission, preserve and enhance the distinct character of the Mission's distinct commercial areas, and preserve and enhance existing PDR businesses. (Exhibits, Page 621 at page 632) The PEIR assumed these goals and presumably believed that they would be realized under the ENP. Now, eight years later, it has become painfully apparent that the Plan is falling short of its goals and that its implementation is out of balance with changing circumstances in the neighborhood. Of the 1855 units entitled or under review as of between 2011 and 12/31/15, only 12% were affordable. An additional 504 units were built during this period, however the monitoring report does not state how many were affordable. (Exhibits, Mission Monitoring Report – Pages 137, 139), Likewise the Eastern Neighborhoods Plan Community Advisory Council had noted that many of ENP outcomes have been skewed in the wrong direction. (Exhibits Pages,99-109)

On September 13, this Board of Supervisors, when considering the project at 2000 to 2070 Bryant Street, expressed serious concerns about the efficacy of the Eastern Neighborhoods Plan in today's environment. (See http://sanfrancisco.granicus.com/MediaPlayer.php?view_id=10&clip_id=26119 beginning at 3:16).

At least part of the reason for the disconnect between the goals and the outcomes is that there have been numerous changes on the ground that have direct, indirect and cumulative impacts on the environment. These changes impact on the physical environment in terms of the physical character of the Mission, notably the character of commercial areas and the presence of PDR businesses, as well as recreation and open space, transportation infrastructure, and traffic and circulation. When substantial new information becomes available, CEQA Guidelines require comprehensive analysis of these issues. (CEQA Guidelines Sec. 15183). The situation on the ground has changed substantially since the PEIR was prepared in 2008 in the following ways:

- **An Unanticipated Rapid Pace of Development.** the PEIR was prepared in the midst of the “great recession” and did not project the steep increases in housing prices that we have witnessed during the past eight years. This has been especially exacerbated by the increase in high paying jobs that have come to the City. This has resulted in a construction explosion. As a result, the cumulative total of units built, approved, and under review in the pipeline (2,451 as of February 23, 2016), now exceeds the highest number of units contemplated in the Plan EIR for the Mission (2,056). The PEIR projected this production to take place over a much longer period of time - 2008 to 2025. Development has therefore accelerated at a pace higher than that anticipated in the PEIR. (Exhibits, Page 0097) Because of the unexpectedly rapid pace of development, community benefits, including improvements to the Mission’s traffic, transportation, open space, and recreation infrastructures have been unable to keep pace (ENCAC Response to Monitoring Report (99-108) - The report also noted that transportation impacts hurt businesses (at page 0107). The PEIR clearly did not anticipate this pace of development.
- **Disproportionate Construction of Market Rate Units as compared with Affordable Units.** As previously stated, only 12% of the units under construction, entitled, or under review are affordable units. This is worse than the deplorable City-wide totals. There, the number of market rate units have exceeded the RHNA Allocations while the number of units affordable to low and moderate income San Franciscans is well below the 60% RHNA allocation. (Exhibits, Page 205, 206). (see also Housing Balance Report at Page 0166 *et. seq.* Again, the PEIR could not have anticipated such poor performance in terms of affordability. This will have substantial traffic and transportation (see below) impacts as well as impacts on types of businesses in our neighborhoods (as previously discussed).
- **Disappearance of Redevelopment Money.** In 2012, Redevelopment Agencies throughout the State were dismantled and with that about \$1 billion per year for affordable housing. Now Cities have to struggle to meet affordable housing needs.
- **State of Advanced Gentrification in the Mission.** The glut of high income earners in the Mission has created an “advanced gentrification” that was not anticipated at the time of the PEIR. <http://missionlocal.org/2015/09/sf-mission-gentrification-advanced/> With this gentrification, small Latino “mom and pop” businesses and non-profits have been replaced with high end restaurants, clothing and accessory stores, and other businesses that cater to high earners. Additional high income earners who will occupy the proposed market rate units will further exacerbate these problems. (*Case Studies on Gentrification and Displacement in the San Francisco Bay Area* (Begins at Page 298.) The San Francisco Analyst has reported that the Mission has lost 27% of its Latinos and 26% of its families with children since 2000.

One would hope that if the 2008 EIR was able to envision this advanced state that it would have advocated for more protective measures.

- **Gentrification Has Caused Unanticipated Increases in Traffic and Automobile Ownership.** The unanticipated influx of high earners in the Mission has resulted, and will result, in a substantial increase in the rate of automobile ownership in the Mission. Between 2000 to 2013, the number of households with automobiles increased from 37% to 64% - or 9,172 automobiles in 2000 to 16,435 in 2013. At the same time AMI increased from \$50,676 to \$75,269. (Exhibits, Pages 347, 348) It is now well recognized that high earners are twice as likely to own an automobile than their low income counterparts – even in transit rich areas such as the Mission. (Exhibits, Pages 331, *et. seq.*) The displacement of Mission residents has resulted in, and will result in, long reverse commutes to places of employment, children's schools, and social services that are not available in outlying areas. These reverse commutes further exacerbate traffic congestion and create greenhouse gas emissions not contemplated in the PEIR. A recent report by the Eviction Defense Collaborative following up on a sampling of 566 displaced clients found that nearly 39% were forced to move moved outside San Francisco. (Exhibits, Page 211)
- **Tech Shuttle Gentrification and Displacement Impacts.** The PEIR did not anticipate the impact of tech shuttles from a traffic standpoint, nor from that of the demand for housing. The specter of living within a few blocks of a free ride to work has caused many tech employees to move to areas where the shuttles stop – predominantly in the Mission. As such, we have high-earning employees exacerbating the already high demand for housing. The anti-eviction mapping project has documented the connection between shuttle stops and higher incidences of no-fault evictions. (Exhibits, Page 0213)
<http://www.antievictionmappingproject.net/techbusevictions.html>
- **MTA Traffic Changes Will Directly Impact the Proposed Project.** The recent traffic changes along Mission Street by the SFMTA forces mandatory right turns onto Cesar Chavez from Mission, and prohibits through traffic on Mission, which has added increased traffic on the surrounding residential streets. Much of the right turn traffic will then turn left at South Van Ness to This project will add 140 more households and significantly increase the traffic on Mission Street.
- **Luxury Housing Has Exacerbated the Demand for Affordable Housing.** A 2007 Nexus Study, commissioned by the Planning Department, (Exhibits, Page 214, 223, 224) concluded that the production of 100 market rate rental units generates a demand of 19.44 lower income households through goods and services demanded by the market rate tenants. [These conclusions were made in 2007, well before housing prices began their steep upward trajectory.

