



TENDERLOIN

TECHNICAL ASSISTANCE PANEL
OCTOBER 2010

CONTENTS

About ULI TAPs	1
About ULI	1
Team Assignment and Process	1
<hr/>	
Executive Summary	2
<hr/>	
Context & Existing Conditions	4
<hr/>	
Demographics	7
<hr/>	
Zoning	8
<hr/>	
Existing Studies	9
<hr/>	
Stakeholders	11
<hr/>	
Stakeholder Questions	11
<hr/>	
SWOT Analysis	14
<hr/>	
Case Studies	15
<hr/>	
Recommendations	17
<hr/>	
List of Participants	20
<hr/>	

About ULI's Technical Assistance Panels

ULI San Francisco Technical Assistance Panel Program (known as "TAPs") is an extension of the national Urban Land Institute (ULI) Advisory Services Program. ULI's advisory services panels provide strategic advice to clients (public agencies and nonprofit organizations) on complex land use and real estate development issues. The program links clients to the knowledge and experience of ULI and its membership. Established in 1947, the Advisory Services the program has completed over 500 panels in 47 states, 12 countries, and on 4 continents. The Advisory Services Program has been successful due to its comprehensive, pragmatic approach to solving land use challenges.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI's interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel.

Local San Francisco Bay Area TAPs are held over the course of two days in the client's community. A detailed briefing book is given to each TAP panel participant a week before the day of the TAP. The TAP begins with a tour of the study area either by bus and on foot, is followed by a briefing by the client and others, and then transitions into private interviews and panel discussion regarding the client's issues and questions. At the end of the TAP, the panel provides a Power Point presentation to the client and invited guests summarizing the panel's observations and recommendations. Within ten weeks, a final written report is delivered to the client.

ULI would like to thank the Mayor's Office of Economic and Workforce Development and TEDP for their support of this TAP.

About ULI

The Urban Land Institute's mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. Founded in 1936, the ULI is a non-profit organization of land-use professionals with 30,000 members in 95 countries (www.uli.org), including 2,000 in the greater San Francisco District Council (www.ulisf.org). ULI San Francisco serves the greater Bay Area with pragmatic land use expertise and education.

Team Assignment and Process

The Tenderloin Economic Development Project (TEDP), with the support and cooperation of the City of San Francisco and local property owners, aims to revitalize the east side of the 100 block of Taylor St. The block includes a number of vacant or underdeveloped parcels, and represents an opportunity to create new assets for local residents and the surrounding community.

The TAP process consisted of a day of site tours, stakeholder interviews, and panel discussion, and a presentation the following morning. The TAP spent the first day working on-site in a community space within the neighborhood.



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Executive Summary

Team Assignment and Process

The Tenderloin Economic Development Project (TEDP), with the support and cooperation of the City of San Francisco and local property owners, aims to revitalize the east side of the 100 block of Taylor St. The block includes a number of vacant or underdeveloped parcels, and represents an opportunity to create new assets for local residents and the surrounding community.

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Site Context

While the original project assignment was to focus on the revitalization of the 100-200 blocks of Taylor Street, once work began, the TAP panelists realized the necessity of examining the larger urban context and socioeconomic factors of the area. While the site has many active uses within close proximity, the Tenderloin district has a marked concentration of low-income housing units and supportive social services, including a large stock of Single-Room Occupancy (SRO) units with restrictions on their redevelopment.

Stakeholder Questions and TAP Answers

1. What is the highest and best use for the site under existing regulatory, planning and neighborhood conditions?

Duggan Property:

Preliminary Solution: SRO above, first floor food service/club or arts facility as retail tenant

Kaplan Property:

Preliminary Solution: Keep as SRO above, bar first level

2. What would be the highest and best use for the site without regulatory and planning constraints but still plausible given neighborhood conditions?

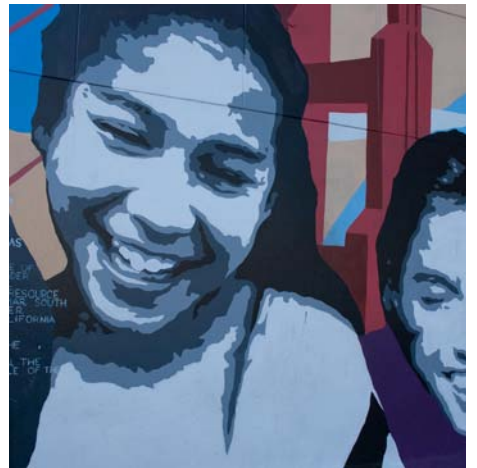
Mixed-income housing (more market rate units) and non-residential uses such as hotels over ground floor retail or arts spaces

3. What is the viability of mixed-income housing on the site? What are the barriers to that type of development?

Unlikely, under existing regulatory controls and considering neighborhood quality of life issues.

Barriers include:

- Costs of development
- SRO replacement ordinance
- Crime
- Lack of financing options
- Small existing footprint requiring smaller units
- Lack of parking
- Historic preservation restrictions





4. What financing strategies could facilitate optimal development on the 100 block of Taylor Street?

- Consider Redevelopment/TIF
- State bonds (affordable housing, infill, TOD)
- Tax abatements
- Leverage nearby large employers
- Market rate housing with back end equity splits

5. How can the block effectively capitalize on nearby assets, including but not limited to: Powell Street BART; Hilton Hotel; the Golden Gate Theater; the Warfield Theater; and the EXIT Theatre?

Create physical linkages to connect Market Street, the 100 Taylor block and the hotels above Market, such as the proposed ACT center between 5th and 6th Streets.

6. What kind of development and design projects could mitigate the social challenges of the neighborhood?

The social challenges of the neighborhood can be mitigated by providing a better balance of land uses and linkages to the surrounding neighborhoods, such as higher end restaurants, hotels and multi-family, market-rate housing.

Recommendations

After the consideration of the stakeholder questions, SWOT analysis, site tour and interviews, the team identified what they felt were the most pressing issues and resulting recommendations. Due to the systemic issues present throughout the district, many of the panel's recommendations focus on improvements needed in the wider district instead of focusing solely on the subject properties. The major panel recommendations are below:

- Reduce Crime
- Improve Quality of SRO Housing
- Build Structured Parking
- Increase Retail Diversity
- Identify Financial Assistance for New Development
- Create a Coordinated Leadership Voice
- Evaluate Art District Feasibility



Context and Existing Conditions

The physical context in which the properties sit is one of extremes, as this challenged site is located mere blocks from the thriving Westfield shopping center, several large tourist hotels, Union Square, several major theatres, and the Civic Center complex.

