

Tools and Strategies for Innovative Approaches

**New Funding Strategies to Fuel
Smart Growth Successes**

November 20, 2015

Oakland CA

Seifel
CONSULTING INC.

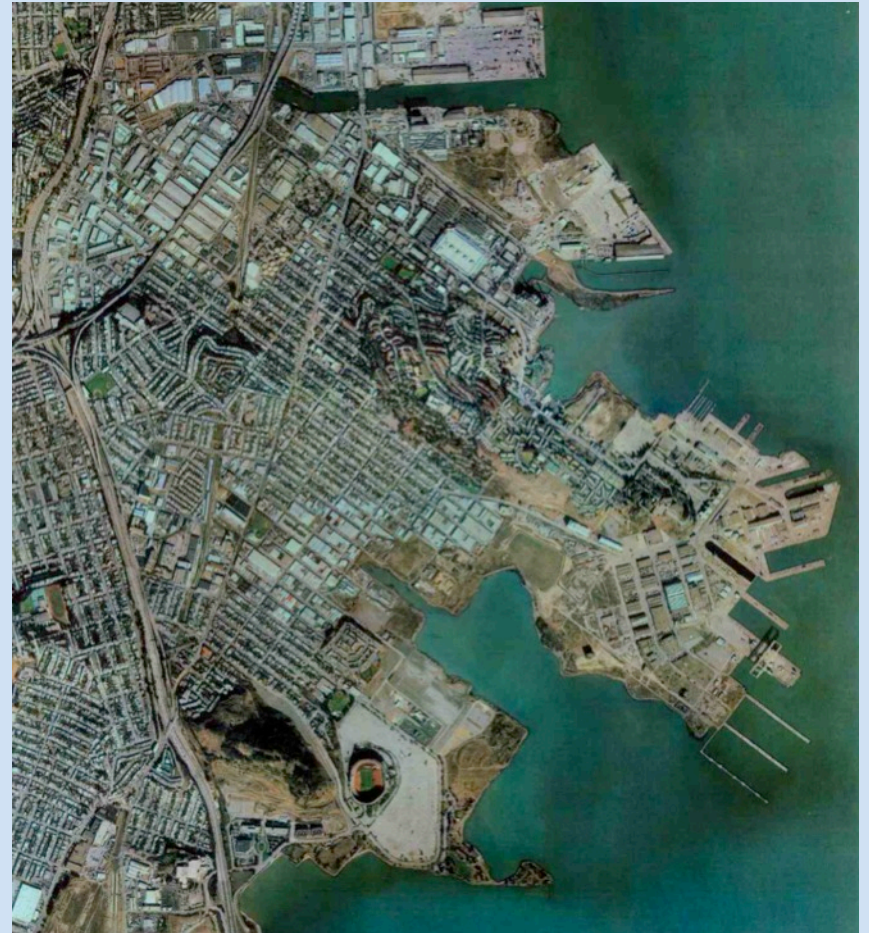
Presentation Overview

San Francisco Case Studies

- Hunters Point Shipyard/Candlestick Point CBA
- Twitter CBA
- Transbay Transit Center Value Creation and Capture
- Proposed Affordable Housing Bonus Program

Hunters Point Shipyard/Candlestick Point (HPS/CP)

- Southeast corner of San Francisco
- Diverse neighborhood
- Existing uses
 - Decommissioned military base with major contamination
 - Distressed public housing
 - 49ers football stadium
 - State park



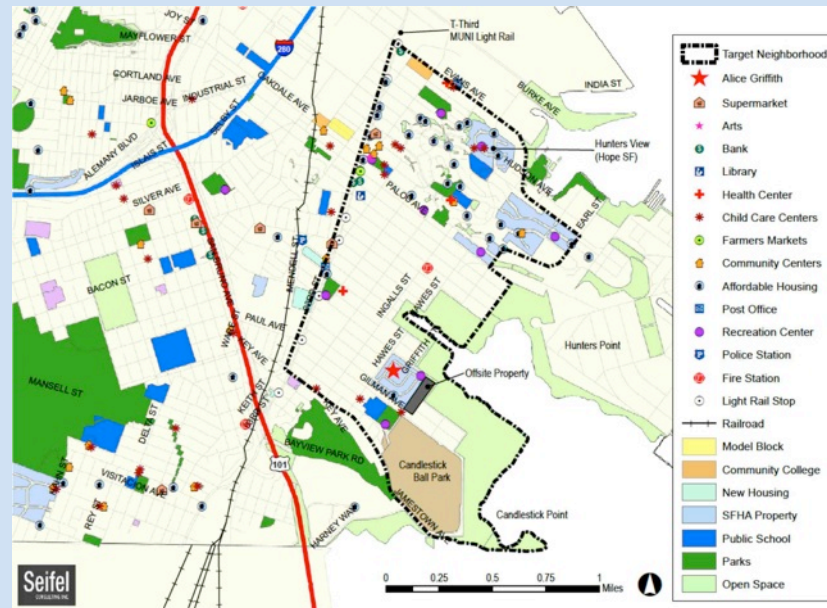
Alice Griffith Public Housing



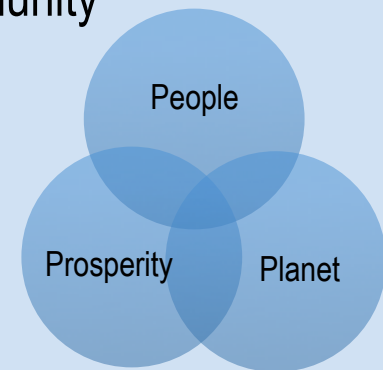
256 apartment units in need of extensive rehabilitation

- Lead Based Paint
- Asbestos in floor tiles, wall sheeting, insulation etc.
- Mold/mildew
- Insect/rodent infestation
- Dry rot and water damage
- Energy inefficiency
- Lack of defensible space
- Eroded grass areas
- \$54 million in repair costs

Choice Neighborhoods Transformation Program



- Granted \$30,500,000 for HUD Choice Neighborhoods Program
- 1 for 1 replacement of public housing in mixed income community
- Transformation Goals
 - People: Community improvement/cohesion
 - Planet: Environmental sustainability
 - Prosperity: Economic opportunities for residents



HPS/CP Land Use and Development Program



Planned Development

Phase II Summary Statistics	Hunters Point Shipyard	Candlestick Point	Total
Residential Units	2,650	7,850	10,500
Neighborhood Serving Retail (sq.ft.)	125,000	125,000	250,000
Regional Retail (sq.ft.)	--	635,000	635,000
Artist's Space (sq.ft.)	255,000	--	255,000
Office/R&D (sq.ft.)	2,500,000	150,000	2,650,000
Hotel (sq.ft.)	--	150,000	150,000
Arena (sq.ft.)	--	75,000	75,000
Community Facilities (sq.ft.)	50,000	50,000	100,000
Open Space (acres)	231.6	104.8	336.4



HPS/CP CBA*

- Ensure 32% of housing units built within the project are affordable, at a range of income levels.
- Provide \$27+ million in housing assistance funds targeted to neighborhood residents, including down payment assistance.
- Provide \$8.5+ million in job training funds targeted to neighborhood residents.
- Ensure all project employers participate in a state-of-the-art local hiring program.
- Ensure labor peace (i.e., card check / neutrality) in key industries in project: grocery stores, hotels, and certain service contracts.

**CBA Between Lennar (Developer) and San Francisco Labor Council, ACORN, and the San Francisco Organizing Project (SFOP)*

CP Below Market Housing Program

Unit Type	Number of Units
Alice Griffith Replacement Units (VLI)	256
Agency Tax Credit Units w/in Alice Griffith (VLI/LI)	128
Agency Stand-Alone Units (VLI/LI/Mod)	1,260
Inclusionary (for-rent @ LI or for-sale @ Mod)	809
Workforce (for-rent or for-sale up to 160% AMI)	892
TOTAL BELOW MARKET UNITS	3,345 (32%)
TOTAL HOUSING UNITS	10,500

Key Affordable Housing Funding Sources

- **Federal:** Military land, capital grants for housing authority, rental operating funds, tenant rent subsidies, mortgage insurance, Federal LIHTC, tax exempt bond financing
- **State:** Voter approved bond funds, tax exempt debt, State LIHTC
- **Local:** Housing Authority land, tax increment, tax exempt debt
- **Private:** Infrastructure investment, grants, LIHTC private investment



Public-Private Partnership Contributions

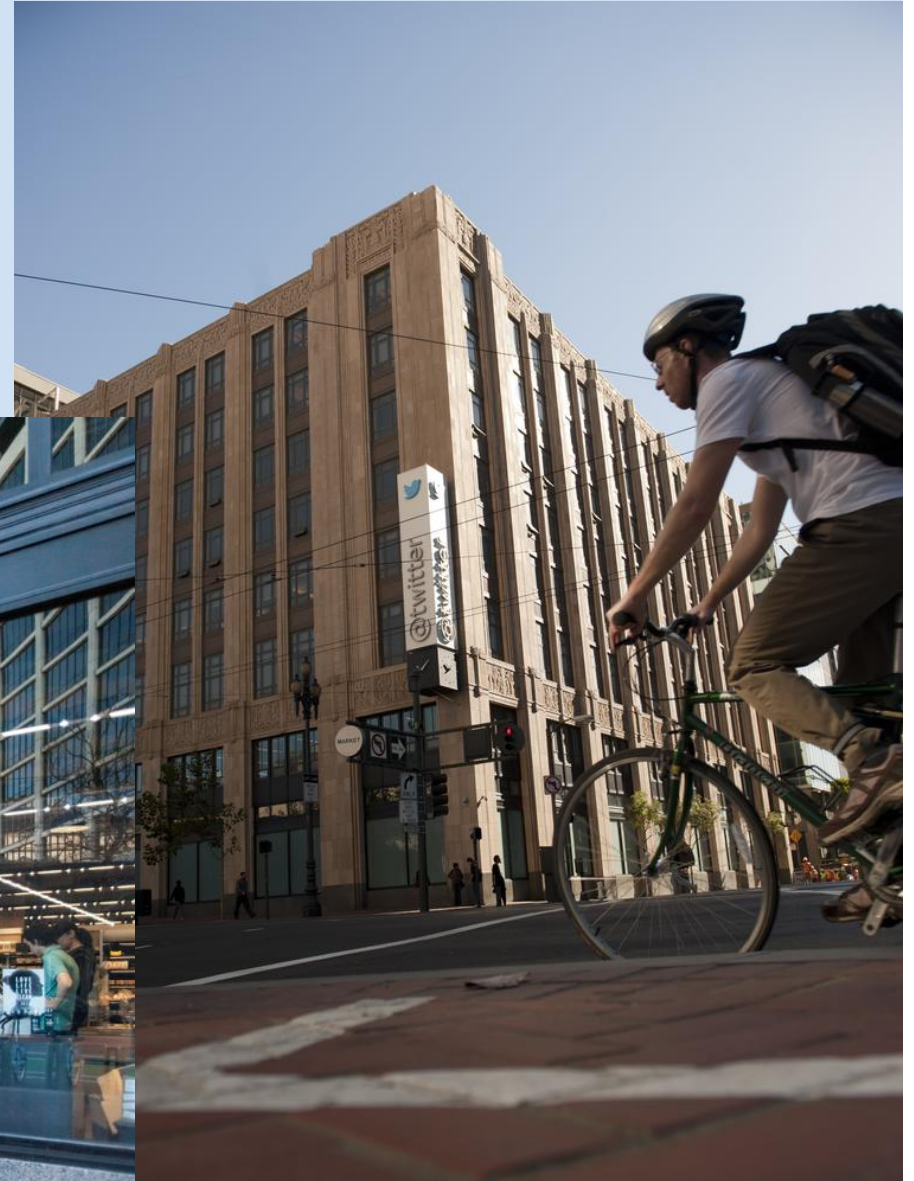
Public

- Land (Military, City)
- Tax Increment
- Public financing for infrastructure (Mello Roos CFD, TABx)
- Tax exempt financing
- Federal funds/state authority for environmental clean up
- Major rental subsidies and subsidies for affordable housing development
- Other state and federal sources

