



SAN FRANCISCO PLANNING DEPARTMENT

To: Board of Supervisors Land Use and Transportation Committee (Supervisors Farrell, Peskin, and Tang) and Supervisor Kim

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Re: Central SoMa Plan – Public Benefits

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The purpose of this memo is to explain the Central SoMa Plan’s proposed public benefits strategy. This memo includes a discussion of the process to generate the Plan’s public benefits package, and details of the public benefits that are proposed to be provided through the Plan.

I. Executive Summary

The Central SoMa Plan’s proposed public benefits package has been generated based on several years of engagement with the community and City agencies. The proposal would raise over \$2 billion directed back to the wellbeing of the residents, workers, and visitors of the South of Market neighborhood for such needs as affordable housing, transit, and parks, as shown in Table I-1.¹

TABLE I-1. Central SoMa Plan: Public Benefits Summary

Public Benefit	Funding
AFFORDABLE HOUSING: 38% of new/rehabilitated housing are Below-Market Rate	\$940,000,000
TRANSIT: Investment in both local and regional transit service	\$500,000,000
PRODUCTION, DISTRIBUTION, & REPAIR (including arts): No net loss of PDR space due to the Plan	\$180,000,000
COMPLETE STREETS: safe and comfortable streets for people walking and biking	\$130,000,000
PARKS & RECREATION: transformative improvements such as parks, plazas, and recreation centers	\$170,000,000
ENVIRONMENTAL SUSTAINABILITY: a healthy, resilient, green, and resource-efficient neighborhood	\$70,000,000
SCHOOLS & CHILDCARE: funding to support a growing population	\$60,000,000
CULTURAL PRESERVATION: funding towards the Old Mint and other historic buildings	\$40,000,000

¹ The numbers contained in this table and throughout the document are draft, and subject to change based on further input and decisions made by the Planning Commission and Board of Supervisors.

COMMUNITY SERVICES: to serve the growing population	\$20,000,000
(TO BE DETERMINED): Additional funding whose use has not yet been identified.	\$70,000,000
TOTAL	\$2,180,000,000

II. Process

To develop the Central SoMa Plan’s community benefits package, the Planning Department worked iteratively over the past seven years with other agencies and community stakeholders. Concepts for infrastructure and public benefits were first developed for the Draft Central Corridor Plan in 2013, and further refined through additional outreach leading up to the Draft Central SoMa Plan in 2016. The Department held a series of public meetings and conducted an online survey in order to solicit public feedback on needs and funding priorities for public benefits. Details from these outreach events is chronicled at the project website (<http://centralsoma.sfplanning.org>).

This document describes a financially constrained list of projects that has been prioritized based on City and community feedback. It may not reflect the entire scope of possible infrastructure and service needs in the Plan Area, nor the longer term needs beyond the life of the Plan (anticipated as 25 years). It reflects public input on key neighborhood priorities and needs, informed by feedback from implementing agencies on project feasibility and cost. All public benefits identified will require further scoping and analysis on project design, financial feasibility, and implementation. Project scoping and planning has already begun for a number of the City agency projects identified here, with the goal of having projects ready for construction by the time that funding generated by the Plan becomes available. The City may choose to revisit this list of projects in the future, as the neighborhood evolves and/or new needs are identified. Any such process would involve substantial public input.

Additional technical analysis was conducted to support these proposed public benefits. A financial feasibility analysis by Seifel Consulting, Inc. was conducted in order to quantify the value created by the Plan and establish a financially feasible level of development requirements. Other nexus studies conducted for the City’s development impact fees provided further information on the amount of new infrastructure and services needed to serve new development. This document was also informed by methods and processes used for prior area planning processes (including Eastern Neighborhoods, Market & Octavia, and Transit Center District Plan).

Upon adoption of the Central SoMa Plan, its successful implementation will require collaboration among a diverse array of agencies, community members, and private actors. This includes oversight by the San Francisco Controller’s Office, the City’s Capital Planning Committee, the Interagency Plan Implementation Committee, and the Eastern Neighborhoods Citizens Advisory Committee. As a part of the Eastern Neighborhoods Area Plans, Central SoMa will also be subject to this area’s five-year monitoring and reporting requirements.

III. Public Benefits Program

“Public benefits” are goods and services expected to be generated by new development that typically: 1) support the broader community’s wellbeing; 2) are not provided voluntarily by the private sector (or at least not in sufficient quantity or quality to meet demand); and, 3) require some sort of subsidy or opportunity cost (e.g. public or private funding) to create, operate, and maintain. Common types of public benefits include affordable housing, parks, and transit service.