The site is well-served by public transit, with several MUNI lines running throughout and easy access to the Powell Street and Civic Center BART stations and transit along Market Street. Regional access roads in the project vicinity include U.S. Highway 101 and Interstates 80 and 280, as well as Market and Mission Streets. On-street parking adjacent to the site is usually at or near 100 percent capacity during the daytime – as many surface parking lots have been replaced with high-density residential development over the last decade.

While the site has many active uses within close proximity, the Tenderloin district has a marked concentration of low-income housing units and supportive social services, including a large stock of Single-Room Occupancy (SRO) units with restrictions on their redevelopment. These restrictions are one of several factors that make it difficult to bring a balance of residential land use types to the neighborhood. The neighborhood is plagued by a high crime rate, as well as quality of life issues faced by SRO residents, who congregate on City sidewalks due to the small size of a typical SRO room (80-100 square feet) and lack of private open spaces. As seen with the housing stock, retail and commercial types present in the neighborhood are concentrated in a small number of uses, including non-profits, convenience/liquor stores, and sex-related businesses. The district is actively building upon its proximity to the Theatre district, and plays host to a number of smaller theatre venues, including the Exit Theatre on Eddy Street.

The neighborhood is also home to a broad range of contributory historic properties, which present development challenges to the demolition or modernization of under-densified or underutilized properties.

The immediate site context of the 100-200 Taylor Street parcels includes a number of vacant and underutilized parcels, including surface parking lots. The 200 Taylor Street parcel owned by the Tenderloin Neighborhood Development Corporation (TNDC) is already entitled for a 10-story, mixed-use, 170-unit affordable housing development that the panel felt was appropriate for the site, so the specific planning effort was focused on the northern half of the 100 block of Taylor Street, owned by the Duggan family, as well as a parcel on the southern portion of the site owned by David Kaplan. The Duggans own a surface parking lot, a three-story building currently occupied by a t-shirt manufacturer, and the two-story corner building with an SRO hotel above ground-floor commercial space. For 70 years, this 6,000-square foot ground-floor space was occupied by Original Joe's restaurant, which has been vacant since a severe fire in 2007 that forced the restaurant to close its doors. David Kaplan's southern property houses the Warfield Hotel at 100-118 Taylor Street.