Today, new “market rate” two bedroom apartments rented in the Mission begin at about \$6,000 per month – requiring an annual household income of \$240,000.] At the time, the PEIR anticipated a 15% inclusionary rate. The current Nexus study waiting to be released is expected to show a demand of 28 affordable units for every 100 built. With a 12% inclusionary rate, there is a need for 16 additional affordable units per hundred market rate units produced. (28 minus 12 = 16) This was not anticipated in the PEIR.

These changed circumstances render the current PEIR obsolete. A Community Plan Exemption is therefore not appropriate for this project and should not have been issued, due to new conditions that were not contemplated in the 2008 EN EIR, and the overbuilding of market rate units in the Mission, which have exceeded the unit count contemplated in the EN EIR.

V. The Department has Engaged in a Pattern and Practice of Allowing Community Plan Exemptions Despite the Fact that it is No Longer an Accurate Informational Tool to Evaluate the Environmental Impacts of a Project.

The improper grant of a Community Plan Exemption is part of a pattern and practice used by the City to approve residential development projects. The facts stated above demonstrate that this practice is improper as applied to proposed projects within both the Mission Area Plan and the LCD. This is in violation of the mandates of CEQA and applicable state and local land use policies and regulations. Employment of the community plan exemption routinely relies on an out of date Plan EIR that fails to account and/or provide adequate mitigation for significant direct, indirect, and cumulative environmental impacts. The City’s policy to approve projects based upon a community plan exemption rather than conduct project level review forms a pattern of actions and/or is embedded in routine practices that are implemented despite the public’s request to implement corrective measures and are a detriment to the environment. See *Californians For Native Salmon etc. v. Department of Forestry* (1990) 221 Cal.App.3d 1419, 1426-1430.

As such, the Board of Supervisors Should instruct the Department to refrain from using Community Plan Exemptions for projects within the boundaries of the mission Area Plan, including the LCD.

VI. Conditional Use Should Be Denied Because of Inconsistency with Eastern Neighborhoods Plan and Mission Area Plan Objectives, and Inconsistency with Interim Control and Mission Area Plan 2020, and is therefore not Necessary or Desirable.

In addition to exemption from environmental review, the applicant is seeking Condition Use authorization. The proposed project involves the consolidation of three lots, each zoned differently (RH-2, RH-3 and UMU). Conditional Use is being sought for exemption from:

1) rear yard requirements (PC Sec. 134), 2) dwelling unit exposure (PC Sec. 140), 3) off-street freight loading (PC Sec. 152.1, and 4) horizontal mass reduction (PC Section 270.1). Conditional use is also required under the Interim Controls instituted by the Commission on January 14, 2016.

Planning Code Section 303(c)(1) requires a grant of conditional use only upon a finding that “the proposed use or feature, at the size and intensity contemplated and at the proposed location, will provide a development that is necessary or desirable for, and compatible with, the neighborhood or the community.”

The project as proposed is not necessary or desirable for and compatible with the community. Conditional use should be denied for several reasons: 1) the project is inconsistent with the stated purposes of the Eastern Neighborhoods Plan and the Mission Plan, 2) the proposed project does not comply with Interim Controls or MAP 2020 guidelines.

1. The Proposed Project is Inconsistent with the Stated Purposes of the Eastern Neighborhoods Plan and the Mission Plan.

In evaluating the desirability of the proposed project, the Commission should evaluate it in light of its inconsistency with the objectives of the Eastern Neighborhoods and Mission Plans. The EIR for the Eastern Neighborhoods Plan reflected the Eastern Neighborhood objectives as follows:

- *Reflect Local Values:* To develop a rezoning proposal that reflects the land use needs and priorities of each neighborhoods’ stakeholders and that meets citywide goals for residential and industrial land use.

- *Increase Housing:* To identify appropriate locations for housing in the City’s industrially zoned land to meet a citywide need for more housing, and affordable housing in particular. (emphasis supplied)

- *Maintain Some Industrial Land Supply:* To retain an adequate supply of industrial land to meet the current and future needs of the City’s production, distribution, and repair businesses and the city’s economy.

- *Improve the Quality of All Existing Areas with Future Development:* To improve the quality of the residential and nonresidential places that future development will create over that which would occur under the existing zoning.

The Mission Area Plan was even more specific in its land use policy: to protect “established areas of residential, commercial, and PDR, and ensuring that areas that have become mixed-use over time develop in such a way that they contribute positively to the neighborhood. A place for living and working also means a place where affordably priced housing is made available, a diverse array of jobs is protected, and where goods and services are oriented to the needs of the community.”

Mission-wide goals include:

- Increase the amount of affordable housing.
- Preserve and enhance the existing Production, Distribution and Repair businesses.
- Preserve and enhance the unique character of the Mission’s distinct commercial areas.
- Minimize displacement.

In light of these goals, the Commission must consider; 1) the proposed project’s removal of 25,000 square feet of PDR, 2) the provision of 98 luxury units as against only 19 affordable, 3) the impacts on the LCD, and 4) the merits, or lack of merits of the exemptions that the applicant is seeking.

2. The Proposed Project Does Not Comply with Interim Controls or MAP 2020 Objectives.

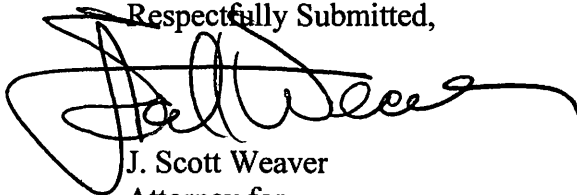
Under the Interim Controls, the sponsor is required to evaluate, from a socio-economic perspective, how the proposed project would affect existing and future residents, business and community serving providers in the area. (Interim Controls, IV.C(1)). The sponsor completely avoided any meaningful evaluation, and made no mention of the potential impact on the LDC. Instead, the sponsor described the population changes in the Mission as a whole, including the continued decimation of Latino households in the Mission. The sponsor’s report concluded that the proposed project will “not impact” the demographic changes occurring in the Mission. There is no credible data that supports this, and again, all the more reason why cumulative impacts of luxury development in the Latino Cultural District should be studied.