Private

- Developer payment for land purchase over time
- Investment in infrastructure and horizontal development
- Bond guarantees (Mello-Roos)
- Tax credit investment
- Development expertise

Transformation of Central Market



Twitter's 2013 CBA*

1. Create meaningful engagement with the community
2. Support nonprofit capacity building in social media
3. Support workforce development
4. Establish a local nonprofit grant program
5. Improve educational outcomes for youth
6. Provide pro bono legal assistance
7. Support local arts and cultural groups
8. Support physical neighborhood improvements
9. Embrace digital inclusion to reverse digital divide
10. Preserve affordable housing and tackle homelessness
11. Commit to local purchasing
12. Appoint a community liaison



**CBA Between Twitter (Major Tenant) and City and County of San Francisco
City Administrator in exchange for payroll expense tax exclusion*

Twitter's 2015 CBA*

1. Twitter's NeighborNest (\$3 million computer learning center)
2. Provide financial grants to nonprofits (\$3 million)
3. Cultivate meaningful and sustained engagement with the community
4. Neighborhood improvements (and events)
5. Improve educational outcomes for youth
6. Support workforce development
7. Support nonprofit capacity building in social media
8. Provide pro bono legal assistance
9. Commit to local purchasing
10. Community liaison (sf@twitter.com)



**CBA Between Twitter (Major Tenant) and City and County of San Francisco
City Administrator in exchange for payroll expense tax exclusion*

Transbay Transit Center District Value Creation and Capture



Historical Transbay Terminal



Crowd gathers at opening of new Transbay Terminal in 1939.



Image credits (top row, L to R): blog.timothyplueger.com; foundsf.org/San Francisco History Center, SF Public Library; transbaycenter.org. Credits (bottom row, L to R): foundsf.org/San Francisco History Center, SF Public Library; transbaycenter.org; reelsf.com.

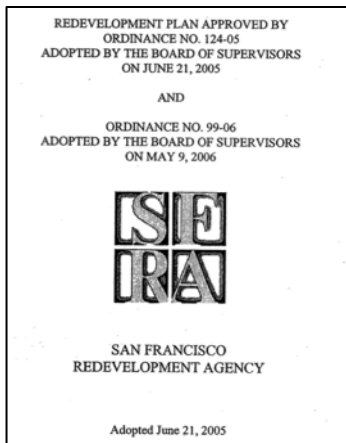
From “fanfare” to disrepair



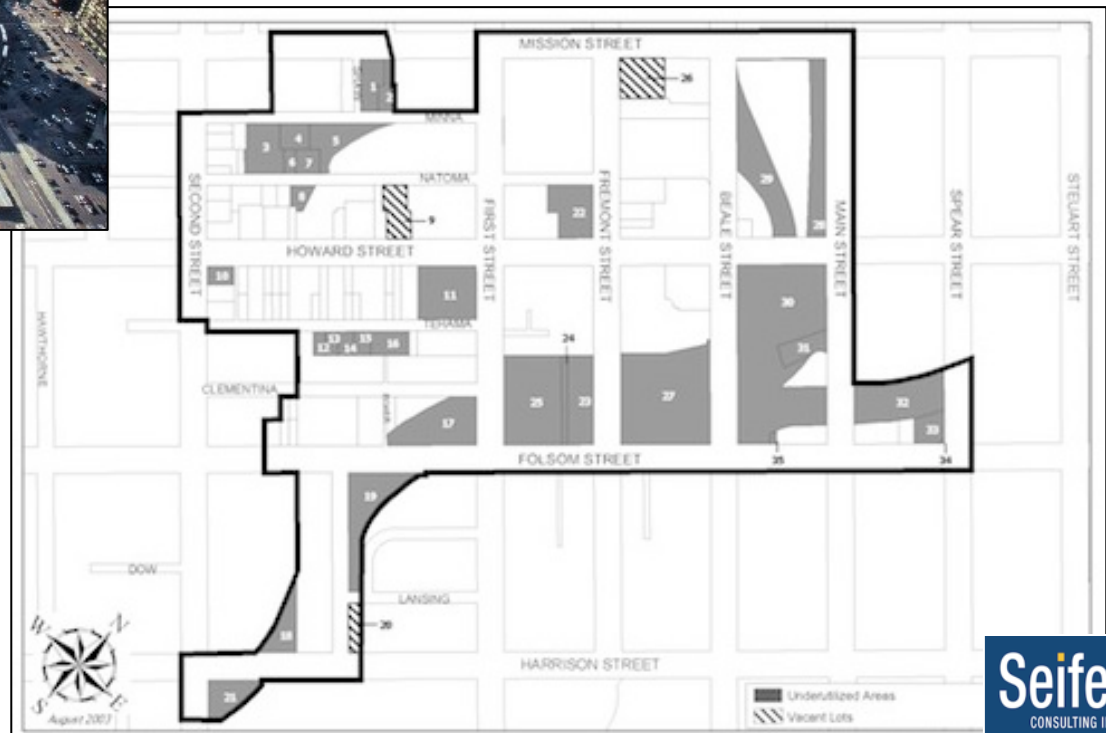
And then, Loma Prieta (1989)



Need to expand Downtown and reclaim former freeway parcels



*Vacant lots and
underutilized
areas within
Transbay
Redevelopment
Project Area*



Transbay Development Program

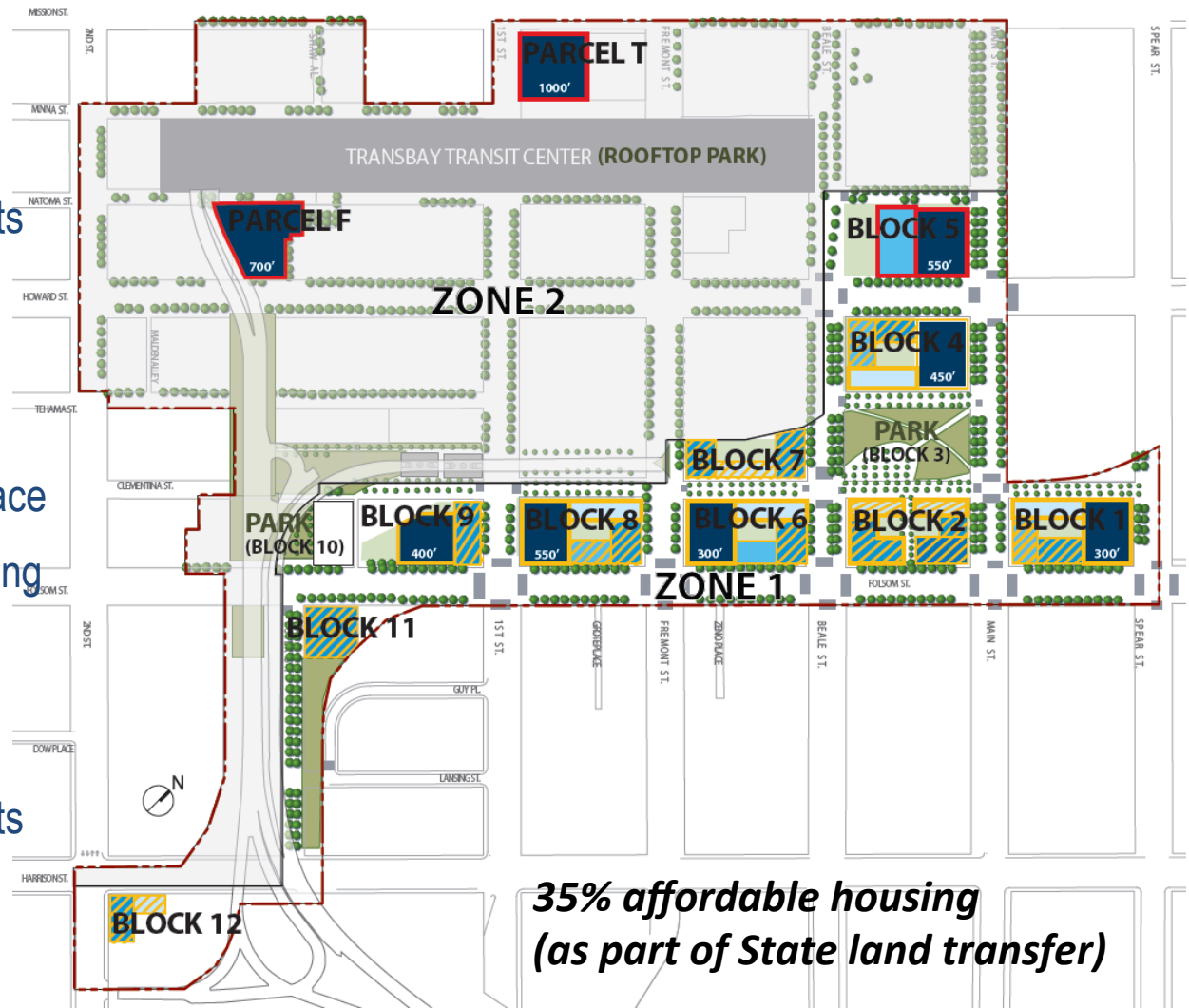
Transbay Transit Center

Publicly-Owned Parcels

- Over 3,100 new housing units (more than 1,300 affordable units)
- Over 2.6 million s.f. of new office development
- 200,000 s.f. of new retail space
- 9 acres of new parks, including 5.5-acre rooftop park on Transbay Transit Center

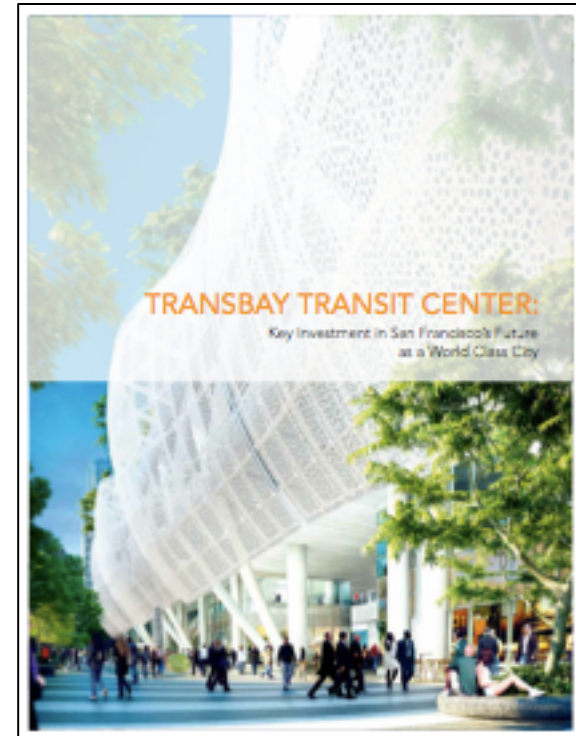
Privately-Owned Parcels

- Over 1,300 new housing units
- Nearly 4 million s.f. of new office development



**35% affordable housing
(as part of State land transfer)**

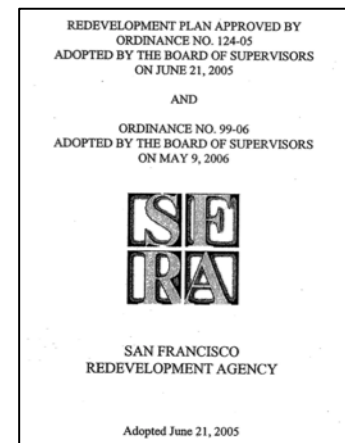
Value Creation and Capture



*Transbay Transit Center:
Key Investment in San Francisco's
Future as a World Class City*