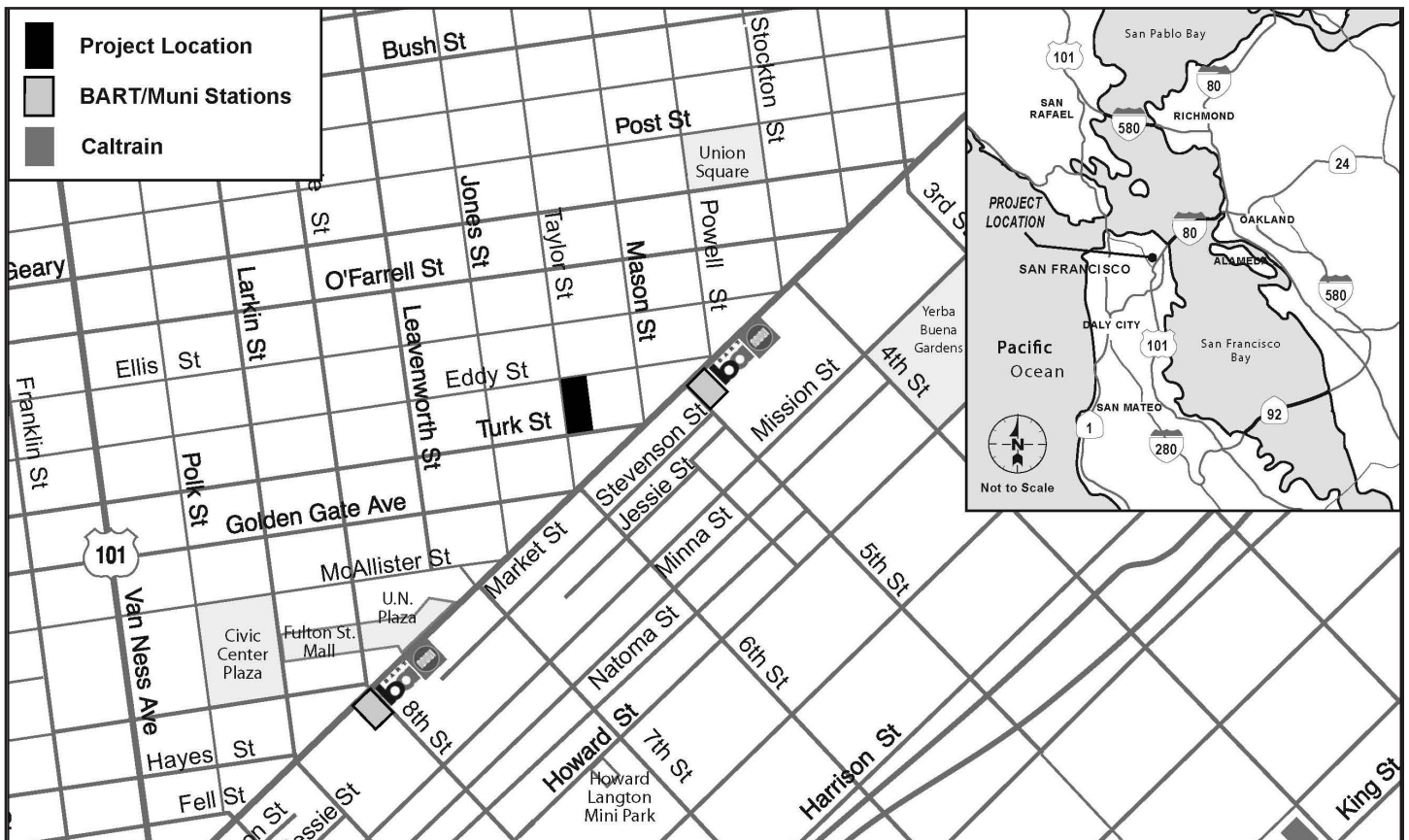


Figure 1: Site Context



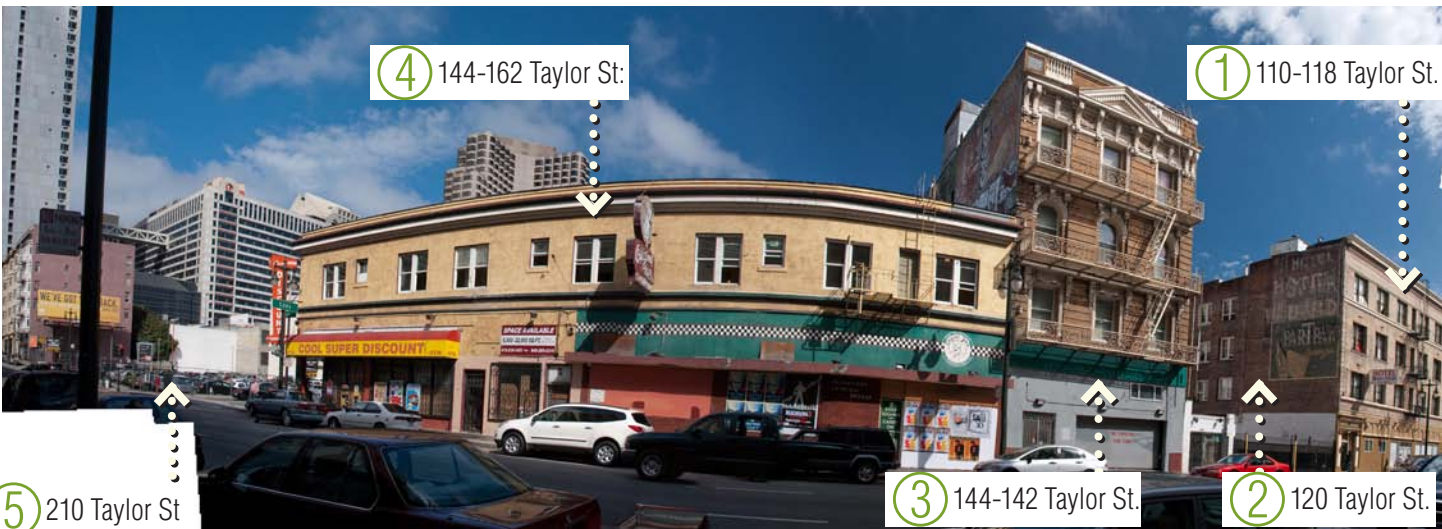
- ① 110-118 Taylor Street
- ② 120 Taylor Street
- ③ 136-142 Taylor Street
- ④ 144-162 Taylor Street
- ⑤ 210 Taylor Street

Figure 2: Subject Properties

The space has remained unused while the Duggans and Mr. Kaplan decide how this site can best be utilized. While the site is fairly proximate to successful surrounding uses, it is not directly adjacent to any of them, with little direct visibility and access. It is also only 70 feet deep, making redevelopment a design challenge without the consolidation of adjacent parcels. The Duggans have recently signed a lease agreement with an SRO operator on the 2nd floor of the corner building for 15 years, and this lease agreement, coupled with the difficulty in replacing 103 SRO units within the Northern portion of the block (as mandated by current regulations), as well as the historically-listed building owned by David Kaplan, make wholesale demolition and redevelopment infeasible at this time.

The table below summarizes the characteristics of the study properties, while the images on the next page show the sites in the context of the neighborhood.

	Property Address	Use	Lease Length	Revenue	Parcel Size	Building Size	Owner
①	100-118 Taylor St.	Hotel Warfield SRO, Convenience Markets, Club.	Unknown	Unknown	6,281 SF	25K SF/ 4 stories	David Kaplan
②	120 Taylor St.	Surface Parking	5 years	\$1,850/month	4,650 SF	Vacant	Duggan Family
③	136-142 Taylor St.	T-Shirt Manufacturing	5 years	\$10,000/month	2,400 SF	9,600 SF	Duggan Family
④	144-162 Taylor St.	Vacant Retail Space with SRO Above	2 years/15 years (SRO)	Vacant/ \$4,725/month	8,239 SF	25,000 SF	Duggan Family
⑤	210 Taylor St.	Surface Parking			18,905 SF	Vacant	TNDC



④ 144-162 Taylor St.

① 110-118 Taylor St.

⑤ 210 Taylor St

③ 144-142 Taylor St.

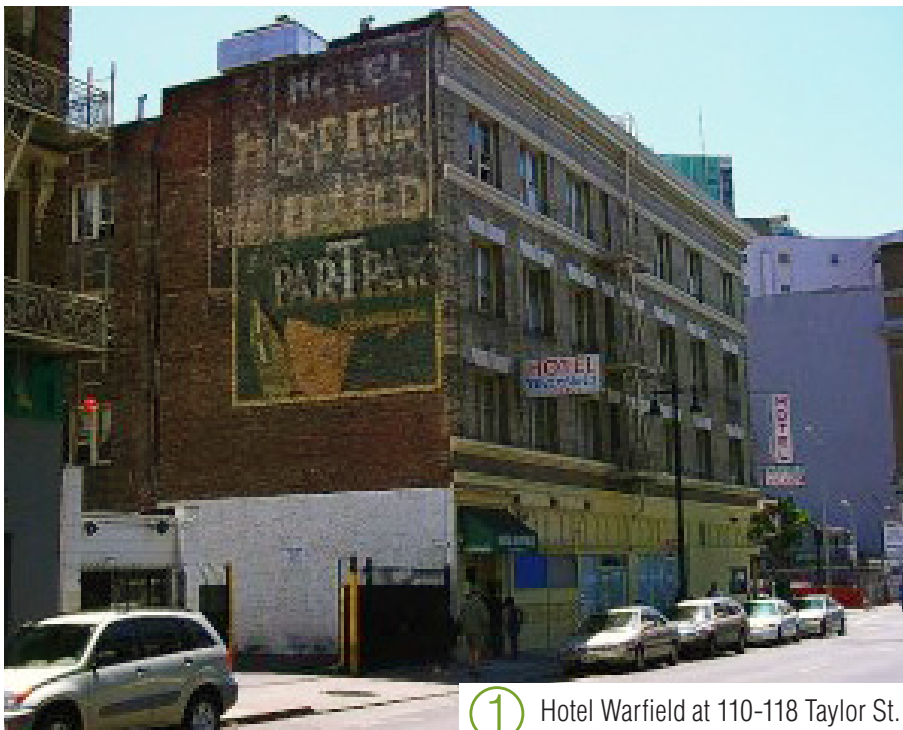
② 120 Taylor St.