In the preamble to the Interim Controls, the Commission found that they were consistent with the eight priority policies of section 101.1 of the Planning Code including: 1) preserving and enhancing neighborhood employment and ownership of neighborhood-serving businesses; 2) preserving, existing neighborhood character and economic and cultural diversity; and 3) preserving and enhancing affordable housing.

Likewise, the stated purpose of the MAP 2020 Planning Process is to “retain low to moderate income residents and community-serving businesses (including Production, Distribution, and Repair) artists and nonprofits in order to strengthen and preserve the socioeconomic diversity of the Mission neighborhoods”.

The cumulative impacts of this and other predominantly luxury development projects create a result 180 degrees opposite the purposes of Interim Controls and the MAP 2020 process. The commission cannot make an informed decision as to whether the project, both individually and cumulatively, is “necessary or desirable for and compatible with the neighborhood or community. For that reason, the Commission should require evaluation of these impacts.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'J. Scott Weaver', written over the typed name.

J. Scott Weaver
Attorney for
Calle 24 Latino Cultural District Council

JSW:sme

Leg clerk.
C-Pages
File #s 161140-
161149

From: Board of Supervisors, (BOS)
Sent: Wednesday, April 26, 2017 11:23 AM
To: BOS-Supervisors
Subject: FW: Continuance of 2675 Folsom

-----Original Message-----

From: Theodore Randolph [mailto:t@theodr.net] On Behalf Of Theodore
Sent: Wednesday, April 19, 2017 3:01 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Continuance of 2675 Folsom

Hello Supervisors,

4 weeks ago, I commented at a hearing about whether to approve the CEQA appeal of 2675 Folsom. I couldn't make it this time because I was skipping work to teach math. As I expected, 4 weeks was a lie. I don't mean "a lie" the way a silver-tongued lawyer would. I'm not a lawyer. I mean it in the common sense way, the way Mickey Mouse is copyrighted forever instead of for a "limited time."

4 weeks ago, Supervisor Ronen moved to delay this housing project. The very next day, Supervisor Ronen berated the mayor's staff for taking 2 years trying to house teachers and having nothing to show for it. You are part of the problem. Your institution, the Board of Supervisors, makes housing slower and more expensive. Teacher housing does not get an exemption. The Mayor's office has to go through the same studies and appeals and delays as Axis Group and everybody else. Affordable housing doesn't get a free pass.

You aren't even punishing the developers. Nadhiri and Oliphant knew what they were getting themselves into when they started Axis. They are not the ones who pay for this broken process. The people who need housing are the ones who pay for these delays and expenses. That is why you should vote on the issue at hand. Is Axis Development Group following the law? Yes or no? You've had since November to think about it.

Voting to delay is a dereliction of your duty to the people of San Francisco.

Signed,
Theodore Randolph
Voter in Excelsior district

Leg Clerk
C-Pages
File #s 161146,
161149

From: Board of Supervisors, (BOS)
Sent: Tuesday, April 18, 2017 9:52 AM
To: BOS-Supervisors; Jalipa, Brent (BOS)
Subject: FW: 3 PM Special comments supporting appeal

From: mari eliza [mailto:mari_eliza_@yahoo.com]
Sent: Tuesday, April 18, 2017 9:31 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Cc: Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Farrell, Mark (BOS) <mark.farrell@sfgov.org>; Sandra Lee Fewer <sandra@sandrafewer.com>; Tang, Katy (BOS) <katy.tang@sfgov.org>; Breed, London (BOS) <london.breed@sfgov.org>; Kim, Jane (BOS) <jane.kim@sfgov.org>; Yee, Norman (BOS) <norman.yee@sfgov.org>; Sheehy, Jeff (BOS) <jeff.sheehy@sfgov.org>; hilary.ronen@sfgov.org; Cohen, Malia (BOS) <malia.cohen@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>
Subject: 3 PM Special comments supporting appeal

April 18, 2017

Supervisors,

re: Support for the 3 PM Special – Items 20-22 161146 Appeal of Determination of Exemption From Environmental Review – proposed for 2675 Folsom Street

As you are well aware there is a lot of data that confirms the gentrifying effects building excessive amounts of market rate housing has on an established community such as we have in the Calle 24 Latino Cultural District. We already have many excessive developments approved and being built in the immediate area. In this case, you have the opportunity to stem the tide of new wealth that we know will uproot many people in the community by raising the rents. You know that more people will be displaced by allowing more market rate housing than would be displaced by only building affordable housing in the area.

Your other 3 PM special was settled prior to the hearing by a developer who worked with the supervisor and the community to reach a compromise. If you accept this appeal by the community you will force a similar settlement by this developer and send a message that you will continue to prioritize protecting this neighborhood and the residents living in it.

Please be concerned about those people you will be displacing if you vote to deny the appeal.

Sincerely,

Mari Eliza, concerned citizen

From: [Board of Supervisors, \(BOS\)](#)
To: [BOS-Supervisors](#); [BOS Legislation, \(BOS\)](#)
Subject: File 161146 FW: Support
Date: Tuesday, March 21, 2017 12:12:25 PM

-----Original Message-----

From: kevin holmgren [mailto:kevin_holmgren@yahoo.com]
Sent: Tuesday, March 21, 2017 11:09 AM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Support

I support Union Construction at the Folsom Mission 100% Sent from my iPhone

From: [Board of Supervisors, \(BOS\)](#)
To: [BOS-Supervisors](#); [BOS Legislation, \(BOS\)](#)
Subject: File 161146 FW: support CEQA appeal against Axis Development
Date: Monday, March 20, 2017 5:19:10 PM

From: Frances Taylor [mailto:duck.taylor@yahoo.com]
Sent: Monday, March 20, 2017 12:14 PM
To: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: support CEQA appeal against Axis Development

Dear Supervisors--

I am writing to ask you to support the CEQA appeal against Axis Development, which is seeking to build more luxury housing in a Mission District already drowning in units most people can't afford. We need more affordable housing in the Mission, not expensive condos and apartments that will add to the pressures currently driving out longtime residents.