Transbay Transit Center at First Street





Transbay Transit Center

Transbay Transit Center











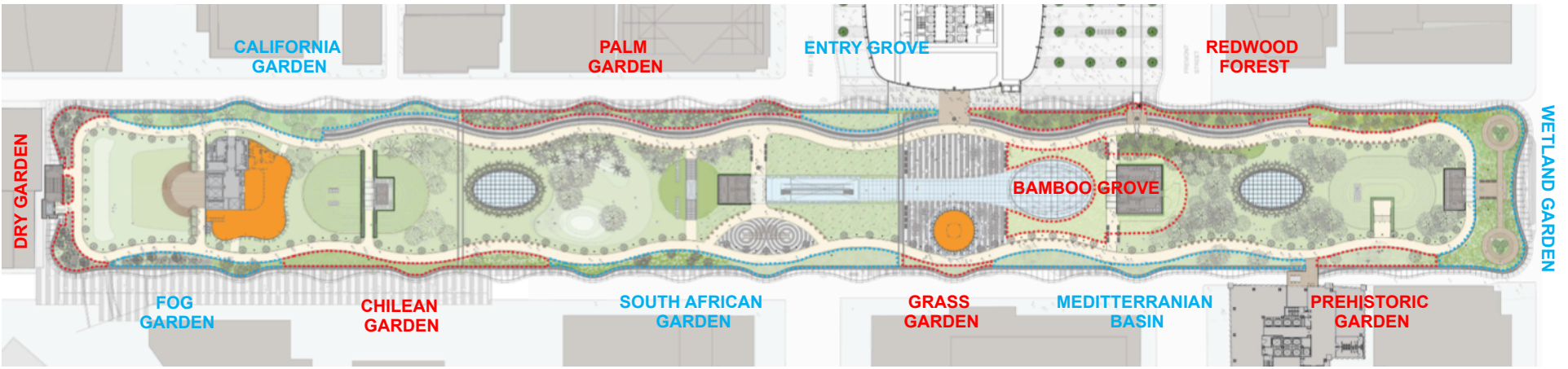
Transbay Transit Center

Grand Hall





Park Gardens





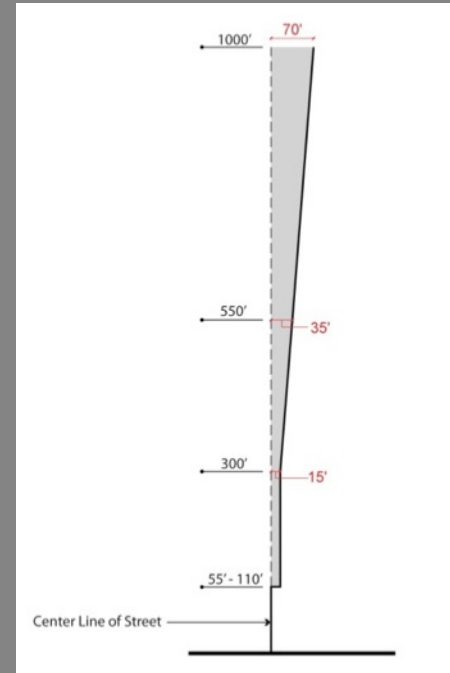
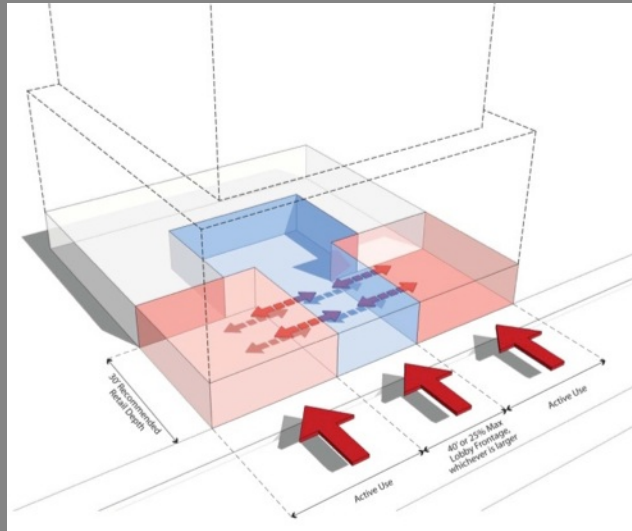
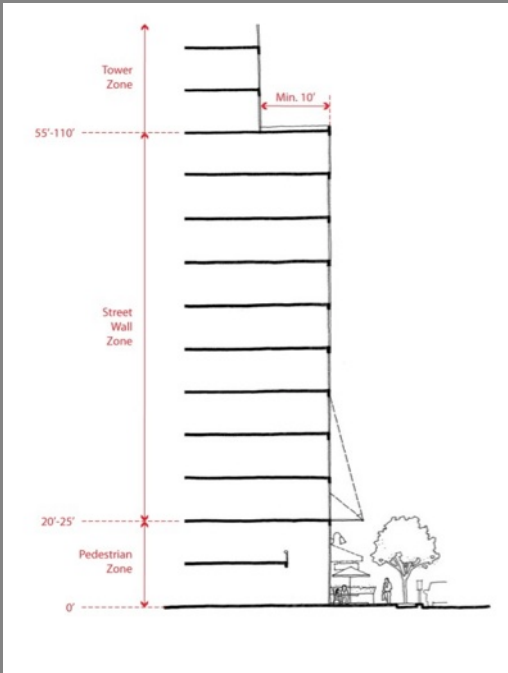
TRANSIT CENTER DISTRICT PLAN

DRAFT FOR PUBLIC REVIEW | NOVEMBER 2009



SAN FRANCISCO
PLANNING
DEPARTMENT

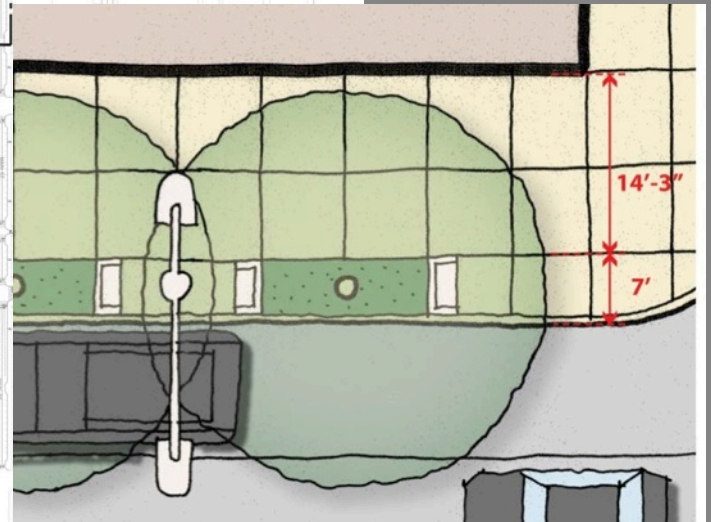
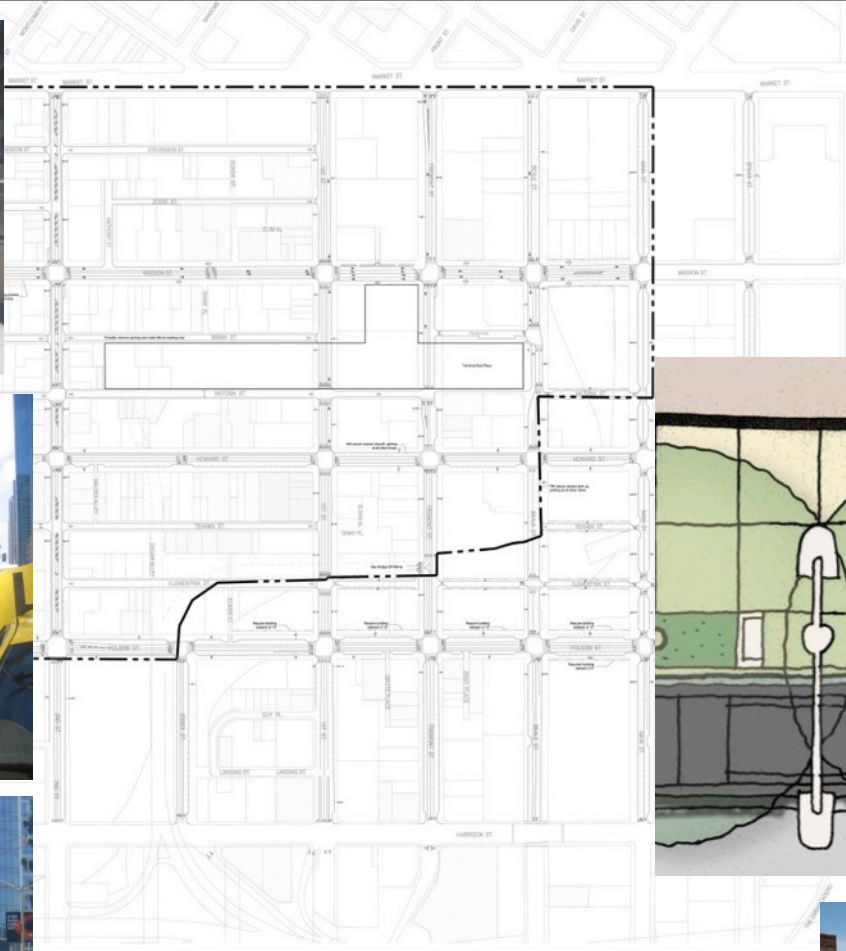
Urban Design Controls and Guidelines



Active ground floor uses
Defining the streetwall
Separation of towers



Public Realm: Streets and Circulation



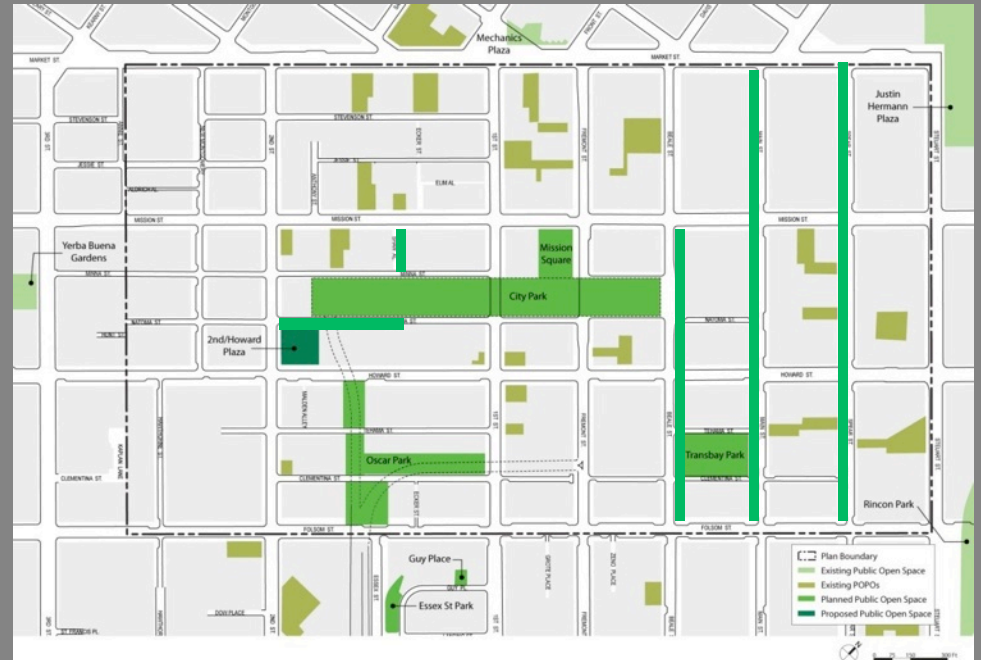
Notes:

- Curb built-outs are conceptual, and may be removed where necessary
- Location and size of building setbacks to be determined, dependent on lot, zoning, planning conditions, etc.
- Streets only show

Plan Open Space

Plan Would Help Create and Fund 11+ Acres of New Open Space...