④ Former Original Joe's Restaurant



② Vacant Surface Parking Lot at 120 Taylor St.



① Hotel Warfield at 110-118 Taylor St.

Demographics

The demographics of the area are unique to San Francisco. As found in the 2000 Census, households were overwhelmingly single-person, with 68% of households in this category versus 39% in the City overall. Residents had far lower rates of educational achievement, with 44% of residents not graduating from high school, compared to 19% of San Francisco residents. Median incomes within the Tract were only \$12,163 in 1999; only 22% of the median income for San Francisco overall during that same time period (\$55,221). Additionally, 33% of residents lived in poverty—three times the rate of the City overall (11%).

The area is also home to a number of special populations that may not be accurately represented in the census data. A concentration of service organizations for San Francisco's homeless population in the blocks surrounding the study area means that a sizeable portion of the City's homeless population spends time in the neighborhood. There is also a fair amount of student housing in the neighborhood, supporting the populations of the UC Hastings Law School, Academy of Art University, and the SF State Downtown Campus.

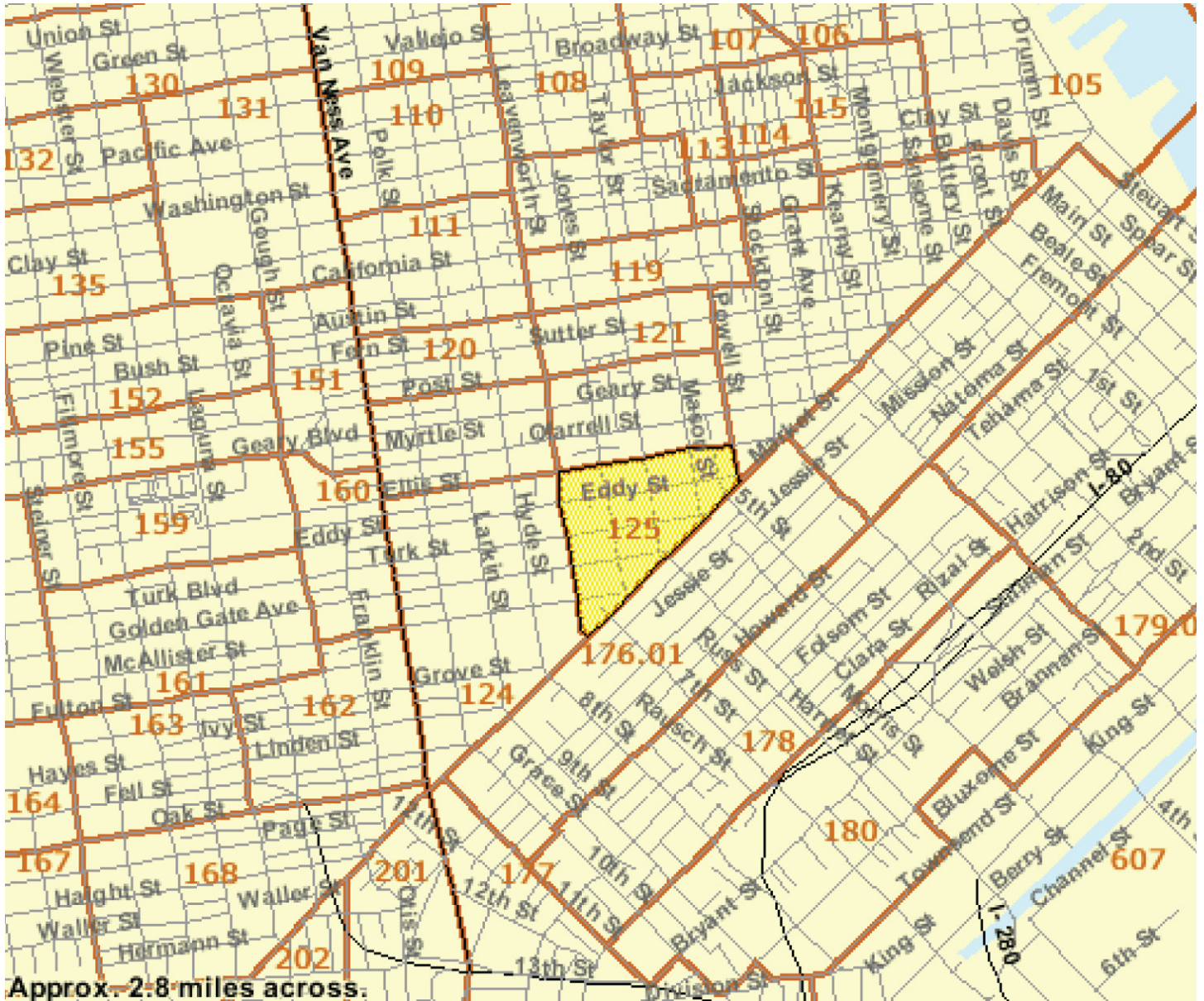


Figure 3: San Francisco Census Tract 125 Map

Zoning

Use Controls

All of the study area parcels are zoned for high-density residential commercial use (RC-4), which allows for a mixture of high-density dwellings with supporting commercial uses. The high-density and mixed-use nature of these districts is recognized by certain reductions in off-street parking requirements. The majority of the parcels in the surrounding area are zoned either RC-4, or for downtown general commercial use (C-3-G), which allows for retail, offices, hotels, entertainment, clubs and institutions, and high-density residential. Many of these uses have a Citywide or regional function, although the intensity of development is lower here than in the downtown core area. As in the case of other downtown districts, no off-street parking is required for individual commercial buildings, but in portions of this district automobile parking is a major land use, serving this district and the adjacent office and retail core areas.

Source: (<http://library.municode.com/index.aspx?clientId=14139&stateId=5&stateName=California>)

The study area is also subject to special zoning controls under the North of Market Residential Special Use District that supersedes the RC-4 controls. This district prioritizes the conservation of housing units over other uses, including over tourism-focused and commercial uses, with housing density allowed at ratios as high as one unit per 125 square feet of lot area. Commercial uses are limited to ground- and basement floors, and no new off-site liquor stores are permitted, due to a concentration of these businesses in the area.