In order to fund public benefits, government agencies utilize “value capture” strategies – such as development requirements, taxes, fees, or other exactions. These strategies are often implemented

concurrently with investments in public infrastructure (such as new transit service) or increases in development potential for property owners. The public benefits generated through these strategies are typically delivered through one or more of the following three mechanisms:

- **Direct provision of benefit by a specific development project**, for instance, “on-site” affordable housing units or the provision of Privately Owned Publicly Accessible Open Spaces (POPOS). These public benefits are typically provided at the same time as the new development or shortly thereafter.
- **One-time impact fees** paid when a project is ready for construction. Within this category, the City employs two types of fees:
 - Citywide impact fees (e.g. Child Care Fee) levied on all applicable development types across the city.
 - Area plan impact fees (e.g. Eastern Neighborhood Community Infrastructure Fee) which apply to specific plan areas to fund infrastructure and service needed generated by new development.
- **Ongoing taxation** such as a Mello-Roos Community Facilities District (CFD).

This section describes the public benefits and the key funding sources expected to be generated by the Plan. There are nine categories of public benefits that would be funded by the Central SoMa Plan in support of its Goals, Objectives, and Policies. Table III-1 summarizes how the revenues generated by Plan would be allocated among these public benefits, accompanied by a detailed discussion of each category of public benefit provided in order of allocated funding.² It should be noted that, absent the Plan, public benefits generated in this area from new development would be approximately \$500 million. As such, the Plan more than quadruples the amount of public benefits expected in this area.

Notably, in addition to this \$2 billion in funding for public benefits expected to be generated directly by new development, taxes from new development in the Plan Area are expected to generate up to \$1 billion additional revenues for the City’s General Fund within the same time period, through increased property taxes, sales taxes, and other means. These taxes could be directed toward the neighborhood, other citywide needs, or a combination of the two at the discretion of the City’s budgeting process. Additionally, the City could choose to fund public benefits in the neighborhood through other mechanisms, such as bonds or general taxes. Any of these funding sources could be directed to the Plan Area to accelerate delivery of public benefits, which would make the timing of implementation less dependent on the phasing of new development. However, pursuit of these mechanisms are dependent on processes and decision-making external to the adoption of this plan. Such additional funding sources would enable the City to address other neighborhood infrastructure needs, as identified at that time.

² All dollar amounts expressed here are in 2017 dollars. Actual average revenues collected each year will be higher, due to scheduled tax rate escalation as well as indexing of City fees (which are escalated annually to reflect construction costs).

TABLE III-1. Central SoMa Plan: Public Benefits

Public Benefit	Total Revenues (Baseline plus Plan Provided)	%
AFFORDABLE HOUSING	\$940,000,000	43%
38% of new/rehabilitated housing is Below-Market Rate (BMR) (35% low and moderate income and 3% middle income)	\$940,000,000	43%
TRANSIT	\$500,000,000	23%
Local transit improvements to enhance convenience and safety	\$340,000,000	16%
Regional transit capacity enhancement and expansion	\$160,000,000	7%
COMPLETE STREETS	\$130,000,000	6%
Redesign of all major streets in the Plan Area	\$130,000,000	6%
PRODUCTION, DISTRIBUTION, & REPAIR	\$180,000,000	8%
Preservation/Creation of PDR space to ensure no net loss of PDR due to the Plan	\$180,000,000	8%
PARKS & RECREATION	\$170,000,000	8%
Gene Friend Recreation Center Reconstruction/Expansion	\$25,000,000	1%
Victoria Manalo Draves Park Programming	\$5,000,000	0%
New 1-acre park in Southwest portion of Plan Area	\$35,000,000	2%
New public recreation center	\$10,000,000	0%
New large (2+ acre) SoMa park (initial site identification)	\$5,000,000	0%
New Bluxome linear park	\$5,000,000	0%
New under-freeway public recreation area	\$5,000,000	0%
Privately-Owned Public Open Spaces (POPOS)	\$80,000,000	4%
ENVIRONMENTAL SUSTAINABILITY	\$70,000,000	3%
Enhanced stormwater management in complete street projects	\$32,000,000	1%
Freeway corridor air quality and greening improvements	\$22,000,000	1%
Living Roofs enhanced requirements	\$6,000,000	0%
Other greening and energy efficiency strategies	\$9,000,000	0%
SCHOOLS & CHILDCARE	\$60,000,000	3%
New childcare centers	\$26,000,000	1%
New schools serving K-12 population	\$32,000,000	1%
CULTURAL PRESERVATION	\$40,000,000	2%
Restoration of the US Mint Building	\$20,000,000	1%
Preservation and maintenance of historic buildings	\$20,000,000	1%
COMMUNITY SERVICES	\$20,000,000	1%
Space for community services	\$20,000,000	1%
TO BE DETERMINED³	\$70,000,000	3%
TOTAL	\$2,180,000,000	100%

³ This category represents funding that has been identified since the release of the Draft Central SoMa Plan in 2016. The Planning Department will continue to work with decision makers on the strategy for allocating this projected revenue.