City Park	5.4 ac
Transbay Park	1.1 ac
Natoma Street Plaza	1.3 ac
2 nd /Howard Plaza	0.6 ac
Mission Square	0.5 ac
Shaw Plaza	0.1 ac
Living Streets	0.6 ac
Oscar Park	1.4 ac
Essex Street	0.3 ac



...and provide an additional \$12.5+ million for open space improvements outside of the Plan Area.



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Public Improvement Costs

Streets and Pedestrian Circulation (est. \$278m)

Sidewalk widening and mid-block crossings

Streetscape improvements

*Underground TTC-BART/Muni pedestrian connector (\$125M)**

Transit and Other Transportation (est. \$2.6B)

*Downtown Rail Extension (\$2.54B)**

BART station capacity improvements

Additional Traffic and Congestion Studies

Open Space (est. \$117m)

*Transit Center Park (\$50M)**

2nd/Howard Plaza

Connections to Transit Center Park

Improvements to other downtown parks

Sustainable Resource District Utilities (est. \$159m/TBD)

District Energy or CHP

Recycled/Non-Potable Water



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*Transit Center Program-related

Existing Fee Requirements & Revenues

Affordable Housing: \$117M

Jobs-Housing Linkage (Commercial) -- \$20/sf

Inclusionary Housing (Residential) – 15% on-site/20% off-site

Transit: \$60M

\$12/sf (SFMTA only)

Downtown Open Space: \$12M

\$2/sf (Commercial only; for Recreation & Parks Dept.)

Childcare: \$6M

\$1/sf (Commercial only)

Water and Wastewater Capacity: \$5M

Schools



Potential Revenues

Revenue Sources:

1- Impact Fees : \$184 million

**2- Mello Roos: \$807 million
(\$2.4B in future dollars)**

**Total net new public
revenue:**

Approx. \$1 Billion



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PLANNING
DEPARTMENT

Transbay Project Status

TRANSBAY REDEVELOPMENT PROJECT AREA

Upcoming RFP's
Block 2 - 2016
Block 4 - 2016
Block 12 - 2020



Under-Ramp Park
Acres: 2.5
Construction Start: 2017



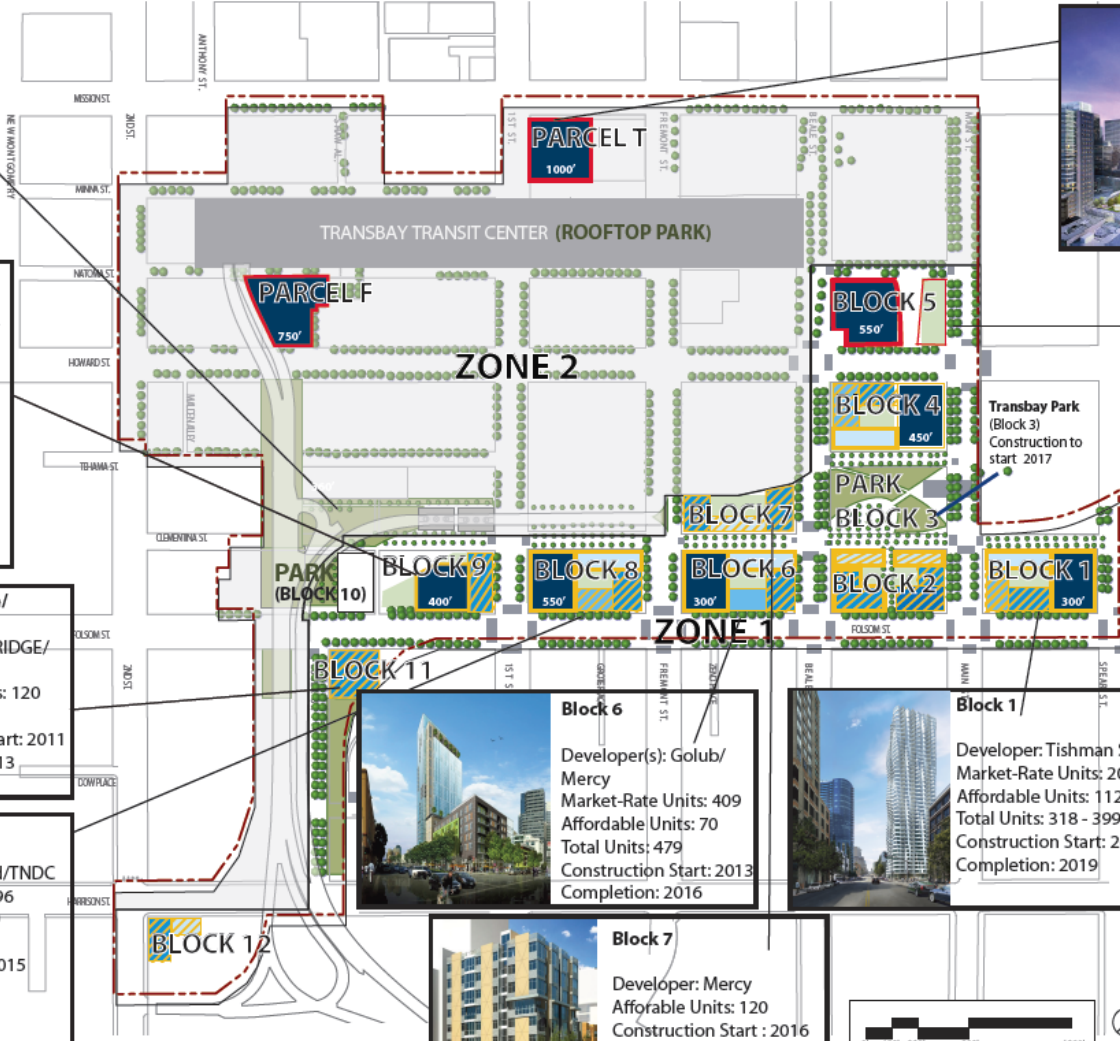
Block 9
Developer(s): Essex/ BRIDGE
Market-Rate Units: 436
Affordable Units: 109
Total Units: 545
Construction Start: 2016
Completion: 2019



**Rene Cazenave/
Block 11A**
Developer(s): BRIDGE/
CHP
Affordable Units: 120
Total Units: 120
Construction Start: 2011
Completion: 2013



Block 8
Developer(s): Related/TNDC
Market-Rate Units: 396
Affordable Units: 150
Total Units: 546
Construction Start: 2015
Completion: 2019




Parcel T
Developer(s): Boston Properties/Hines
Office Sq. Ft.: 1.4 Million
Construction Start: 2014
Completion: 2017



Block 5
Developer(s): Golub/
John Buck
Office Sq. Ft.:
767,000
Construction Start:
2015
Completion: 2018



Block 6
Developer(s): Golub/
Mercy
Market-Rate Units: 409
Affordable Units: 70
Total Units: 479
Construction Start: 2013
Completion: 2016



Block 1
Developer: Tishman Speyer
Market-Rate Units: 206 - 258
Affordable Units: 112 - 141
Total Units: 318 - 399
Construction Start: 2016
Completion: 2019



Block 7
Developer: Mercy
Affordable Units: 120
Construction Start : 2016
Completion: 2018

TRANSBAY REDEVELOPMENT PROJECT AREA

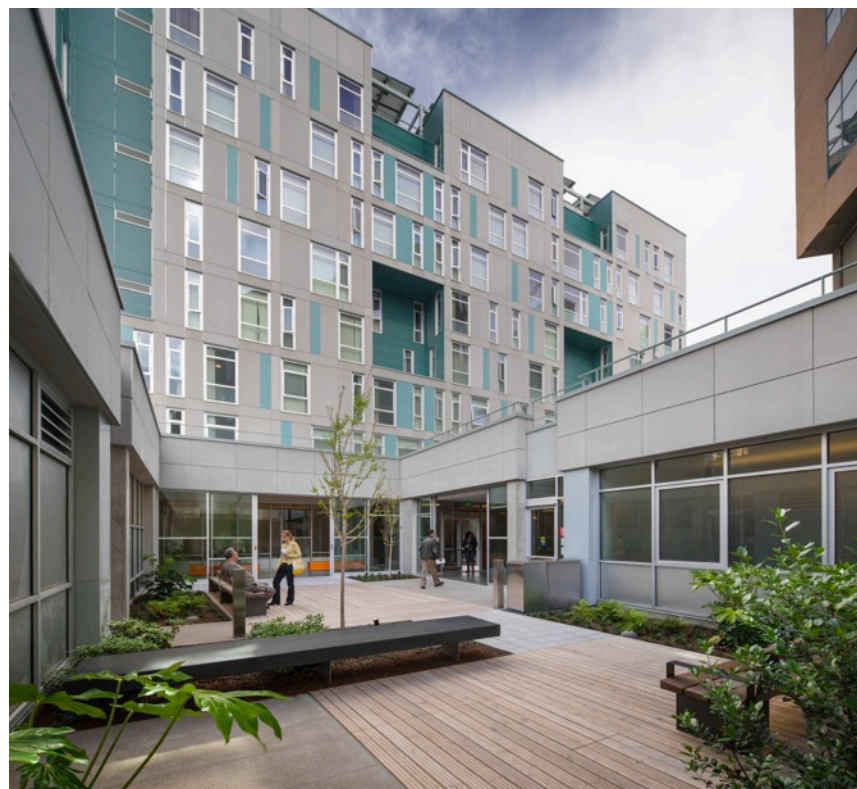
- Zone 1 (Grey)
- Zone 2 (Light Grey)
- Land Use (Subject to Change)
- Affordable Housing (Yellow)
- Market Rate Housing (Blue)
- Commercial (Red)
- Open Space (Green)
- Open Space (Publicly Owned)
- Open Space (Privately Owned)

PROPOSED HEIGHT LIMITS (MIN AND MAX)