Height Controls

The five parcels in the study area are zoned for 80 feet of height, but the Special Use District allows for special height exemptions to be granted for heights up to 120-130 feet.

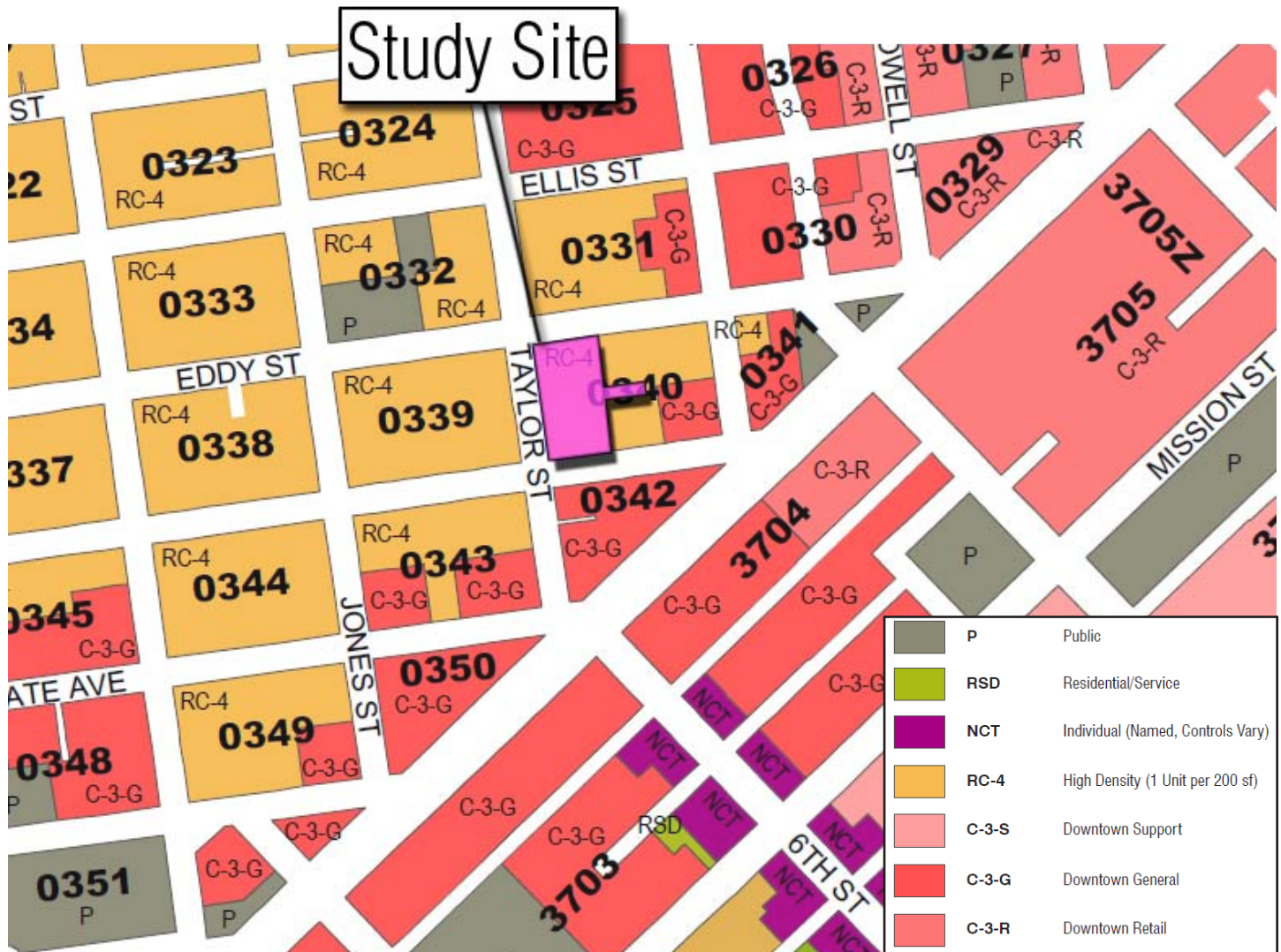


Figure 4: Site Area Zoning



Neighborhood Planning and Economic Studies

Mid-Market Redevelopment Plan

San Francisco's Redevelopment Agency staff has proposed a new Redevelopment Area along Market Street and Mission Street between 5th Street and 10th Street. However, this Plan has yet to be approved.

The proposed Plan is the culmination of 10 years of community planning in conjunction with the Mid-Market community including the Mid-Market Project Area Committee, an advisory body to the Redevelopment Agency (Agency) made up community residents, property owners, businesses and community organizations.

The Plan can be summarized as an incremental 30-year urban infill and rehabilitation program that would authorize the Agency to participate in and/or assist with certain projects and programs that, taken together, aim to create a more vibrant and balanced mixed-use district over time.

Agency efforts would place a special emphasis on building upon the existing fabric and assets of the district including:

- Increasing the ratio of residential development to other land uses;
- Expanding upon existing arts, cultural and entertainment activities;
- Aiding existing businesses;
- Attracting new complementary commercial development; and
- Rehabilitating existing commercial and residential space in historic buildings.

In addition, the Plan aims to retain existing and historic affordable housing ratios as well as community-serving office space. To support the Project Area's anticipated growth in residential population, businesses, and employees, and to serve city-wide and regional needs, the Plan anticipates additional facilities to house civic, social and cultural services and activities and public improvements including public open space, streetscapes and transit facilities. (<http://sfredevelopment.org/index.aspx?page=151>)



North of Market/Tenderloin Community Benefit District Management District Plan

Formed in 2005, the North of Market/Tenderloin Community Benefit District formation occurred as a result of the work of more than 60 community leaders and property owners. The ultimate goal of the North of Market /Tenderloin CBD is to bring provide cleaning and beautification services to all of the parcels in the historic Tenderloin district. (<http://nom-tlcbd.org/>)

Tenderloin Revitalization and Reinvestment Report

In 2006, the Tenderloin Revitalization and Reinvestment Implementation Project (TRRIP) conducted a study on the issues affecting economic opportunities for the neighborhood. Many of the Project's findings were found by the panel to still hold relevance four years later. Findings included high crime rates and lack of personal safety, a lack of positive identity for the area, large numbers of residents with language barriers and mental health issues, and the increasing role of non-profit organizations as major landlords.