A. AFFORDABLE HOUSING

Central SoMa Plan Objective 2.3, states that the City should “Ensure that at least 33% of new housing is affordable to very low, low, and moderate-income households”.⁴ The Central SoMa Plan will generate approximately 2,670 affordable units. The Plan will require that these below market rate (BMR) units are developed within SoMa (i.e., the area bounded by Market Street, the Embarcadero, King Street, Division Street, and South Van Ness Avenue).⁵

TABLE III-2. Total Estimated Costs – Affordable Housing

Public Benefit	Total Plan Revenues	Funding Source	Description	Lead Agencies
1970 Below Market Rate (BMR) units ⁶	\$730,000,000	Inclusionary Housing Program (Planning Code Section (Sec.) 415)	Applicable to new residential developments. Individual developments may choose how to satisfy the program requirements, but revenues are generally expected to be split 50-50 between: 1) onsite Inclusionary Housing Program units provided directly by development projects; and, 2) off-site Inclusionary Housing units or units provided by MOHCD, funded by payment of the Affordable Housing Fee	MOHCD
700 BMR units	\$210,000,000	Jobs-Housing Linkage Fee (Sec. 413)	Fee is paid by new nonresidential developments, and units are provided by MOHCD.	MOHCD
TOTAL	\$940,000,000			

Delivery & Timing

All of the funding sources for BMR units in the Plan Area are provided through either direct provision or impact fees paid by new developments. As such, the delivery of BMR units is highly dependent on the volume of new development. Onsite and offsite BMR units provided through the Inclusionary Housing Program are expected to be provided at the same time as market rate units of the affiliated project.

BMR units funded through the Affordable Housing Fee are provided by the Mayor’s Office of Housing and Community Development (MOHCD), which uses the money to identify and purchase sites and

⁴ Meeting this Objective also fulfills the target of 33% affordability in the city, as established by the votes in 2014’s Proposition K.

⁵ For more information on affordable housing, see the accompanying Planning Department memos written in anticipation of the December 11, 2017 informational hearing at the Land Use & Transportation Committee.

⁶ This includes an 85-unit affordable housing development on a publicly-owned sites at the northwest corner of 4th and Folsom Streets which will be funded through fees that have already been collected.

construct new affordable housing units, often in partnership with nonprofit housing developers. MOHCD may need to assemble the impact fees from several market-rate projects to obtain sufficient funds for each new affordable housing project. Thus, the development of these units may lag behind the market rate units, unless additional affordable housing funds are directed to the Plan Area in the interim.

In addition, MOHCD is increasingly exploring affordable housing preservation strategies, in which they convert existing housing units (such as rent-controlled apartments) into permanently affordable BMR units. The City’s Small Sites Program is one such tool, funding acquisition and rehabilitation of 5-to-25-unit rental buildings. Central SoMa could rely on both production and preservation strategies in order to achieve the Plan’s affordable housing targets.

B. TRANSIT

Central SoMa Plan Objective 4.3 states that the City should “Ensure that transit serving the Plan Area is adequate, reliable, and pleasant.” This is because new and enhanced public transportation infrastructure is fundamental to accommodating the influx of new jobs and housing units proposed for Central SoMa. Although the completion of the Central Subway system will provide a vital connection between the Plan Area and the rest of the city, additional improvements will be required over time to ensure that people can travel to and from the area safely and conveniently.

Funding from the Plan will be directed to both local and regional transportation systems, reflecting the important role that the Plan Area will serve as a hub in the Bay Area for jobs, housing, and culture. The Plan is expected to generate \$500 million in investments to both near- and long-term transit service and capacity enhancements, serving both local and regional transit (Plan Objective 4.3). Local transportation funding needs include, but are not limited to: transit enhancement and expansion, preventive maintenance (e.g. state of good repair efforts), streetscape improvements (such as transit priority lanes and boarding islands), and service adjustments.