Thank you,
Fran Taylor, 40+-year Mission resident
2982 26th Street
duck.taylor@yahoo.com

From: [Board of Supervisors, \(BOS\)](#)
To: [BOS-Supervisors](#); [BOS Legislation, \(BOS\)](#)
Subject: FW: File No. 161146 2675 folsom st
Date: Tuesday, November 29, 2016 4:03:20 PM
Importance: High

From: Marquez, Juliana (DPH)
Sent: Tuesday, November 29, 2016 4:00 PM
To: Campos, David (BOS) <david.campos@sfgov.org>; Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: File No. 161146 2675 folsom st
Importance: High

Hello,

I was unable to go to the hearing today at 3pm to express my concerns about the possibility of a 40-X height building. I reside on 2637-2639 Folsom st, my mom lives in the top unit and I live in the bottom unit. My home is about two houses away from the warehouse. My concern is once this 40-X height building is up I won't have much sunlight or air in my backyard. I live in the bottom unit and I barely have any sun light coming in to my home. I enjoy the open space around my backyard and enjoy having family gatherings, I feel after this 40-X building is up I won't be able to enjoy my backyard with my family and I'm terrified just thinking how much darker my living space will be. I've lived in this property over 30 years, it saddens me that a building 40-X high would affect me and my family in several ways.

Parking is another concern of mine and my neighbors. I know parking spaces are going to be limited in the building and street parking is going to be a nightmare for us who don't have a garage at home. I'm sure after this building comes up the city will take away street parking and make it white zone only. I was hoping if we can have residential parking on Folsom st and Treat st. Many people come and park on our block cause it's all day parking and they leave there cars and walk to Bart, Mission st, or catch Muni to go to work. I think this is unfair for us who live in this area.

Thank you for hearing my concerns,

Juliana Marquez
415 756 9747

From: [Victor M. Marquez](#)
To: jscottweaver@aol.com; [BOS Legislation. \(BOS\)](#)
Cc: sheila.chung.hagen@gmail.com; erick@calle24sf.org
Subject: Re: 2675 Folsom Street Appeal
Date: Tuesday, January 03, 2017 9:24:21 AM

Dear Mr. Carroll,

I am following up on behalf of the Project Sponsor to confirm that the parties have in fact agreed to continue the CEQA appeal to March 21, 2017, and, we have been informed that the CU Appeal which is scheduled for January 10, 2017 has been dropped by the Appellants.

If you have any questions, please do not hesitate to contact me at 415-314-7831.

Respectfully,

Victor

***Victor M. Marquez, Esq.
The Marquez Law Group
649 Mission Street, 5th Floor
San Francisco, 94102
(415) 848-8971 office
(415) 314-7831 cell***

-----Original Message-----

From: jscottweaver <jscottweaver@aol.com>
To: bos.legislation <bos.legislation@sfgov.org>
Cc: sheila.chung.hagen <sheila.chung.hagen@gmail.com>; victormarquezesq <victormarquezesq@aol.com>; erick <erick@calle24sf.org>
Sent: Tue, Dec 27, 2016 10:39 am
Subject: 2675 Folsom Street Appeal

Dear Mr. Carroll,

The parties have arrived at an understanding regarding the Appeals for the above-referenced project.

The hearing on the CEQA appeal will be continued to March 21, 2017.

The Appellants have agreed to withdraw the CU Appeal.

Thank you for you attention.

J. Scott Weaver
4104 24th Street, #957
San Francisco, CA 94114

(415) 317-0832

Carroll, John (BOS)

From: BOS Legislation, (BOS)
Sent: Wednesday, January 04, 2017 4:05 PM
To: jscottweaver@aol.com; mnadhiri@axisdevgroup.com; toliphant@axisdevgroup.com
Cc: Givner, Jon (CAT); Stacy, Kate (CAT); Byrne, Marlena (CAT); Sanchez, Scott (CPC); Rodgers, AnMarie (CPC); Starr, Aaron (CPC); Sucre, Richard (CPC); Horner, Justin (CPC); Gibson, Lisa (CPC); Ionin, Jonas (CPC); BOS-Supervisors; BOS-Legislative Aides; Calvillo, Angela (BOS); Somera, Alisa (BOS); Rahaim, John (CPC); Lew, Lisa (BOS); Goldstein, Cynthia (PAB); victormarquezsq@aol.com; alexis@pelosilawgroup.com; BOS Legislation, (BOS); SafaiStaff (BOS); RonenStaff (BOS); FewerStaff (BOS)
Subject: Withdrawal and Proposed Continuance - Conditional Use and Community Plan Exemption Appeals - Proposed Project at 2675 Folsom Street - Appeal Hearing on January 10, 2017
Categories: 161150, 161146

Good afternoon,

Please find linked below an email received by the Office of the Clerk of the Board from the Appellant and Project Sponsor, concerning the Community Plan Exemption and Conditional Use Authorization Appeals for the proposed project at 2675 Folsom Street.

Appellant and Project Sponsor Emails - January 3, 2017

Please note that the Appellants have agreed to withdraw their contest of the *Conditional Use Authorization*. However, due to the fact that the Board continued the hearing on this matter to January 10, the hearing for **the Conditional Use Appeal must still appear on the agenda for special order at 3:00 p.m.**

As regards the proposed continuance date of March 21, 2017 for the *Exemption Determination Appeal*, please note that only the Board of Supervisors has the ability to continue the matter. Should a member of the Board find it desirable to continue the hearing to a later date, they will move to continue after the matter has been called by the Clerk, as per our usual procedures.

I invite you to review the entire matter on our Legislative Research Center by following the links below:

Board of Supervisors File No. 161146

Board of Supervisors File No. 161150

Thank you,

John Carroll

Legislative Clerk

Board of Supervisors

San Francisco City Hall, Room 244

San Francisco, CA 94102

(415)554-4445 - Direct | (415)554-5163 - Fax

john.carroll@sfgov.org | bos.legislation@sfgov.org



Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form.