- Townhomes: 35-50'
- Podium 1: 40-65'
- Podium 2: 50-85'
- Mid-Rise: 65-165'
- Towers (Height Varies)

Rene Cazenave Apartments

- Developer: BRIDGE Housing & CHP
- 120 units supportive housing @ 50% AMI and below
 - TDC=\$41M
 - OCII subsidy=\$9.7M
- Services provided:
 - UCSF mental health, substance abuse, & case management
- 3,400 s.f. retail:
 - Chocolate shop
 - Vietnamese sandwich shop
- No Parking
- Architect: LMS



Photos by Tim Griffith

Block 8 Mixed-Income Case Study



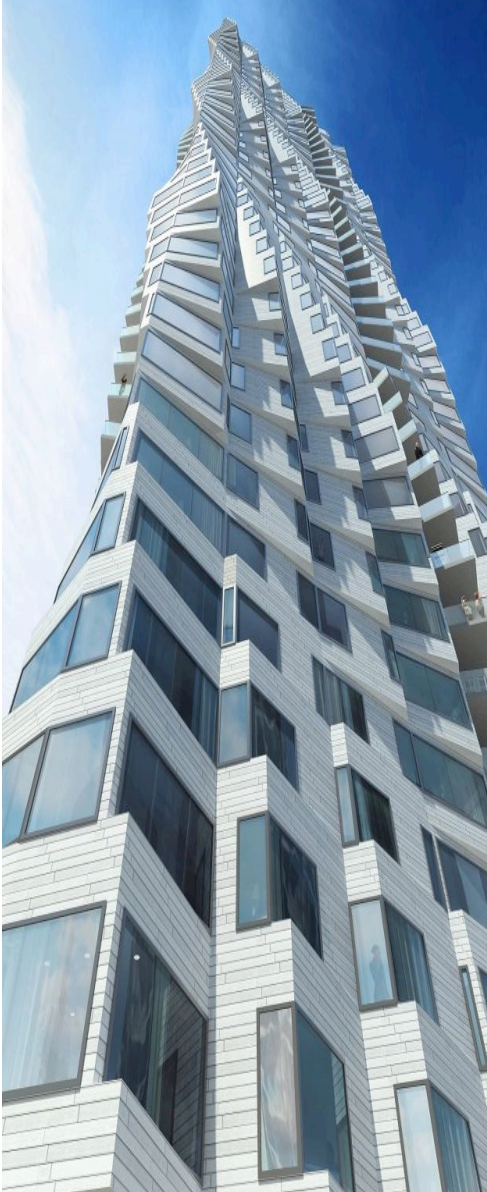
Rendering by OMA & Fougeron Architecture

- Tower Height: 55 stories
- Market rate units: 396 (116 condos + 280 rentals)
- 70 Inclusionary Rental Units @ 50% AMI
- Inclusionary units are developer subsidized



- 100% Affordable podium + townhomes
- 6-8 stories
- 80 units @ 50% AMI
- OCII subsidized with \$200,000 per unit

Transbay Residential Production



- Completed (Blocks 6 podium & 11)
 - 190 BMR units
- In pipeline (Blocks 1, 6, 7, 8, 9)
 - 1,500 Market Rate Units
 - 243 Inclusionary BMR Units
 - 276 Stand alone BMR Units
- Future RFPs (Blocks 2, 4, 12)
 - 302 Market Rate Units
 - 248 Inclusionary BMR Units
 - 380 Stand alone BMR Units



Key Value Enhancers

Transit

Open Space

Walkability

Neighborhood Quality/Amenities

Synergistic with Densiti



Homes near transit stations command a growing premium.

As does convenient access to stores, schools, and parks...

-ULI's *What's Next?*

PROPERTY VALUE PREMIUM

TRANSIT

Transit saves time/cost versus driving:

- Reduced traffic congestion
- Reduced parking/toll/commuter expense

Transit system that provides extensive and interconnected network

- Links regional job centers and central business districts
- Improves intermodal connections (commuter rail, subway, light rail, local bus, and intercity rail/bus)



OPEN SPACE

Proximity or direct access to parks or open space



NEIGHBORHOOD

Walkable (small blocks, pedestrian paths)

Urban amenities (retail, parks, and active streets)

Mix of land uses (jobs, housing, and entertainment)

Supportive policy framework (neighborhood plans, compact development)



WHAT'S
NEXT? Getting Ahead
of Change

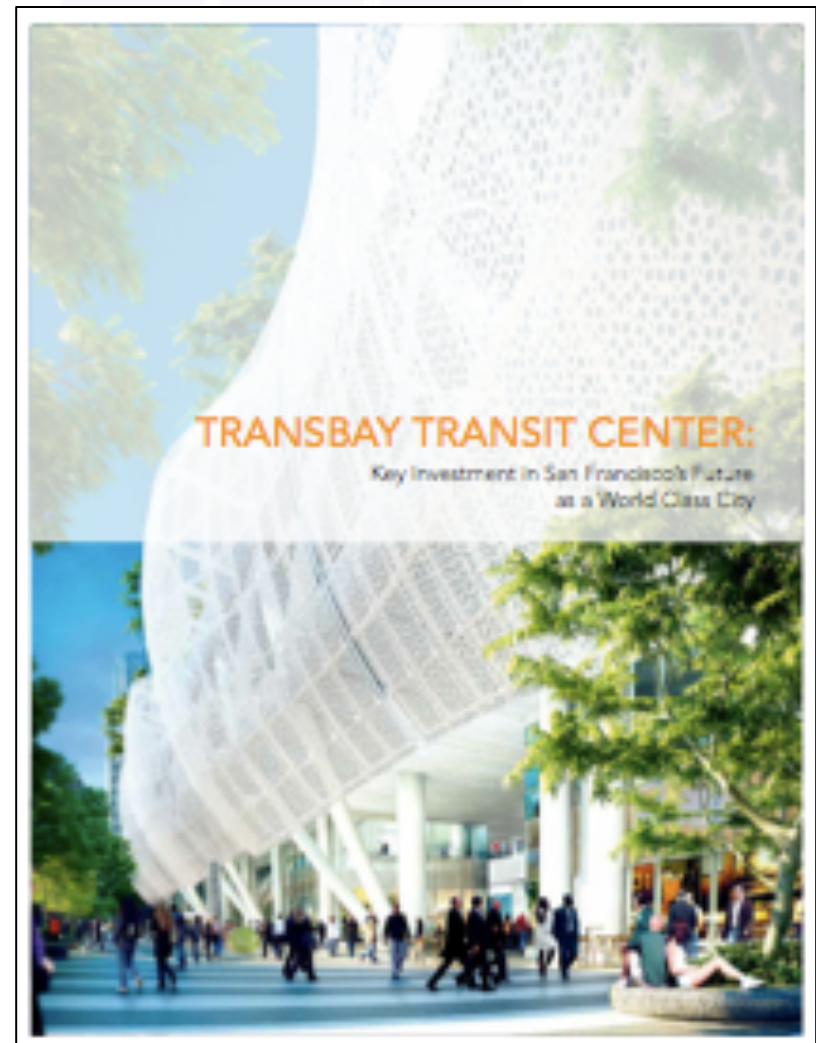
ULI Urban Land
Institute
ULI Foundation



Transbay Transit Center Economic Benefits

- Catalyzing \$4+ billion in new, infill development
- Increasing surrounding property values by about \$4 billion
- Creating more than 125,000 jobs directly, indirectly, and induced