Regional transit funding would be directed towards “core capacity” enhancement and expansion projects meant to facilitate movement to the Plan Area from the East Bay and Peninsula/South Bay. Studies are ongoing at the regional level to further define the scope and specifics of such projects, including the Core Capacity Study, Plan Bay Area, and related efforts. Efforts may include BART station and fleet upgrades, Bay Bridge corridor efficiency improvements, Caltrain corridor improvements (such as the Downtown Extension, or DTX, project), and longer-term projects (such as advancement of a second Transbay transit crossing).

TABLE III-3. Total Estimated Costs - Transit

Public Benefit	Total Plan Revenues	Funding Source	Description	Lead Agencies
Local transportation enhancements	\$340,000,000	Transportation Sustainability Fee (TSF) (Sec. 411A); Eastern Neighborhoods Infrastructure Impact Fee (Sec. 423); Central SoMa Infrastructure Impact Fee (CSF) (Sec. 428.2 ⁷); Central SoMa Mello-Roos Community Facilities District (CFD) (Sec. 428.3 ⁸)	Funds will go to SFMTA to support transit service expansion/ enhancement as well as preventive maintenance projects.	SFMTA
Regional transit capacity enhancement and expansion	\$160,000,000	TSF (Sec. 411A); CSF (Sec. 428.2), Central SoMa Mello-Roos CFD (Sec. 428.3)	These funds will be split roughly equally between (1) near term enhancements on the Transbay corridor, (2) longer-term "core capacity" projects (such as a second Transbay rail crossing), and (3) enhancements on the Caltrain/High Speed Rail corridor.	TBD, but could include BART, Caltrain, MTC, and California High Speed Rail Authority, among others.
TOTAL	\$500,000,000			

Delivery & Timing

Funds for local transit improvements will be directed to and administered by the San Francisco Municipal Transportation Agency (SFMTA). The funds derived from impact fees (the TSF, Eastern Neighborhoods Infrastructure Impact Fee, and a new Central SoMa Fee) will accrue as development projects receive their building permits, and are thus tied directly to the rate of new development. The remaining funds derived from the CFD would accumulate over the lifespan of the Plan and beyond, as new development comes online and begins paying the tax. However, the City also has the option of bonding against this revenue stream, thus accruing these funds substantially earlier. This may be desirable, in order to ensure that transportation investments are in place to attract and meet the needs of new development.

The portion of revenues from Eastern Neighborhoods Infrastructure Impact Fees is programmed through the Interagency Plan Implementation Committee (IPIC) and the Eastern Neighborhoods Community Advisory Committee (ENCAC). The ENCAC, comprised of community stakeholders, provides annual recommendations for how to allocate fee revenues to high priority public projects. These proposals are subsequently evaluated, modified, and approved by the IPIC and the City Capital

⁷ Planning Code section pending Plan adoption

⁸ Planning Code section pending Plan adoption

Planning Committee, and included in the City’s annual Capital Budget and 10-year Capital Plan (adopted biennially).

The funds for regional transit improvements will come primarily from the CFD following a similar timeline as described above. These funds would be collected by the Assessor-Recorder’s office and directed to regional transportation agencies, through a process that will be governed by an interagency Memorandum of Understanding (MOU).

C. PRODUCTION, DISTRIBUTION, AND REPAIR (PDR)

Central SoMa Plan Objective 3.3 states that the City should “Ensure that the removal of protective zoning does not result in a loss of production, distribution, and repair (PDR) in the Plan Area.” due to the sector’s critical role in San Francisco. PDR companies serve the needs of local residents and businesses, and tend to provide high-paying jobs and career advancement opportunities for people without a four-year college degree. PDR jobs also enhance the city’s economic diversity and therefore our ability to weather times of economic stress.

The SoMa neighborhood has a legacy as a home for PDR jobs. The Plan would ensure that the removal of protective zoning does not result in a net loss of PDR jobs in the Plan Area, by providing requirements to fund, build, and/or protect PDR spaces. The total amount of PDR space that will be preserved or created is approximately 900,000 square feet.

TABLE III-4. Total Estimated Costs - PDR

Public Benefit	Total Plan Revenues	Funding Source	Description	Lead Agencies
900,000 sq ft of PDR space	\$180,000,000	Direct provision by new development (Sec. 202.8 and Sec. 249.77 ⁹)	PDR space directly provided by new development	Planning
TOTAL	\$180,000,000			

Delivery & Timing

The direct provision of PDR space will come from land use controls and conditions for allowing residential and non-residential development, in the form of requirements to maintain and/or replace existing spaces and to include new space in developments. As a direct provision, no transfer of funds or payment of fees will occur.¹⁰ The PDR space will be provided at the same time the associated space becomes ready for occupancy.