The Legislative Research Center provides 24-hour access to Board of Supervisors legislation and archived matters since August 1998.

Disclosures: Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying

From: Victor M. Marquez
To: jscottweaver@aol.com; BOS Legislation, (BOS)
Cc: sheila.chung.hagen@gmail.com; erick@calle24sf.org
Subject: Re: 2675 Folsom Street Appeal
Date: Tuesday, January 03, 2017 9:24:21 AM

Dear Mr. Carroll,

I am following up on behalf of the Project Sponsor to confirm that the parties have in fact agreed to continue the CEQA appeal to March 21, 2017, and, we have been informed that the CU Appeal which is scheduled for January 10, 2017 has been dropped by the Appellants.

If you have any questions, please do not hesitate to contact me at 415-314-7831.

Respectfully,

Victor

Victor M. Marquez, Esq.
The Marquez Law Group
649 Mission Street, 5th Floor
San Francisco, 94102
(415) 848-8971 office
(415) 314-7831 cell

-----Original Message-----

From: jscottweaver <jscottweaver@aol.com>
To: bos.legislation <bos.legislation@sfgov.org>
Cc: sheila.chung.hagen <sheila.chung.hagen@gmail.com>; victormarquezsq
<victormarquezsq@aol.com>; erick <erick@calle24sf.org>
Sent: Tue, Dec 27, 2016 10:39 am
Subject: 2675 Folsom Street Appeal

Dear Mr. Carroll,

The parties have arrived at an understanding regarding the Appeals for the above-referenced project.

The hearing on the CEQA appeal will be continued to March 21, 2017.

The Appellants have agreed to withdraw the CU Appeal.

Thank you for your attention.

J. Scott Weaver
4104 24th Street, #957
San Francisco, CA 94114

(415) 317-0832

Carroll, John (BOS)

From: Victor M. Marquez <victormarquezesq@aol.com>
Sent: Monday, December 12, 2016 10:32 PM
To: Goossen, Carolyn (BOS); Johnston, Conor (BOS); Dilger, Rosie (BOS); Chung Hagen, Sheila (BOS); Carroll, John (BOS)
Cc: jscottweaver@aol.com; mnadhiri@axisdevgroup.com; toliphant@axisdevgroup.com; andrewmontoya932@hotmail.com; victormarquezesq@gmail.com; peter@pelosilawgroup.com; ross@lh-pa.com
Subject: Letter Reaffirming Continuance of the 2675 Folsom Street Project to January 10th
Attachments: 2675 Folsom Street-Axis Letter to Board of Supervisors (12-12-16).pdf
Categories: 161150, 161146

Dear President Breed and Supervisor Campos, and Clerk of the Board,

Please see the attached letter on behalf of Axis Development Group, Project Sponsor for the 2675 Folsom Street Project, which is on the Board of Supervisor's Agenda for tomorrow's Board hearing.

In brief, the Project Sponsor is writing to reaffirm the continuance of this item to January 10th in night of the Board's deliberation and the order of the pending study which is anticipated to be ready at the end of December 2016.

If you have any questions, please do not hesitate to contact the undersigned.

Respectfully,

Victor

Victor M. Marquez, Esq.
The Marquez Law Group
649 Mission Street, 5th Floor
San Francisco, 94102
(415) 848-8971 office
(415) 314-7831 cell

-----Original Message-----

From: Victor M. Marquez <victormarquezesq@aol.com>
To: Carolyn.Goossen <Carolyn.Goossen@sfgov.org>; Conor.Johnston <Conor.Johnston@sfgov.org>; Rosie.Dilger <Rosie.Dilger@sfgov.org>; sheila.chung.hagen <sheila.chung.hagen@sfgov.org>; john.carroll <john.carroll@sfgov.org>
Cc: jscottweaver <jscottweaver@aol.com>; mnadhiri <mnadhiri@axisdevgroup.com>; toliphant <toliphant@axisdevgroup.com>; andrewmontoya932 <andrewmontoya932@hotmail.com>; victormarquezesq <victormarquezesq@gmail.com>
Sent: Mon, Nov 21, 2016 11:51 am
Subject: Request for Continuance re 2675 Folsom Street Project

Dear President Breed, Supervisor Campos, and Clerk of the Board,

Attached please find a letter, on behalf of the Project Sponsor requesting a continuance of the appeal filed regarding the Planning Commission's determination to prepare a Community Plan Exemption ("CPE") under the California Environmental Quality Act ("CEQA") for our project at 2675 Folsom Street (Case No. 2014-000601ENX) ("Project").

The CEQA appeal is currently scheduled to be heard by the Board of Supervisors ("Board") on November 29, 2016.

We are respectfully requesting that the item be continued to January 10, 2017 for good cause.

If you have any questions, please do not hesitate to contact me at 415-314-7831.

Thank you.

Regards,

Victor

***Victor M. Marquez, Esq.
The Marquez Law Group
649 Mission Street, 5th Floor
San Francisco, 94102
(415) 848-8971 office
(415) 314-7831 cell***



December 12, 2016

President London Breed and
Supervisor Campos, District 9
San Francisco Board of Supervisors
City Hall Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: 2675 Folsom Street
File No. 161146 (CEQA Appeal)
Hearing Date: December 13, 2016

Dear President Breed,

We are writing to confirm our understanding that a hearing on the appeal filed regarding the Planning Commission's determination to prepare a Community Plan Exemption ("CPE") under the California Environmental Quality Act ("CEQA") for our project at 2675 Folsom Street (Case No. 2014-000601ENX) ("Project") will be continued to January 10, 2017. The CEQA appeal is currently scheduled to be heard by the Board of Supervisors ("Board") on December 13, 2016.

Prior to the November 29, 2016 hearing, both the Appellant and the Project Sponsor agreed to a continuance to the January 10, 2017 Board meeting. On November 29, 2016, the Board acknowledged this agreement, but elected to continue the Project's appeal to December 13, 2016, with the understanding that, if the Planning Department had not completed its additional analysis of the socioeconomic impacts associated with development projects in the Eastern Neighborhoods Plan area by the December 13, 2016 hearing date, the Board would continue the appeal to the agreed upon date of January 10, 2017.