2006 Tenderloin/Little Saigon Transportation Study

In June 2006, the San Francisco County Transportation Authority (SFCTA) conducted a study to identify, prioritize, and develop conceptual cost estimates for near and medium term transportation and access improvements in the Little Saigon and Tenderloin neighborhoods. The study resulted in a list of thirteen specific pedestrian, transit, and roadway improvements, eight of which have been implemented as of September 2010.

900 Block of Market Street

The Tenderloin Economic Development Project is undertaking a feasibility analysis for the development of a new mixed-use project on Market Street between 5th and 6th and Turk Street between Mason & Taylor. Collaborating with the American Conservatory Theater, TEDP is studying incorporating performing art space with educational, administrative, rehearsal, costume shop, retail and housing uses. Combined, the site includes approximately 43,000 square feet of land with a total development program capacity of approximately 275,000 square feet. TEDP has retained Equity Community Builders as its development consultant.





Stakeholders

The immediate area has a number of institutional stakeholders and individual property owners. The ability to engage residents of adjacent properties can be challenging, given a larger predominance of substance abuse problems and mental health issues than is typically found in other City neighborhoods. Due to the time constraints of this process, individual resident stakeholders were not consulted by the TAP, but neighborhood-serving non-profit groups, relevant agencies and property owners were interviewed.

Stakeholders engaged by the TAP:

- Mayor's Office of Economic and Workforce Development (MOEWD)
- Tenderloin Economic Development Project (TEDP)
- Tenderloin Neighborhood Development Corporation (TNDC)
- Warfield, Golden Gate and Exit Theatres
- SF Redevelopment Agency
- Duggan Family
- David Kaplan

Additional Stakeholders whose engagement would have been helpful:

Major area employers, including large hotel operators; cultural and non-profit organizations; retail destinations, such as the Westfield Center; and local law enforcement officers.

Stakeholder Questions

The Panel was asked a series of questions by TEDP and the property owners during the process that helped to guide the analysis and final recommendations. During the consideration of these questions, 'the site' is considered to be the parcels on the 100-162 portion of the Taylor Street block, as the 210 Taylor Street parcel already has a planned use that the panelists felt was appropriate.

1. What is the highest and best use for the site under existing regulatory, planning and neighborhood conditions?

The panel started by recognizing the challenges inherent in the existing regulatory controls, the most constraining of which is the ordinance mandating the replacement of SRO rooms on a 1:1 basis. This control, among the many others, essentially mandates the status quo on all parcels.

Considerations for the parcels are below:

- SRO replacement ordinance
- Potential historic requirement
- Existing 15 year sublease for SRO
- 80-120 foot height limit
- Parcel depth of only 70' limits building footprints/parking
- Cost of demolition

Duggan Property:

Preliminary Solution: SRO above, first floor food service/club or arts facility as retail tenant

Kaplan Property:

Preliminary Solution: Keep as SRO above, bar first level

2. What would be the highest and best use for the site without regulatory and planning constraints but still plausible given neighborhood conditions?

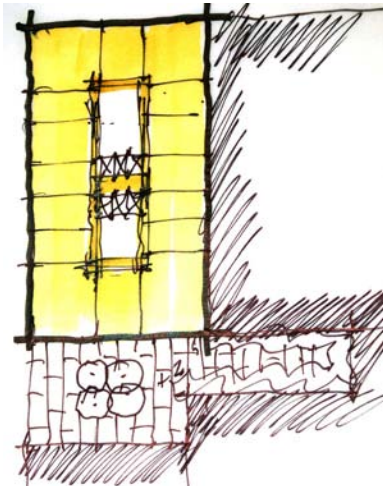
The removal of regulatory constraints (especially the SRO replacement restrictions) dramatically widens the available land use options, making projects from both market-rate and affordable housing developers more realistic. Non-residential uses such as hotels over ground floor retail or arts spaces may also be viable. These future uses should capitalize on the recently approved CityPlace retail project at 6th and Market, the envisioned ACT project on Market Street, as well as the TNDC high-rise housing project on the 200 block of Taylor.

3. What is the viability of mixed-income housing on the site? What are the barriers to that type of development?

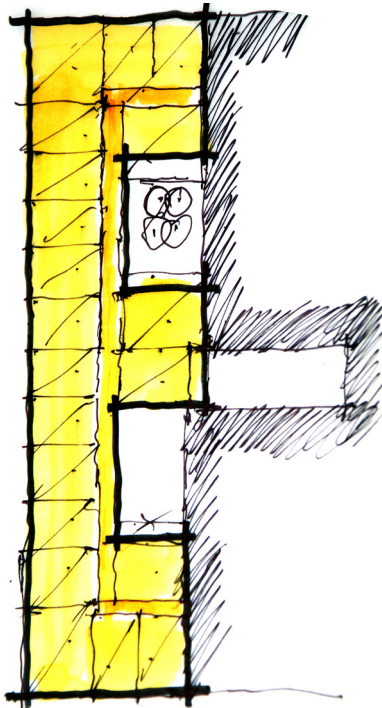
Under existing regulatory controls and considering neighborhood quality of life issues, it is unlikely that market rate units could be justified without subsidies because the costs of development (including replacement of the existing SRO units) would exceed the values of the market-rate units. The major constraint for market-rate housing is the reputation and reality of life in this part of the Tenderloin, where crime and nuisance behavior is commonplace. Households with adequate means to afford the prices required to support newly constructed, unsubsidized, traditional market-rate housing – either rental or for-sale – have other options within and beyond the City of San Francisco that are generally more attractive than this location. Other constraints to market-rate housing include a lack of financing options, the need to replace 103 SRO units in the existing buildings, and the historic preservation restrictions of the Warfield hotel. The site also has some physical constraints to parking on-site, and the small existing footprint would require smaller units, creatively configured.

Potential solutions to addressing these issues include 'affordable by design' (see SPUR paper: http://spur.org/publications/library/report/affordablebydesign_112107) units, which bridge the gap between typical one-bedroom units of 600-700 square feet (s.f.), and an SRO unit of 80-100 s.f. without private kitchens or bedrooms. These complete units are typically between 300-400 s.f., and provide an option that is a step up in quality from the typical SRO room, while also allowing more flexible building configurations, and an increase in density that can help these projects work financially. Such units would be somewhat unique in San Francisco and could fill a market gap, allowing small households of modest means an opportunity to live near downtown.