D. PARKS & RECREATION

⁹ Planning Code section pending Plan adoption

¹⁰ The Plan endorses the pursuit and analysis of an in-lieu fee for PDR, but the fee itself is not proposed as part of the Plan.

Central SoMa Plan Goal #5 states that the City should “Offer an abundance of parks and recreational opportunities” in Central SoMa. Central SoMa and the broader SoMa neighborhood currently suffer from a shortage of public parks and recreational opportunities, largely due to the area’s industrial history. The Plan envisions a range of new parks, recreational facilities, and public open spaces, in addition to funding for renovation and programming of existing facilities (thereby fulfilling Plan Objectives 5.1-5.6). These new and upgraded facilities may include playgrounds, sport facilities, recreational programs, and passive open spaces, catering to diverse open space needs.

TABLE III-5. Total Estimated Costs – Parks & Recreation

Public Benefit	Total Plan Revenues	Funding Source	Description	Lead Agencies
Gene Friend Rec Center Reconstruction/Expansion	\$25,000,000	Eastern Neighborhoods Infrastructure Impact Fee (Sec. 423)	Enhancement/expansion of existing facility to accommodate growth in demand.	Rec & Park
Victoria Manalo Draves Park Programming	\$5,000,000	Central SoMa Mello-Roos Community Facilities District (CFD) (Sec. 428.3)	Funding for activation and programming.	Rec & Park
New 1-acre park in Southwest portion of Plan Area	\$35,000,000	Eastern Neighborhoods Infrastructure Impact Fee (Sec. 423)	Development of a potential park on the existing SFPUC-owned lot in the area between 4th, 5th, Bryant, and Brannan Streets. This may be provided by an In-Kind Agreement with surrounding development.	Rec & Park Planning
New public recreation center	\$10,000,000	Eastern Neighborhoods Infrastructure Impact Fee (Sec. 423)	This may potentially be funded through direct provision on a development project.	Rec & Park
New large (2+ acre) SoMa park (initial site identification)	\$5,000,000	Eastern Neighborhoods Infrastructure Impact Fee (Sec. 423)	Funding for initial site identification and coordination for a large signature park in the larger SoMa area.	Rec & Park
New Bluxome linear park	\$5,000,000	Central SoMa Mello-Roos Community Facilities District (CFD) (Sec. 428.3)	A park built on the existing Bluxome Street right of way. This may potentially be developed as a privately-owned public open space (POPOS) by nearby developments.	Planning
New under-freeway public recreation area	\$5,000,000	Eastern Neighborhoods Infrastructure Impact Fee (Sec. 423)	This may potentially be developed as a POPOS by nearby developments.	Rec & Park
Privately-Owned Public Open Spaces (POPOS)	\$80,000,000	Direct provision by new development (Sec. 138)	Up to four acres of net new publicly-accessible open space spread across the Plan area, provided directly on new development projects.	Planning
TOTAL	\$170,000,000			

Delivery & Timing

Revenues from impact fees will accrue concurrently with the pace of new development, while the CFD revenues accrue annually as additional projects come online and begin paying the tax (or earlier should the City choose to bond against this revenue stream). The prioritization of projects is conveyed in Table II-6, with the highest priority for funding at the top of the table. However, this order may be amended, through input from the Eastern Neighborhoods Community Advisory Committee and Interagency Plan Implementation Committee, based on timing considerations (such as shovel readiness) and financial considerations (such as leveraging other funds).

POPOS would be delivered at the same time as their associated development projects, and would undergo an urban design review process involving the Planning Department and Recreation and Parks Department to ensure that they meet minimum requirements for size, usability, and quality. Collectively, the POPOS requirement is expected in result in up to four acres of new publicly accessible open space, all of which will be provided at ground level.

E. COMPLETE STREETS

Central SoMa Plan Objective 4.1. states that the City should “Provide a safe, convenient, and attractive walking environment on all the streets in the Plan Area.” The current network of streets in the Plan Area provides a poor experience for all users – whether walking, driving, riding transit, or cycling. Streets are clogged with rush hour traffic, many sidewalks are not up to City standards, crosswalks are few and far between, and bicycle infrastructure is incomplete and discontinuous – all of which contribute to high rates of traffic crashes and injuries.

The Plan calls for complete streets improvements to make walking and biking more safe and convenient, in order to complement the transit improvements (described in the prior section) and encourage people to drive less. Funding generated by new development will be used to transform 100 percent of all major streets in the Plan Area (totaling approximately 25,000 linear feet) into high quality streets for walking, biking, and transit.