As the Planning Department has not completed its analysis, we are writing to reaffirm our understanding that this matter will be continued to January 10, 2017, to allow the Planning Department sufficient time to complete its work.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Muhammad A. Nadhiri", written over a horizontal line.

Muhammad A. Nadhiri
Managing Partner

A handwritten signature in dark ink, appearing to read "Theo F. Oliphant", written over a horizontal line.

Theo F. Oliphant
Managing Partner



Cc: Members, San Francisco Board of Supervisors
Clerk, San Francisco Board of Supervisors

From: Chung Hagen, Sheila (BOS)
To: Carroll, John (BOS); BOS Legislation, (BOS)
Cc: BOS-Supervisors; BOS-Legislative Aides; Rodgers, AnMarie (CPC); Starr, Aaron (CPC); Gibson, Lisa (CPC); Horner, Justin (CPC); Sucre, Richard (CPC)
Subject: Continuance Request - CU & EIR Appeals of 2675 Folsom Street
Date: Thursday, November 10, 2016 5:26:34 PM

Both the project sponsor and appellant for the project at 2675 Folsom Street have requested that the CU and CPE appeals be heard on December 6, 2016 instead of November 29, 2016. Supervisor Campos will make a motion to that effect at the November 29th meeting. Thank you.

Sheila

.....
Sheila Chung Hagen
Legislative Aide
Office of Supervisor David Campos
415-554-5144 | sheila.chung.hagen@sfgov.org

From: Victor M. Marquez [<mailto:victormarquezesq@aol.com>]
Sent: Monday, November 07, 2016 7:36 PM
To: Chung Hagen, Sheila (BOS) <sheila.chung.hagen@sfgov.org>
Subject: 2675 Folsom Street

Dear Sheila,

On behalf Axis Development Group, the Project Sponsor for the 2675 Folsom Street Residential Project, i am writting to formalize our request for a Continuance on the CU and CEQA appeals, respectively, which are currently scheduled for a hearing before the Board of Supervisors on November 29, 2016.

We hereby requeste a continuance to December 6, 2016.

If you have any questions, please do not hesitate to contact me

Regards,

Victor

Victor M. Marquez
The Marquez Law Group
649 Mission Street, 5th Floor
San Francisco, CA 94105
(415) 848-8971 office
(415) 314-7831 cell

From: jscottweaver@aol.com [<mailto:jscottweaver@aol.com>]

Sent: Monday, November 07, 2016 11:52 AM

To: Chung Hagen, Sheila (BOS) <sheila.chung.hagen@sfgov.org>

Subject: 2675 Folsom Street CU and Environmental Appeals

Dear Sheila,

We are requesting a brief, one week continuance of the hearing on the 2675 Folsom Street CU and Environmental appeals so that the appeals could be heard on December 6, 2016 rather than November 29, 2016 as currently scheduled.

Please let me know if this request can be accommodated.

J. Scott Weaver
4104 24th Street, #957
San Francisco, CA 94114

(415) 317-0832

Carroll, John (BOS)

From: SF Docs (LIB)
Sent: Tuesday, November 15, 2016 12:52 PM
To: BOS Legislation, (BOS)
Subject: RE: HEARING NOTICE - Appeal of Community Plan Exemption and Conditional Use - Proposed 2675 Folsom Street Project - Appeal Hearing on November 29, 2016

Categories: 161220, 161216

Hi Brent,

I have posted the notice.

Thank you,

Michael

From: BOS Legislation, (BOS)
Sent: Tuesday, November 15, 2016 12:11 PM
To: SF Docs (LIB) <sfdocs@sfpl.org>
Cc: BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Subject: FW: HEARING NOTICE - Appeal of Community Plan Exemption and Conditional Use - Proposed 2675 Folsom Street Project - Appeal Hearing on November 29, 2016

Good afternoon,

Please kindly post the linked hearing notice below for public viewing.

Thanks in advance,

Brent Jalipa

Legislative Clerk

Board of Supervisors - Clerk's Office
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
(415) 554-7712 | Fax: (415) 554-5163
brent.jalipa@sfgov.org | www.sfbos.org

From: BOS Legislation, (BOS)
Sent: Tuesday, November 15, 2016 12:07 PM
To: jscottweaver@aol.com; mnadhiri@axisdevgroup.com; toliphant@axisdevgroup.com
Cc: Givner, Jon (CAT) <jon.givner@sfgov.org>; Stacy, Kate (CAT) <kate.stacy@sfgov.org>; Byrne, Marlena (CAT) <marlena.byrne@sfgov.org>; Sanchez, Scott (CPC) <scott.sanchez@sfgov.org>; Rodgers, AnMarie (CPC) <anmarie.rodgers@sfgov.org>; Starr, Aaron (CPC) <aaron.starr@sfgov.org>; Sucre, Richard (CPC) <richard.sucre@sfgov.org>; Horner, Justin (CPC) <justin.horner@sfgov.org>; Gibson, Lisa (CPC) <lisa.gibson@sfgov.org>; Ionin, Jonas (CPC) <jonas.ionin@sfgov.org>; BOS-Supervisors <bos-supervisors@sfgov.org>; BOS-Legislative Aides <bos-legislative_aides@sfgov.org>; Calvillo, Angela (BOS) <angela.calvillo@sfgov.org>; Somera, Alisa (BOS) <alisa.somera@sfgov.org>; Rahaim, John (CPC) <john.rahaim@sfgov.org>; Lew, Lisa (BOS) <lisa.lew@sfgov.org>; Goldstein, Cynthia (PAB) <cynthia.goldstein@sfgov.org>; victormarquezsq@aol.com; alexis@pelosilawgroup.com; BOS Legislation, (BOS) <bos.legislation@sfgov.org>

Subject: HEARING NOTICE - Appeal of Community Plan Exemption and Conditional Use - Proposed 2675 Folsom Street Project - Appeal Hearing on November 29, 2016

Good morning,

The Office of the Clerk of the Board has scheduled a hearing for Special Order before the Board of Supervisors on **November 29, 2016, at 3:00 p.m.**, to hear an appeal of the Community Plan Exemption and Conditional Use Authorization of the proposed project at 2675 Folsom Street.