And creating 1300+ affordable housing units near transit



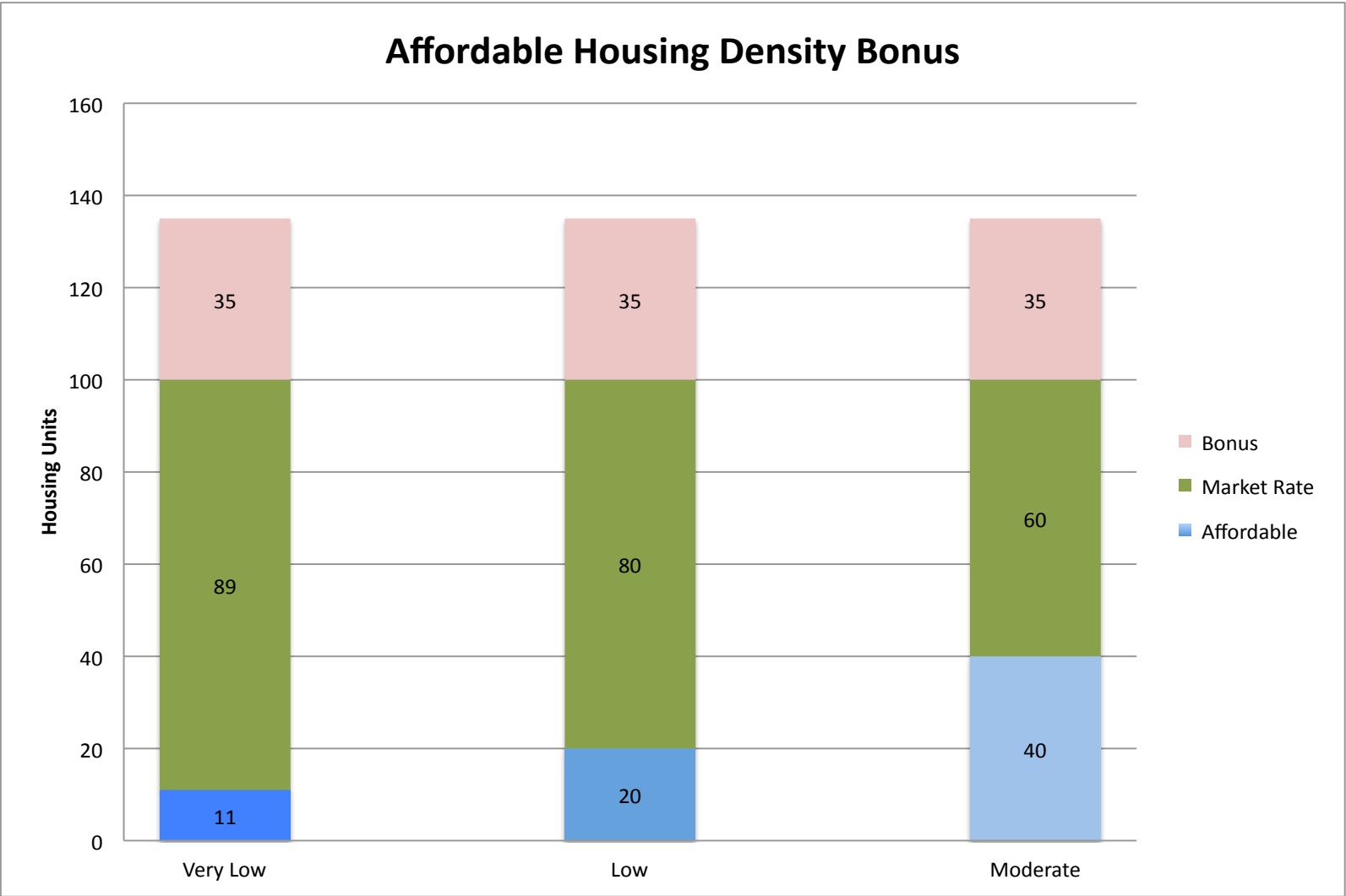
Affordable Housing Density Bonus Tools



State Density Bonus Law Government Code 65915-65918

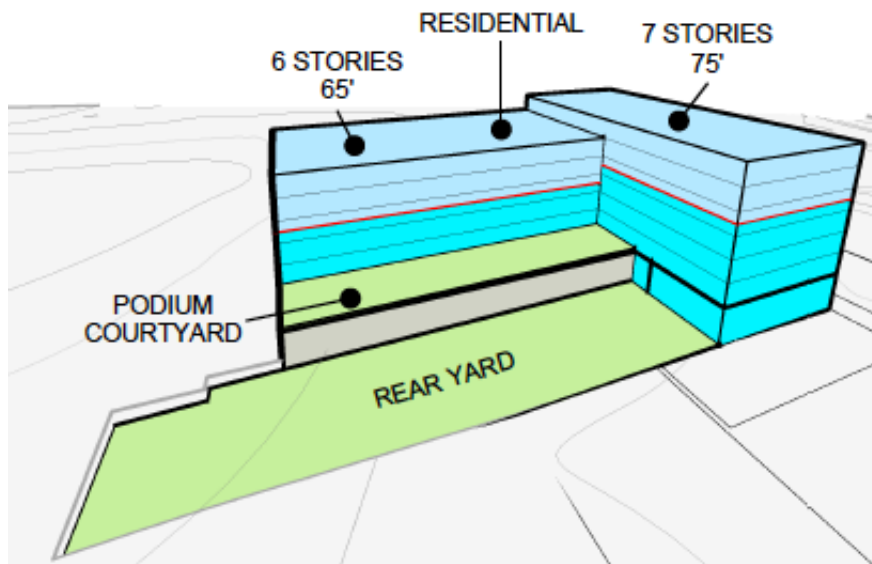
- Requires local governments to provide additional density or housing units in exchange for provision of affordable housing onsite
- Includes special provisions for land dedication and senior housing

35% Maximum State Density Bonus



State Density Bonus Incentives and Concessions

Provide one or more “incentives” or “concessions” to projects that qualify for a unit density bonus.



- Reduction in site development standards or modification of zoning code or architectural design requirements (e.g. setback or minimum square footage requirements)
- Approval of mixed use zoning
- Other changes that result in identifiable and financially sufficient cost reductions.

San Francisco— Proposed Affordable Housing Density Program

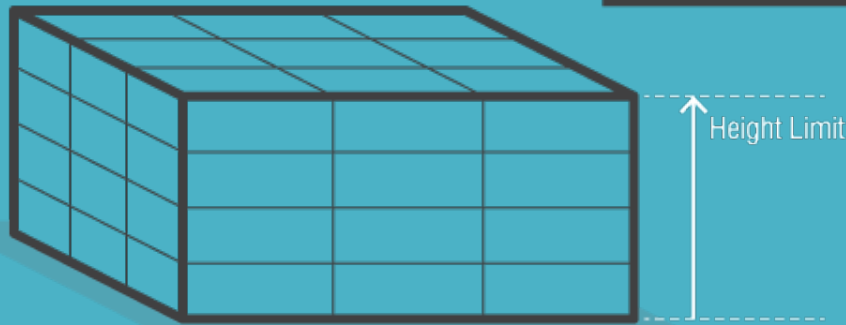


Following four slides courtesy of San Francisco Planning Department

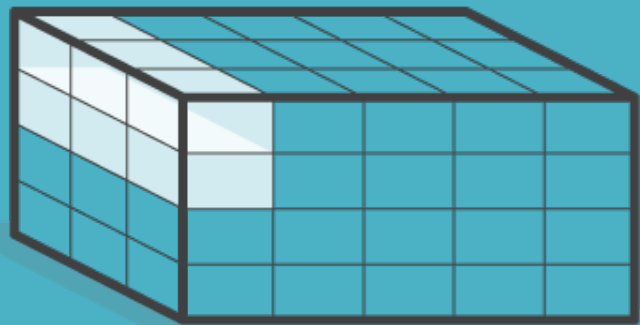
WHAT IS A DENSITY BONUS?

Building Envelope

MAX DEVELOPMENT POTENTIAL

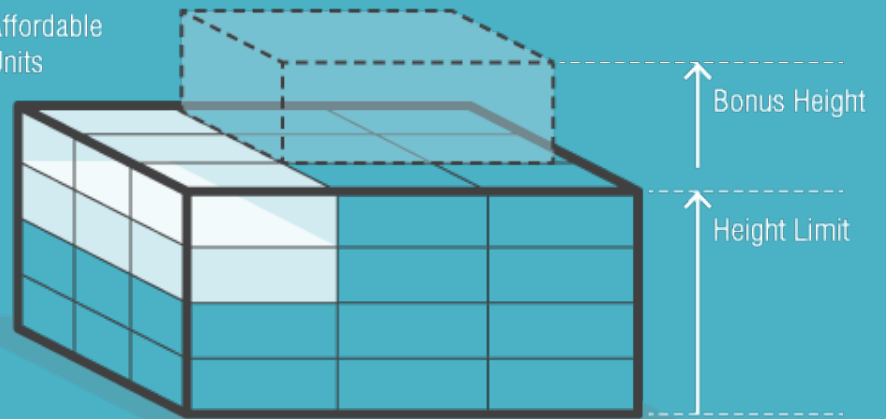


Affordable Units



DENSITY BONUS - WITHIN ENVELOPE

Affordable Units



DENSITY BONUS - HEIGHT

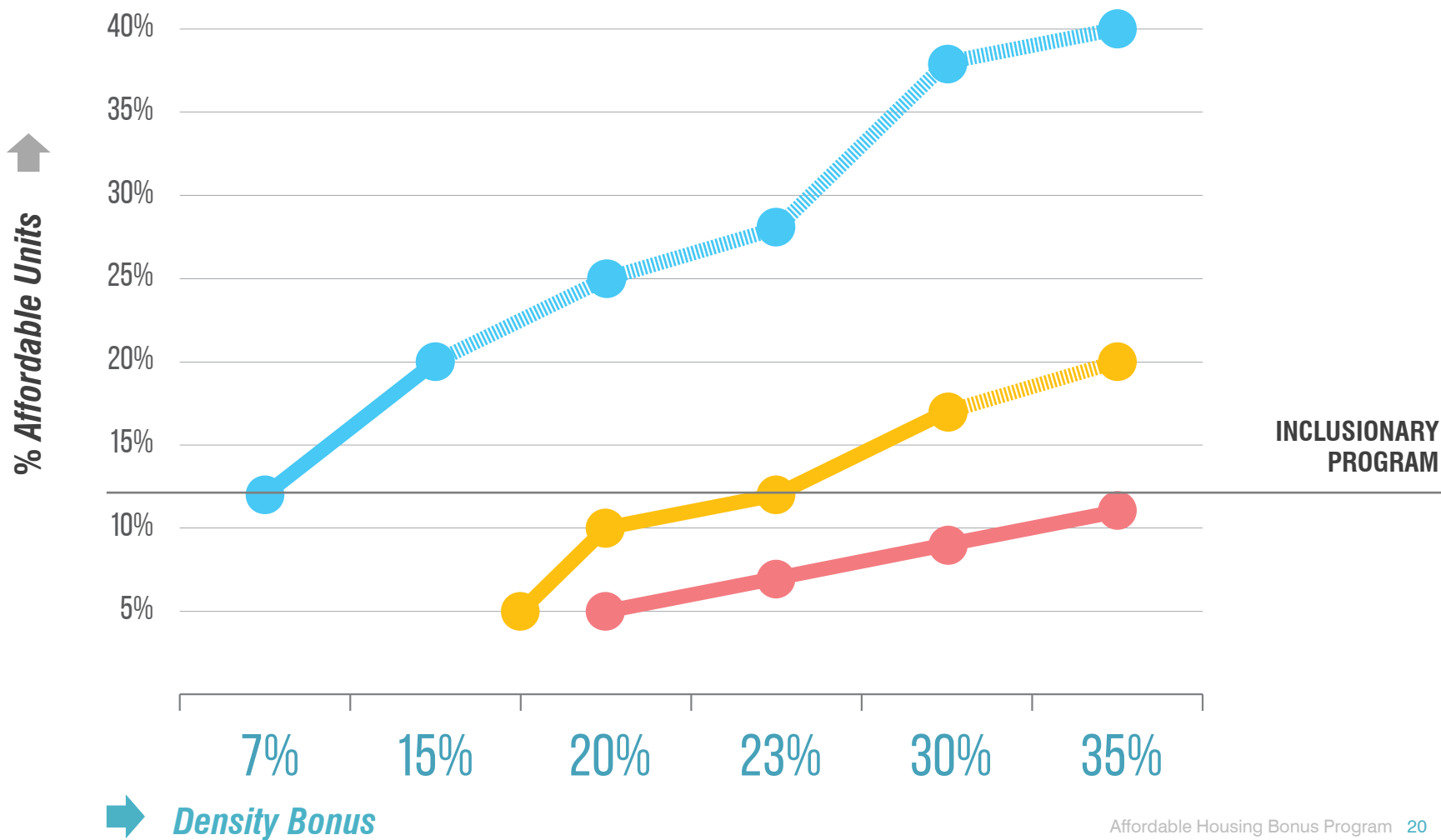


STATE DENSITY BONUS LAW

AFFORDABLE UNITS, BY DENSITY BONUS, BY AMI

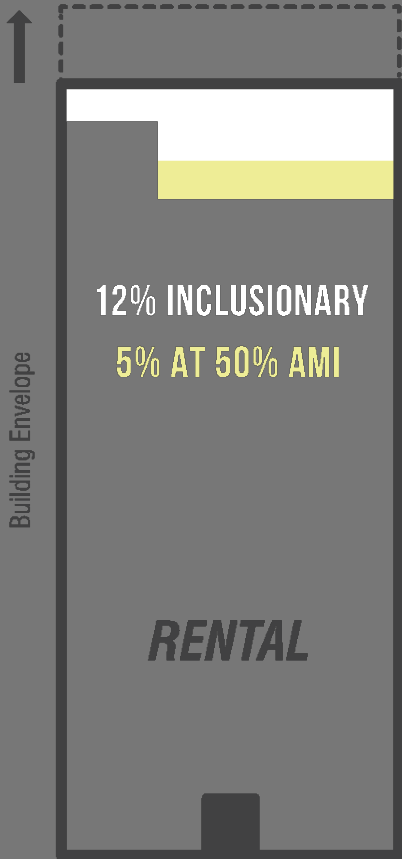
Density bonus, if onsite affordable units are:

- Very Low Income 50% AMI
- Low Income 80% AMI
- Moderate Income 120% AMI
- Not likely