TABLE III-6. Total Estimated Costs – Complete Streets

Public Benefit	Total Plan Revenues	Funding Source	Description	Lead Agencies
Redesign of all major streets in the Plan Area	\$130,000,000	Transportation Sustainability Fee (TSF) (Sec. 411A); Eastern Neighborhoods Infrastructure Impact Fee (Sec. 423); Central SoMa Infrastructure Impact Fee (CSF) (Sec. 428.2); Central SoMa Mello-Roos Community Facilities District (CFD) (Sec. 428.3)	Redesign of approximately 25,000 linear feet of major streets (including portions of 3rd, 4th, 5th, 6th, Howard, Folsom, Harrison, Bryant, Brannan, and Townsend Streets) at an estimated cost of \$4,400-\$5,400 per linear foot.	SFMTA
TOTAL	\$130,000,000			

Delivery & Timing

All funding dedicated to complete streets would be directed to the SFMTA and San Francisco Department of Public Works (SFDPW) for planning, design, and construction. These funds are projected to be sufficient to redesign all the major streets in the Plan Area. Although the Central SoMa Plan includes conceptual designs for the major streets, each street will need to undergo a more detailed design process, incorporating additional public feedback and environmental review as necessary, and including opportunities for incorporating environmental sustainability and green landscaping elements. Although improving main streets is the highest priority, improvements may also be implemented on alleyways in the Plan Area as funding allows. Within the main streets, prioritization will be set by SFMTA.

As noted in the Transit section above, revenues from the Eastern Neighborhoods Infrastructure Impact Fees receive additional oversight through the Eastern Neighborhoods Community Advisory Committee and the IPIC. The improvements funded by fees and the CFD could occur as money is accrued. The fees will accrue concurrently with the pace of development, while the CFD accrues annually as additional projects come online and begin paying the tax. As previously noted, the City has the option to accelerate projects by bonding against this revenue stream or utilizing other funds (including general fund revenues).

Alternatively, some improvements may be provided directly by development in order to meet minimum Better Streets Plan requirements or to satisfy an In-Kind Agreement, particularly on the new and renovated mid-block alleys that will not be included in SFMTA streetscape planning efforts. These improvements would be completed at the same time as the affiliated development project.

F. ENVIRONMENTAL SUSTAINABILITY

Central SoMa Plan Goal #6 is to “Create an Environmentally Sustainable and Resilient Neighborhood.” where urban development gives more to the environment than it takes (thereby fulfilling Plan Objectives 6.1–6.8). The Plan proposes innovative building- and neighborhood-scale interventions to improve environmental performance, providing a model for the rest of the city and beyond. New development will be required to incorporate living roofs, generate renewable energy onsite, and use only 100% greenhouse gas-free (GHG-free) electricity for the balance. Funds will also be directed to adding habitat-supportive landscaping and green infrastructure to streets and open spaces, to beautify them while also improving air quality, micro climate comfort, stormwater management, and ecological function. District-scale utility systems (e.g., shared energy and/or water systems linked between both new and existing buildings) are encouraged in order to enhance resource and cost efficiencies.

TABLE III-7. Total Estimated Costs – Environmental Sustainability

Public Benefit	Total Plan Revenues	Funding Source	Description	Lead Agencies
Enhanced stormwater management in complete street projects	\$30,000,000	Central SoMa Mello-Roos Community Facilities District (CFD) (Sec. 428.3)	Stormwater infrastructure (grey infrastructure, landscaping, etc.) on all major streets.	Planning, SFPUC
Freeway corridor air quality and greening improvements	\$22,000,000	Central SoMa Mello-Roos Community Facilities District (CFD) (Sec. 428.3)	Greening improvements along/under the freeway corridor to improve air quality and enhance pedestrian comfort.	Planning
Living Roofs enhanced requirements	\$6,000,000	Direct provision by new development (Sec. 249.77)	Living Roofs requirement of 50% of usable roof area on projects 160' or shorter, surpassing City policy.	Planning
Better Roofs demonstration projects	\$2,000,000	Central SoMa Mello-Roos Community Facilities District (CFD) (Sec. 428.3)	Demonstration projects to provide guidance and highlight best practices, including a Living Roof project (\$1mn) and a solar project (\$500k).	Planning
Water recycling and stormwater management in public spaces	\$5,000,000	Central SoMa Mello-Roos Community Facilities District (CFD) (Sec. 428.3)	Infrastructure for 100% recycled (non-potable) water for street cleaning and public park irrigation; green stormwater management in parks.	Planning, SFPUC
100% energy-efficient street lights	\$1,000,000	Central SoMa Mello-Roos Community Facilities District (CFD) (Sec. 428.3)	Energy efficient upgrades to street lights throughout the Plan area.	Planning, SFPUC
Sustainability studies & guideline documents	\$2,000,000	Central SoMa Mello-Roos Community Facilities District (CFD) (Sec. 428.3)	Funding for a District Energy & Water Utility Systems Study (\$500k), a Central SoMa Sea Level Rise & Flood Management Strategy (\$400k), a Fossil Fuel Free Buildings Study & Guidelines Document (\$300k), and Flood Resilient Design Guidelines (\$300k)	Planning
TOTAL	\$70,000,000			