Please find the following link to the hearing notice for the matter.

[November 29, 2016 - Board of Supervisors - 2675 Folsom Street Appeals](#)

I invite you to review the entire matter on our [Legislative Research Center](#) by following the link below:

[Board of Supervisors File No. 161146](#)

[Board of Supervisors File No. 161150](#)

Thank you,

Brent Jalipa

Legislative Clerk

Board of Supervisors - Clerk's Office

1 Dr. Carlton B. Goodlett Place, Room 244

San Francisco, CA 94102

(415) 554-7712 | Fax: (415) 554-5163

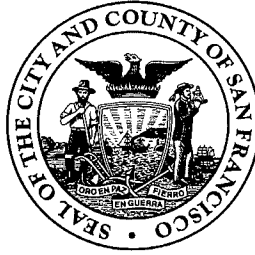
brent.jalipa@sfgov.org | www.sfbos.org



Click [here](#) to complete a Board of Supervisors Customer Service Satisfaction form

***Disclosures:** Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors' website or in other public documents that members of the public may inspect or copy.*

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

NOTICE OF PUBLIC HEARING

BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO

NOTICE IS HEREBY GIVEN THAT the Board of Supervisors of the City and County of San Francisco will hold a public hearing to consider the following appeals and said public hearings will be held as follows, at which time all interested parties may attend and be heard:

Date: Tuesday, November 29, 2016


Time: 3:00 p.m.

Location: Legislative Chamber, City Hall, Room 250
1 Dr. Carlton B. Goodlett, Place, San Francisco, CA

Subject: **File No. 161146.** Hearing of persons interested in or objecting to the determination of exemption from environmental review under the California Environmental Quality Act issued as a Community Plan Exemption by the Planning Department on June 27, 2016, and approved by the Planning Commission on September 22, 2016, for the proposed project located at 2675 Folsom Street, to allow the demolition of three two-story warehouse and storage structures, and contruction of a four-story, 40-foot tall residential building of approximately 109,917 square feet, within the UMU, RH-2, and RH-3 Zoning Districts and a 40-X Height and Bulk District. (District 9) (Appellant: J. Scott Weaver, on behalf of Calle 24 Latino Cultural District Community Council) (Filed October 21, 2016).

File No. 161150. Hearing of persons interested in or objecting to the certification of a Conditional Use Authorization pursuant to Planning Code, Sections 209.1 and 303, and Planning Commission Resolution No. 19548, for a proposed project at 2675 Folsom Street, Assessor's Parcel Block No. 3639, Lot Nos. 006, 007, and 024, identified in Case No. 2014-000601CUA, issued by the Planning Commission by Motion No. 19745 dated September 22, 2016, to allow dwelling unit density at a ratio of one dwelling unit per 1,000 square feet of lot area in the RH-3 Zoning District, and allow the new construction of more than 75 dwelling units per the Mission 2016 Interim Zoning Controls, within the UMU, RH-2, and RH-3 Zoning Districts, and a 40-X Height and Bulk District. (District 9) (Appellant: J. Scott Weaver, on behalf of Calle 24 Latino Cultural District Community Council) (Filed October 24, 2016).

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on these matters may submit written comments prior to the time the hearing begins. These comments will be made as part of the official public record in these matters and shall be brought to the attention of the Board of Supervisors. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA, 94102. Information relating to this matter is available in the Office of the Clerk of the Board and agenda information relating to these matters will be available for public review on Wednesday, November 23, 2016.


Angela Calvillo
Clerk of the Board

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

October 31, 2016

File No. 161146, 161150

Planning Case No. 2014.000601ENV and 2014.00601CUA

Received from the Board of Supervisors Clerk's Office two checks, in the amount of Five Hundred Seventy Eight Dollars (\$578) each, representing filing fee paid by J. Scott Weaver - West Bay Law, on behalf of Calle 24 Latino Cultural District Community Council, for appeal of the CEQA Exemption Determination and Conditional Use for the proposed project at 2675 Folsom Street.

Planning Department

By:

Tomy
Print Name

[Signature] 11/1/16
Signature and Date

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

PROOF OF MAILING

Legislative File No. 161146

Description of Items: Public Hearing Notice - 2675 Folsom Street - CEQA Exemption Determination Appeal

{Insert Hearing Title Information}


I, Brent Jalipa, an employee of the City and County of San Francisco, mailed the above described document(s) by depositing the sealed items with the United States Postal Service (USPS) with the postage fully prepaid as follows:

Date: 11/15/16

Time: 11:04 a.m.

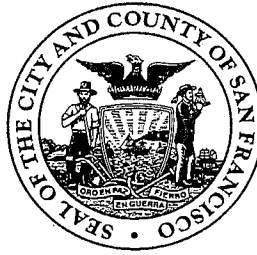
USPS Location: Repro Pick-up Box in the Clerk of the Board's Office (Rm 244)

Mailbox/Mailslot Pick-Up Times (if applicable): N/A

Signature: 

Instructions: Upon completion, original must be filed in the above referenced file.

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

October 27, 2016

J. Scott Weaver
West Bay Law
4104 24th Street No.957
San Francisco, CA 94114

Subject: Appeal of the Adoption of Community Plan Exemption, and Conditional Use Authorization - 2675 Folsom Street Project

Dear Mr. Weaver:

The Office of the Clerk of the Board is in receipt of a memorandum dated October 25, 2016, from the Planning Department regarding their determination on the timely filing of appeal of the adoption of the Community Plan Exemption for the proposed project at 2675 Folsom Street.

The Planning Department has determined that the appeal was filed in a timely manner.

The filing period to appeal both the Conditional Use Authorization and the Community Plan Exemption closed on Monday, October 24, 2016. The conditional use appeal was filed with the subscription of five members of the Board of Supervisors, and therefore meets the filing requirements of Planning Code, Section 308.1.