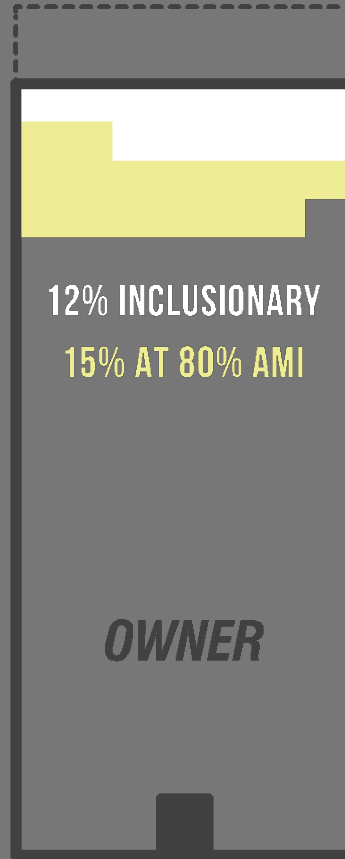


AFFORDABLE HOUSING BONUS – OPTIONS

POTENTIALLY
UP TO 2 STORIES



13%
TOTAL PROJECT



20%
TOTAL PROJECT

UP TO
2 STORIES



30%
TOTAL PROJECT

PROGRAM AFFORDABILITY



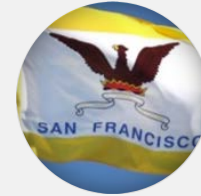
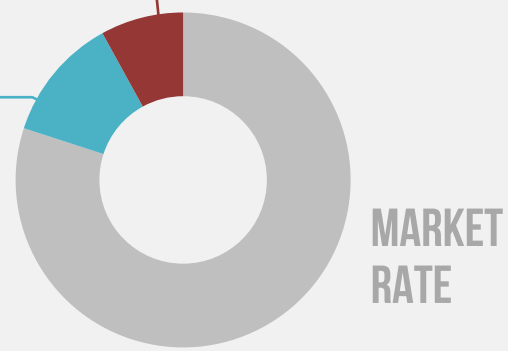
STATE PROGRAM
MAXIMUM 35% BONUS



13 OR 20 % OF THE TOTAL PROJECT AFFORDABLE

ADDITIONAL AFFORDABLE
0 - 8% various (50%, 80% or 120% AMI)

REQUIRED
 inclusionary
 55% or 90%



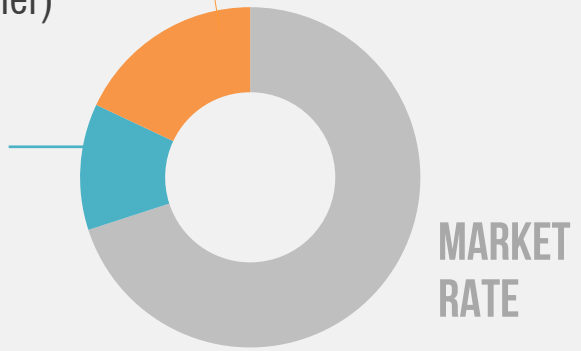
LOCAL PROGRAM
DENSITY REGULATED BY FORM



30% OF THE TOTAL PROJECT AFFORDABLE

ADDITIONAL AFFORDABLE
18% Middle Income (120% rental or 140% owner)

REQUIRED
 inclusionary
 55% or 90%



Strategies to create value while reducing parking costs

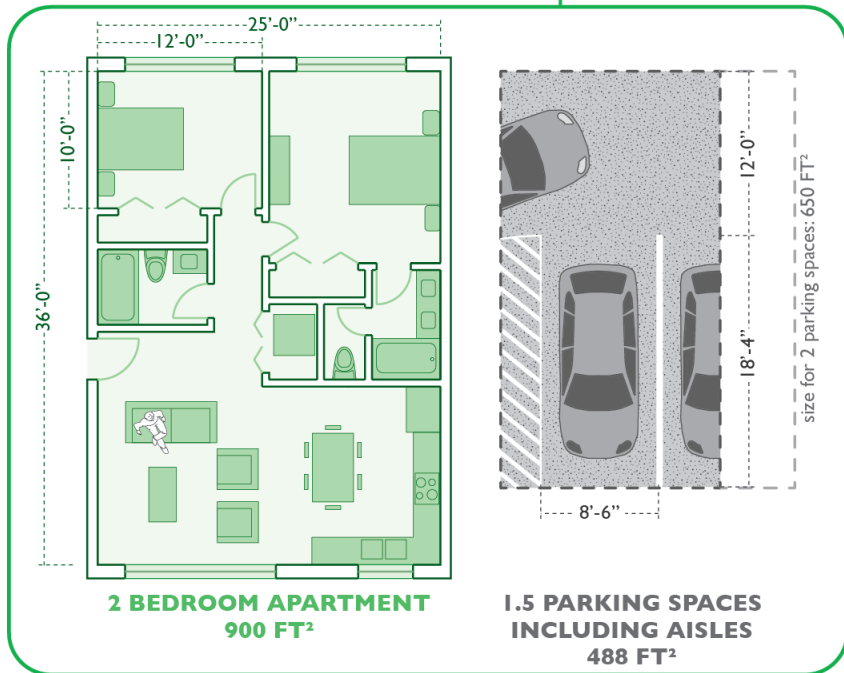
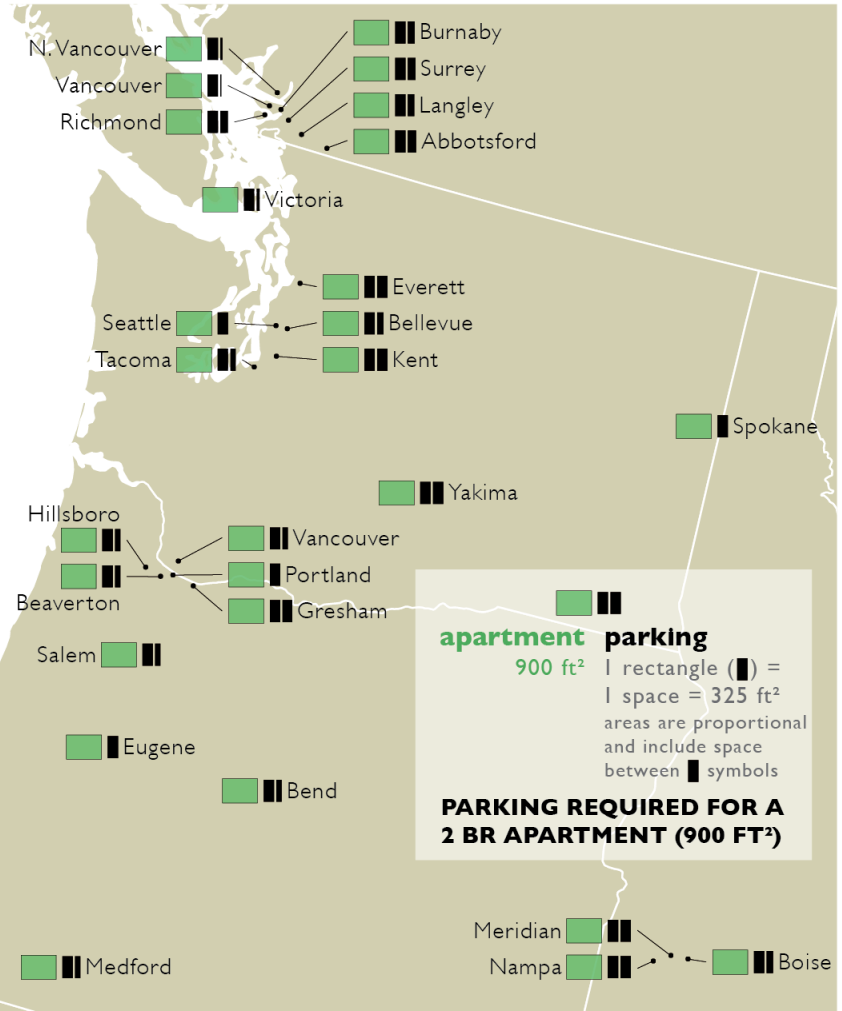
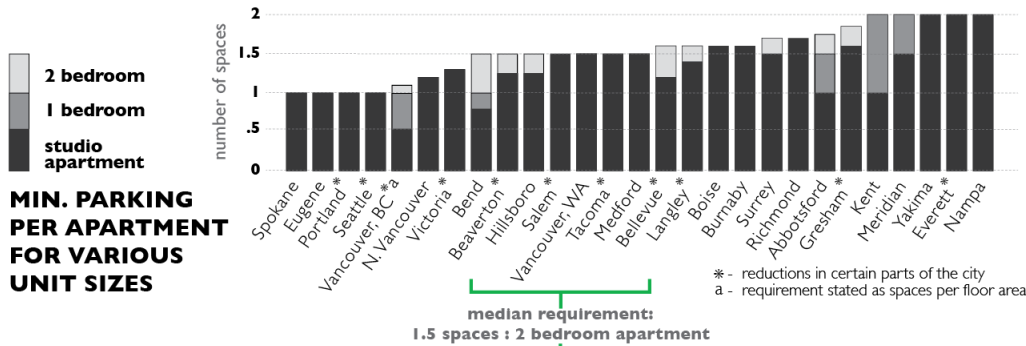
- Mixed-use = shared parking
- Parking reductions near transit
- Tandem parking/stackers
- Car/bike sharing
- “Complete Streets”
 - Pedestrian/bike friendly
 - Trees/landscaping
 - Safe crosswalks
- Neighborhood open space



LIVING VS PARKING SPACE



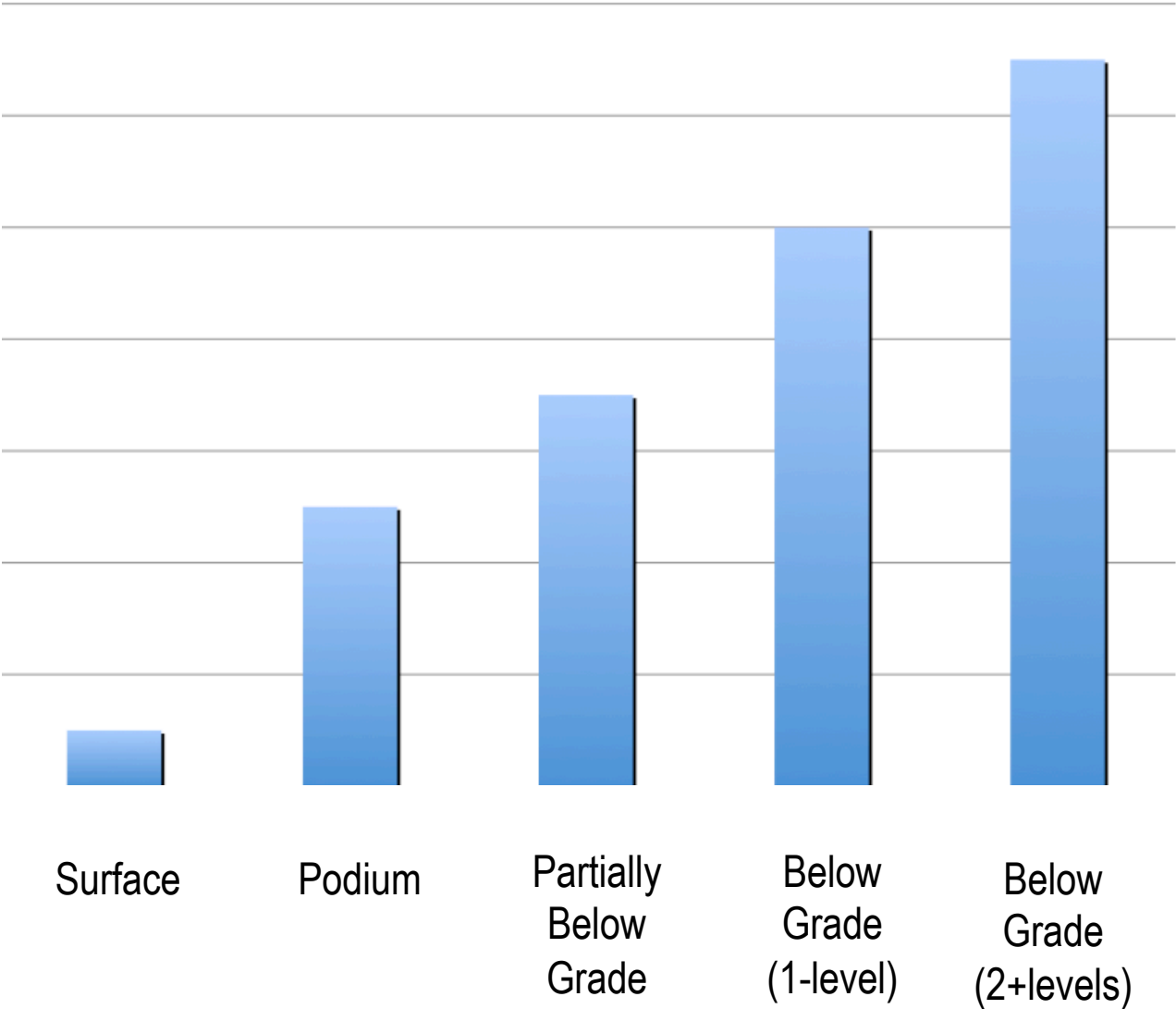
parking required by city laws across Cascadia