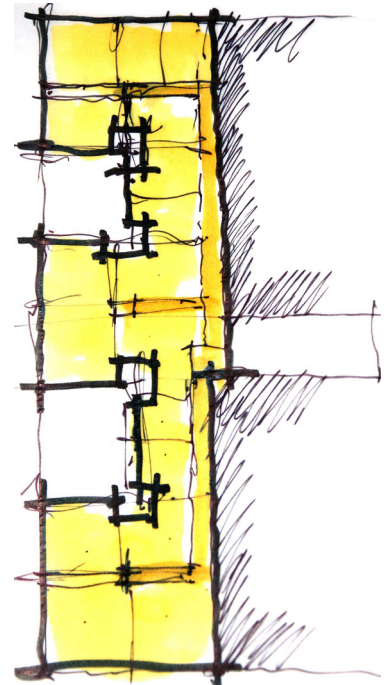
Hotel Tower- 16 rooms per floor; 20+ Floors



20 Units/Floor Configuration



17 Units/Floor Configuration



21 Units/Floor Configuration

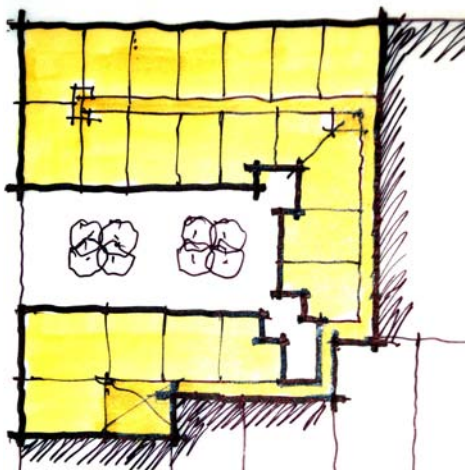


Figure 5: Potential Configurations for Development on the Site

4. What financing strategies could facilitate optimal development on the 100 block of Taylor Street?

Unlike many other areas of San Francisco and the Bay Area, there has not been strong evidence of private market or investment support for new construction in the Tenderloin area for several decades. Whether the subject sites are redeveloped as affordable housing, market rate housing, hotel, or other commercial uses, some form of public and/or philanthropic funding is likely to be required. Examples of potential strategies and sources include the following:

Consider Redevelopment/TIF – Incorporation of the study area into the proposed Mid-Market Redevelopment Area would allow the properties to benefit from the growth in property values expected along the Market Street corridor. With the Plan’s approval, such funding could be used for streetscape improvements or as subsidy for new private development on the subject sites. Also, the Redevelopment Agency could under certain circumstances exercise eminent domain to assemble additional sites to enhance the developability of a new project, although such action may be controversial and voluntary negotiations would be preferable. Even if this study area does not attach to the Mid-Market Redevelopment Area, tax increment from that or other Redevelopment Project Areas in San Francisco could be used to support new affordable housing (including price-restricted SRO units) on the study site.

State bonds (affordable housing, infill, TOD) – The State of California has issued numerous bonds in recent years to subsidize “smart growth” development projects, on a competitive basis. To the extent that those current funds and others in the future may be available, the requirements for qualification should be understood by the City and the property owner so that competitive applications can be submitted in a timely fashion.

Tax abatements – New development and improvements to existing structures generally trigger higher tax burdens, which affect the returns available to the developer or property owner. The City may consider temporary abatements or refunds to enhance the feasibility of desired development on the subject sites or other Tenderloin properties.

Leverage nearby large employers – Several major employers are located within proximity of the study area, including the Hilton Hotel, Westfield Shopping Center, the City and County of San Francisco, etc. These and other employers may benefit from having quality housing affordable to their workforce in the area, and may be willing to individually or jointly contribute to funding the construction of new housing.

Market rate housing with back end equity splits – To entice middle-income households to the study area, creative financing mechanisms may be necessary. As one example, there could be a program that allows homebuyers to purchase a unit at a reduced rate and then share the equity gains with the holders of a “soft second” loan. Such lenders could include public agencies, but may also include the local employers referenced above.

5. How can the block effectively capitalize on nearby assets, including but not limited to: Powell Street BART; Hilton Hotel; the Golden Gate Theater; the Warfield Theater; and the EXIT Theatre?

A major asset of the block is its proximity to many positive uses, including the most highly utilized BART station on the line (Powell Street), the Westfield Center, the Theatre District, and the many adjacent tourist hotels. The block feels very isolated from these nearby assets, partly because there are still many marginal uses in the blocks between 100 Taylor and Market Street. One major project that can begin creating physical linkages between Market Street and this block is the proposed ACT center between 5th and 6th Streets. This development could create demand for higher-end restaurants and potentially hotel uses in the immediate vicinity to serve tourists and cultural visitors.

Another linkage to establish is between the hotel uses up the hill and Market Street; despite the presence of thousands of hotel rooms within several blocks, the study area is not providing tourist-serving uses that would attract visitors to the area and improve the sense of vitality and security on the street.

6. What kind of development and design projects could mitigate the social challenges of the neighborhood?

The social challenges of the neighborhood can be mitigated by providing a better balance of land uses and linkages to the surrounding neighborhoods (including those discussed in Question #5) as well as multi-family, market-rate housing.

SWOT Analysis

The team engaged in a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis—Strengths and Weaknesses describe existing conditions, while Opportunities and Threats are potential future conditions.

STRENGTHS

- Excellent public transit
- Central city location
- High density
- Manageable street grid
- Original Joe's was a well-known landmark
- Theatre activity and history
- Abundant historic resources
- Abundant supply of long term affordable housing
- Co-location of social services and affordable housing
- Nascent institutional effort to economically revitalize area

WEAKNESSES

- Subject to myriad development controls/fees
- Shallow property depth may not accommodate modern building footprints
- Pressure for historic preservation/retention
- Lack of owner occupied units and businesses
- High crime rate
- Lack of organized gathering places
- Undesirable street ambiance
- Economic viability dependent on subsidies
- Poor public image
- Highest poverty/unemployment level in the City
- Lack of economic diversity
- Overconcentration of SRO units
- Crowded living conditions lead residents to congregate on the street in great numbers

- Arts providers/artists are drawn by synergies and affordable rents
- City agencies want to support economic development
- Scale to support continuous retail rhythm
- 21-32 year old demographic patrons/consumers
- Proximity to job centers, both public and private
- Proximity to major arts providers (Golden Gate, Warfield)
- Many organizations invested in the success of the area
- Proximity to local colleges and universities
- Tax abatements and façade easements
- Creative use of preservation alternatives
- Opportunity for combining parcels