Pursuant to Administrative Code, Section 31.16, and Planning Code, Section 308.1, a hearing date has been scheduled for **Tuesday, November 29, 2016, at 3:00 p.m.**, at the Board of Supervisors meeting to be held in City Hall, 1 Dr. Carlton B. Goodlett Place, Legislative Chamber, Room 250, San Francisco, CA 94102.

Continues on next page

Please provide to the Clerk's Office by noon:

20 days prior to the hearing: names and addresses of interested parties to be notified of the hearing, in spreadsheet format; and

11 days prior to the hearing: any documentation which you may want available to the Board members prior to the hearing.

For the above, the Clerk's office requests one electronic file (sent to bos.legislation@sfgov.org) and two copies of the documentation for distribution.

NOTE: If electronic versions of the documentation are not available, please submit 18 hard copies of the materials to the Clerk's Office for distribution. If you are unable to make the deadlines prescribed above, it is your responsibility to ensure that all parties receive copies of the materials.

If you have any questions, please feel free to contact Legislative Clerks John Carroll at (415) 554-4445, or Brent Jalipa at (415) 554-7712

Very truly yours,



for Angela Calvillo
Clerk of the Board

c: Victor Marquez, Project Sponsor
Jon Givner, Deputy City Attorney
Kate Stacy, Deputy City Attorney
Marlena Byrne, Deputy City Attorney
John Rahaim, Planning Director
Scott Sanchez, Zoning Administrator, Planning Department
Lisa Gibson, Environmental Review Officer, Planning Department
Aaron Starr, Manager of Legislative Affairs, Planning Department
AnMarie Rodgers, Senior Policy Advisor, Planning Department
Richard Sucre, Staff Contact, Planning Department
Justin Horner, Staff Contact, Planning Department
Jonas Ionin, Planning Commission Secretary



SAN FRANCISCO PLANNING DEPARTMENT

MEMO

DATE: October 25, 2016
TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Lisa Gibson, Acting Environmental Review Officer *LG*
RE: Appeal Timeliness Determination – 2675 Folsom Street, Planning Department Case No. 2014-000601ENV

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

On October 21, 2016, J. Scott Weaver, filed an appeal of the exemption determination for the proposed project at 2675 Folsom Street with the Office of the Clerk of the Board on behalf of the Calle 24 Latino Cultural District Community Council (Appellant).

Timeline: The Planning Department issued a Certificate of Determination of Exemption for the project at 2675 Folsom on September 20, 2016. The Certificate identified the Approval Action for the project as the Large Project Authorization by the Planning Commission, as provided for in Planning Code Section 329. The Large Project Authorization was approved on September 22, 2016 (Date of the Approval Action).

Timeliness Determination: Section 31.16(a) and (e) of the San Francisco Administrative Code states that any person or entity may appeal an exemption determination to the Board of Supervisors during the time period beginning with the date of the exemption determination and ending 30 days after the Date of the Approval Action.

The Date of the Approval Action for the 2675 Folsom Street Project was September 22, 2016, 2016. Thirty days after the Date of the Approval Action was Saturday, October 22, 2016. The Appellant filed the appeal of the exemption determination on October 21, 2016, 29 days after the Date of the Approval Action. Therefore the appeal is considered timely.

Memo

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

October 24, 2016

To: John Rahaim
Planning Director

From: *hec* Angela Calvillo
Clerk of the Board of Supervisors

Subject: Appeal of California Environmental Quality Act (CEQA) Determination of Exemption from Environmental Review - 2675 Folsom Street

An appeal of the CEQA Determination of Exemption from Environmental Review for the proposed project at 2675 Folsom Street was filed with the Office of the Clerk of the Board on October 21, 2016, by J. Scott Weaver, on behalf of the Calle 24 Latino Cultural District Community Council.

Pursuant to Administrative Code, Chapter 31.16, I am forwarding this appeal, with attached documents, to the Planning Department to determine if the appeal has been filed in a timely manner. The Planning Department's determination should be made within three (3) working days of receipt of this request.

If you have any questions, please feel free to contact Legislative Clerks John Carroll at (415) 554-4445 or Brent Jalipa at (415) 554-7712.

c: Jon Givner, Deputy City Attorney
Kate Stacy, Deputy City Attorney
Marlena Byrne, Deputy City Attorney
Scott Sanchez, Zoning Administrator, Planning Department
Lisa Gibson, Environmental Review Officer, Planning Department
AnMarie Rodgers, Senior Policy Advisor, Planning Department
Aaron Starr, Manager of Legislative Affairs, Planning Department
Richard Sucre, Staff Contact, Planning Department
Justin Horner, Staff Contact, Planning Department
Jonas Ionin, Planning Commission Secretary, Planning Department

Print Form

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- ☐ 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- ☐ 2. Request for next printed agenda Without Reference to Committee.
- ☒ 3. Request for hearing on a subject matter at Committee.
- ☐ 4. Request for letter beginning "Supervisor [] inquires"
- ☐ 5. City Attorney request.
- ☐ 6. Call File No. [] from Committee.
- ☐ 7. Budget Analyst request (attach written motion).
- ☐ 8. Substitute Legislation File No. []
- ☐ 9. Reactivate File No. []
- ☐ 10. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.

Sponsor(s):

Clerk of the Board

Subject:

Hearing - Appeal of Determination of Exemption From Environmental Review - Proposed Project at 2675 Folsom Street

The text is listed below or attached:

Hearing of persons interested in or objecting to the determination of exemption from environmental review under the California Environmental Quality Act issued as a Community Plan Exemption by the Planning Department on June 27, 2016, and approved by the Planning Commission on September 22, 2016, for the proposed project located at 2675 Folsom Street, to allow the demolition of three two-story warehouse and storage structures, and construction of a four-story, 40-foot tall residential building of approximately 109,917 square feet, within the UMU (Urban Mixed Use), RH-2 (Residential Housing, Two Family), and RH-3 (Residential Housing, Three Family) Zoning Districts and a 40-X Height and Bulk District. (District 9) (Appellant: J. Scott Weaver, on behalf of Calle 24 Latino Cultural District Community Council) (Filed October 21, 2016)

Signature of Sponsoring Supervisor: Alisa Somera

For Clerk's Use Only: for