graphing parking



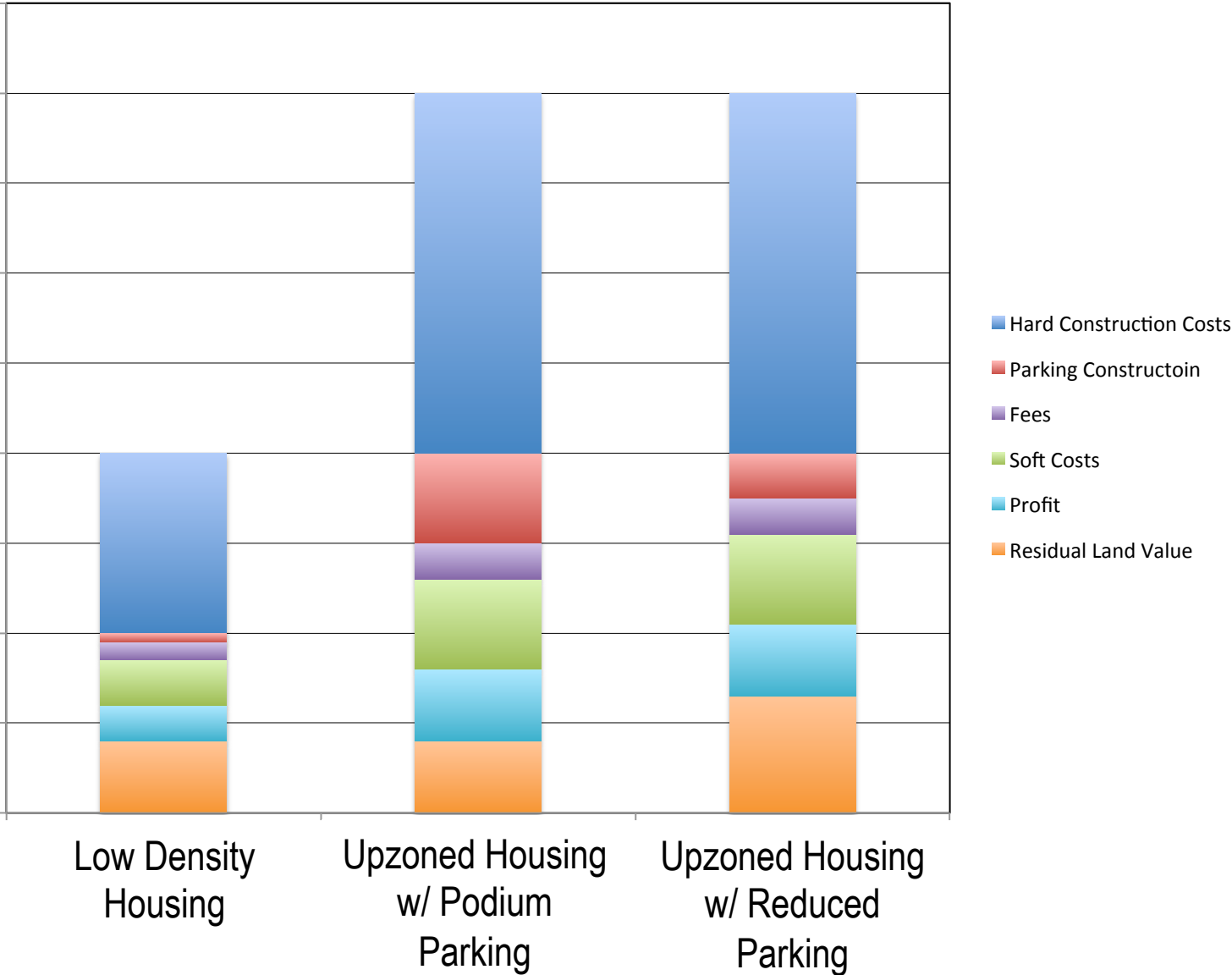
ILLUSTRATIVE PARKING COST PER SPACE



Refined Parking Requirements

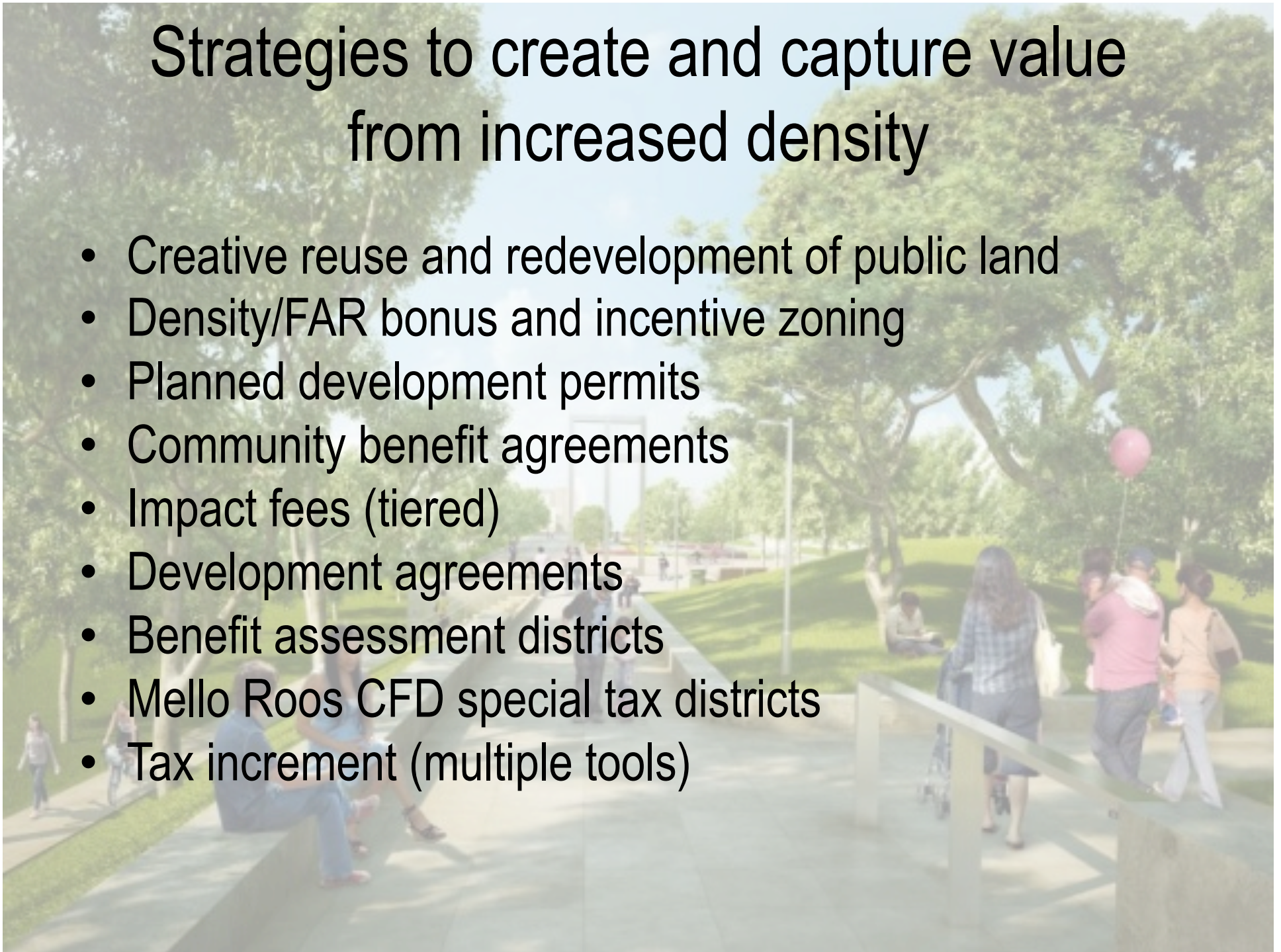
	Typical Practice	Smart Infill	Metro/ Downtown
Residential	2 spaces per unit minimum	1 space per unit maximum Allow no parking	.5 to .75 space per unit maximum Allow no parking, Unbundle cost of parking
Retail	3-5 spaces per 1,000 SF Minimum	2 spaces per 1,000 SF Maximum	No parking on infill sites near transit
Office	3-4 spaces per 1,000 SF minimum	1-2 spaces per 1,000 SF maximum	7 percent floor area No parking on infill sites near transit

COMPARISON OF RESIDUAL LAND VALUES WITH DENSITY INCREASE AND REDUCED PARKING

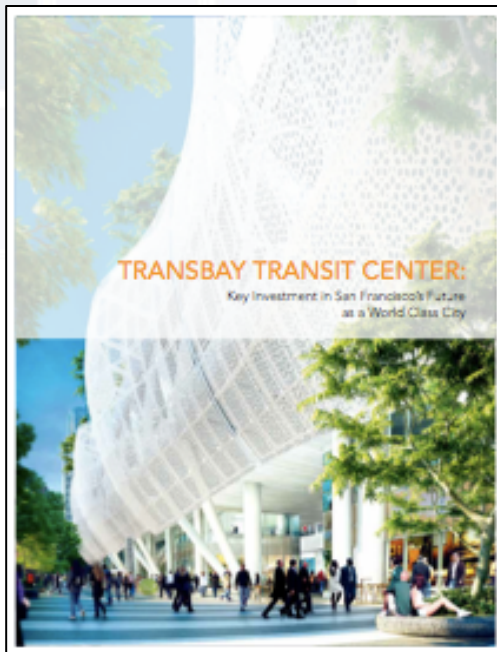


Strategies to create and capture value from increased density

- Creative reuse and redevelopment of public land
- Density/FAR bonus and incentive zoning
- Planned development permits
- Community benefit agreements
- Impact fees (tiered)
- Development agreements
- Benefit assessment districts
- Mello Roos CFD special tax districts
- Tax increment (multiple tools)



Information Sources



Transbay Joint Powers Authority
transbaycenter.org



San Francisco Planning Department
sf-planning.org



San Francisco Office of Community Investment and Infrastructure
sfocii.org



Elizabeth (Libby) Seifel
Seifel Consulting Inc.
seifel.com