Delivery & Timing

The majority of funding for environmental sustainability improvements will be provided by the CFD, and will occur upon accrual of revenues, or earlier if the City chooses to bond against the CFD revenue stream. The Studies, Strategies, and Guidelines discussed above are proposed to be delivered within two years after adoption of the Central SoMa Plan, and may lead to additional new requirements or public benefits.

The Living Roofs are provided directly onsite by new development and will occur with their respective projects. Additional benefits will be directly provided through new development via existing requirements (such as current energy and water efficiency requirements) and are not quantified here.

G. SCHOOLS & CHILDCARE

Central SoMa Plan Objective 2.6 states that the City should “Support the schools, child care, and community services that serve the local residents.” In terms of schools and child care, the Plan Area is expected to see a large increase in the number of children as it continues to transition from a primarily industrial neighborhood to a mixed-use hub for jobs and housing. The Plan will generate funding to meet the demand for schools and childcare for youth ages 0-18 through existing City impact fees.

TABLE III-8. Total Estimated Costs – Schools & Childcare

Public Benefit	Total Plan Revenues	Funding Source	Description	Lead Agencies
Schools	\$32,000,000	School Impact Fee (State Education Code Sec. 17620)	Impact fees to meet demand for school facilities to serve growth generated within the Plan Area.	SFUSD
Childcare	\$26,000,000	Child Care Fee (Sec. 414 and Sec. 414A); Eastern Neighborhoods Impact Fee (Sec. 423)	Impact fees to meet demand for child care facilities to serve growth, located within the Plan area.	HSA Office of Early Care & Education
TOTAL	\$60,000,000			

Delivery & Timing

All funding sources for this public benefit category are from impact fees, which will accrue at the time projects receive building permits.

The School Impact Fee is directed to the San Francisco Unified School District for use at their discretion throughout the city. New school facilities are expected to serve a broader area than just Central SoMa and will cost significantly more than the funds generated by the fees in the Plan Area. Additional fees, including those collected by the School Impact Fee in previous years, will be required to accrue enough to build new facilities.

Funds from the Child Care Fee and Eastern Neighborhoods Infrastructure Impact Fee will go to the Child Care Facilities Fund, which is administered jointly by the City’s Human Services Agency Office of Early Care and Education and the Low-Income Investment Fund (LIIF). The Child Care Fee money can be spent throughout the City, while the Eastern Neighborhoods fee must be spent within the Eastern Neighborhoods Plan Areas. Child care facilities are less costly than school facilities and might come online sooner. New developments have the option to satisfy up to their entire Eastern Neighborhoods Impact Fee requirement by directly providing publicly-accessible child care onsite through an In-Kind Agreement (IKA), which could result in faster delivery of services.

H. CULTURAL PRESERVATION

Central SoMa Plan Objective 7.5 states that the City should “Support mechanisms for the rehabilitation and maintenance of cultural heritage properties.” To fulfill this Objective, revenues generated by the Plan will be used as seed funding for the restoration and seismic upgrade of the celebrated U.S. Mint building at 5th and Mission Streets, one of the City’s most significant historic properties. The building has long been envisioned as a major opportunity site to provide a cultural asset that celebrates the civic history of the City.

Revenues from the Plan will also be used to help preserve and maintain important historic buildings within the Plan Area. This revenue will come from the sale of Transfer of Development Rights (TDR), a voluntary program available to these historic buildings whereby they sell their unused development rights to new development in the area. To facilitate the process, large new non-residential developments will be required to purchase TDR from historic buildings in the Plan Area.

TABLE III-9. Total Estimated Costs – Cultural Preservation

Public Benefit	Total Plan Revenues	Funding Source	Description	Lead Agencies
Restoration of the US Mint Building	\$20,000,000	Central SoMa Mello-Roos Community Facilities District (CFD) (Sec. 428.3)	Restoration and seismic upgrade of the US Mint Building.	OEWD
Preservation and maintenance of historic buildings	\$20,000,000	Transfer of Development Rights (TDR) (Sec. 128.1)	The sale of Transferable Development Rights from historic buildings to new development. Revenues from these sales are required to be spent on the preservation and maintenance of the associated historic resource.	Planning
TOTAL	\$40,000,000			

Delivery & Timing

Revenues from the CFD used to support the restoration of the US Mint Building will accrue commensurate with the area’s tax base, or sooner if the City elects to bond against these revenues. Funding from the Plan will be part of a larger funding and programming effort for restoration,

rehabilitation, and ongoing operations of the US Mint Building. This scope of work and budget is currently being developed, and it is anticipated that additional funds will need to be generated.

Sale of TDRs for the preservation and maintenance of other significant historic buildings in the Plan Area could occur upon adoption of the Central SoMa Plan.

I. COMMUNITY SERVICES & NEIGHBORHOOD STABILIZATION

Central SoMa Plan Objective 2.6 states that the City should “Support the schools, child care, and community services that serve the local residents.” “Community services” includes space for nonprofit and government organizations that provide services to the community, such as health clinics and job training facilities. As commercial rents continue to increase citywide, it becomes increasingly difficult for many of these uses to start, grow, and stay in San Francisco. Central SoMa is already a popular location for many of these services, due to its central and transit-accessible location, and large number of commercial properties. The Plan will provide space for these types of facilities, as part of its central goals of increasing jobs and facilitating economic and cultural diversity.

The City has recently developed a Community Facilities Nexus Study in order to quantify the demand for these services generated by new development, in order to establish a legal nexus for levying development impact fees.¹¹

TABLE III-10. Total Estimated Costs – Community Services

Public Benefit	Total Plan Revenues	Funding Source	Description	Lead Agencies
60,000 sq ft of new space for community services	\$20,000,000	Central SoMa Community Facilities Fee (Sec. 428.1 ¹²)	Impact fees to develop new facilities for nonprofit community services (such as health care or job training) needed to serve new growth.	MOHCD
TOTAL	\$20,000,000			

Delivery & Timing

Revenues will be directed to the Mayor’s Office of Housing and Community Development (MOHCD) to fund the development of new community facility space. As an impact fee, funding would accrue concurrently with development over the duration of the Plan. Facilities could potentially be developed through some combination of standalone locations (such as a centralized non-profit “hub” space) or potentially co-located within affordable housing projects. In the latter case, because the development of

¹¹ Available at:

http://sfcontroller.org/sites/default/files/Documents/Budget/131124_Central%20SoMa%20Nonprofit%20Nexus_FINAL_2016_03_24.pdf

¹² Planning Code section pending Plan adoption

these affordable units would occur after the market rate development providing the necessary funding, the development of community facilities is likely to occur after these new developments as well.

New developments will also be given the option to provide community facilities directly via an In-Kind Agreement with the City (instead of paying the Community Facilities Fee), which would result in faster delivery of the benefit.

J. TO BE DETERMINED

The financial feasibility analysis of Central SoMa has determined that there may be up to \$70 million in additional funding available over the next 25 years that has not been allocated to the benefits discussed above. This money would come from the Mello-Roos Community Facilities District, and thus has the potential to be spent more flexibly than impact fee revenue.¹³

At this time the Planning Department is not proposing specific recommendations for this allocation. However, here are a few possible options that have been discussed in conversation with the community and decision makers over the last several months, since the potential for additional revenue was identified.

- Funding for social programs: SoMa has a rich network of non-profit organizations that provide important services to the neighborhood's residents. Currently these organizations are supported by a number of mechanisms, including approximately \$1 million per year through the SoMa Stabilization Fund. The revenue for that Fund set to expire in the near future. However, there is the potential to extend that Fund for the foreseeable future through the Central SoMa Plan.¹⁴
- Funding for parks maintenance: Central SoMa is proposing to add several new public parks and a new recreation center. Maintenance of such facilities is typically paid for out of the City's General Fund revenue. In Central SoMa, there is potential to augment and/or replace this funding.
- Funding for Yerba Buena Gardens: The City is currently in the process of ascertaining the cost to rehabilitate the facilities at Yerba Buena Gardens, as well as identifying potential sources of revenue. This funding could be one such source of revenue.
- Funding for neighborhood cleaning services: Like in other neighborhoods that levy taxes to pay for services, this funding could be utilized to pay for additional street cleaning, graffiti removal, and other benefits.

¹³ While impact fee revenue can only be spent on capital infrastructure investment, it may be possible with adjustments to City law to enable the CFD money to be spent on such things as operations, capital maintenance, and social programs.

¹⁴ Such an expenditure would be a substantial change in precedent for CFD Funding and thus would need to be approved by the City Controller's Office and other financial agencies.