OPPORTUNITIES

- Lack of community consensus
- Proposed future arts/non-profit uses will be economically challenged
- Difficult to attract residents of higher income due to safety and other quality of life issues
- Open criminal activity (even during daylight), loitering 24/7
- Mixed-income housing less palatable without supportive amenities

THREATS

Relevant Case Studies



Affordable by Design

'Affordable by design' housing is a market-rate housing type that slots between typical market-rate units and typical affordable units. Current planning and building codes make it extremely difficult to construct affordable by design units, with a 2007 SPUR paper identifying the following recommendations to enable these types of units:

- Regulate building density by height, bulk and setback requirements, not by limits on the number of units allowed.
- Stop requiring parking in new buildings.
- Stop regulating bedroom counts.
- Enable a greater range of wood-frame buildings to be constructed by allowing housing at the ground floor of podium buildings and greater flexibility in the code to facilitate a fifth story of wood-frame construction.
- Allow developers to fulfill their inclusionary housing requirement by providing a greater percentage of their units at middle-income price points.
- Modify requirements for courtyard widths and rear-yard setbacks to allow for greater design flexibility in locating common open space.

An example of a successful 'affordable by design' project in San Francisco is Trinity Place. The project plans to construct three residential towers in phases, ultimately including 1,900 new studio and one-bedroom units.

Applicability to the Tenderloin

- Neighboring project (Civic Center neighborhood)
- Successfully replaced existing decrepit housing
- Former residents pay similar levels of rent for upgraded units
- Potential model for bringing a mixed-use market-rate project into a struggling neighborhood without subsidy

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/03/31/BA741CNUSE.DTL>

http://spur.org/publications/library/report/affordablebydesign_112107

<http://www.trinityplace.com/description.php>



Downtown Crossing Neighborhood, Boston

Downtown Crossing had become a low-end commercial and retail district by the 1980's, when efforts began to improve neighborhood land use balance and livability through the addition of residential uses and the blight reduction measures. A major catalyst project was the 2002 Ritz Carlton, a \$515 million dollar project that brought a 193-room Ritz Carlton and 304 luxury condominium residences to the area. This large project sparked additional activity in the form of additional condominium development, restaurants and galleries.

Applicability to the Tenderloin

- Central City Location
- Neighborhoods close to central shopping district of Boston
- Large homeless population/Blight
- City agency efforts have resulted in streetscape updates
- BID established in 1980's- resulted in a number of large projects; infusion of restaurants and other smaller uses.
- Mixed-use

Source: (Boston Globe, Downtown Crossing BID)





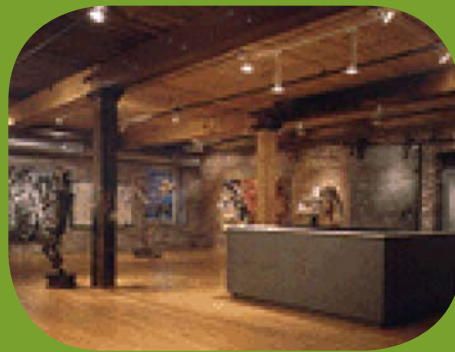
Carriage Works, Atlanta

Adaptive use of a historic manufacturing and warehouse facility as a 62,556-square-foot commercial office building. The renovation has acted as a catalyst to further redevelopment of a declining area near downtown Atlanta into a burgeoning arts district. By taking advantage of tax credits for historic preservation and facade easements, along with a negotiated property tax freeze, the building can achieve a profit at 60 percent occupancy. The building's proximity to downtown and the Georgia Institute of Technology offers tenants a convenient location, and the historic characteristics of the building provide an alternative to conventional office buildings.

Applicability to the Tenderloin

- Central City Location
- Developed into an Arts District
- Historic Building Stock
- Creative Tax Strategies to drive development
- Proximity to University

(Source: ULI Case Studies)



Anthem Park at Uptown Village, Vancouver

Occupying about a city block in the Uptown district, about one half mile (0.2 km) from downtown Vancouver, Washington, Anthem Park is a mixed-use, mixed-income development that combines an apartment building targeted to workforce residents, for-sale townhomes, retail space, underground parking, and a public park—all on a 1.5-acre (0.6-ha) portion of a larger 5.2-acre (2.1-ha) urban site. The project was developed by Vernon L. Rifer Real Estate Development, Inc., a Portland, Oregon, developer with more than 30 years of experience that specializes in urban, mixed-use, and mixed-income projects; in particular, it has a record of completing complex and controversial projects.

Applicability to the Tenderloin

- Central city location
- Mixed-use, complex project including parking and open space on small parcel
- Combines workforce and market-rate housing

(Source: ULI Case Studies)



Recommendations



After the consideration of the stakeholder questions, SWOT analysis, site tour and interviews, the team identified what they felt were the most pressing issues and resulting recommendations. Due to the systemic issues present throughout the district, many of the panel's eight top recommendations focus on improvements needed in the wider district rather than focusing solely on the subject properties.

1. Reduce Crime

One of the most pressing issues is the prevalence of street crime in the neighborhood. The blocks immediately surrounding the parcels have a lawless character (despite a heavy police presence), and this actual and perceived lack of safety is a huge impediment to creating a more balanced set of land uses within the neighborhood, and is further exacerbated by the concentration of single land-use types (SRO units, liquor stores.) The perception of the panel is that this neighborhood is a 'prison without walls', and that the problems are so acute that an acceptance of a certain baseline level of crime appears to be occurring.

If law enforcement were able to better control crime, a sense of safety could be a catalyst for attracting some of the students, children and families who live in the neighborhood onto the street and into the local parks. Neighborhood leaders must work closely with law enforcement, local non-profits, and SRO owners to prosecute those who are engaging in open criminal conduct to make the neighborhood safe enough for business owners to take a chance on providing needed services.

2. Improve Quality of SRO Housing

The concentration of 80-100 s.f. SRO rooms within the neighborhood has led to the highest residential densities in the City. This density is coupled with a profound lack of public and private open spaces (Boeddeker Park, the sole neighborhood open space, is currently padlocked for safety reasons) and a resident population with high social service needs. The panel questioned the continued protection of a housing type that may have outlived its usefulness as what was originally temporary lodging for transient workers, especially those at rent levels that rival the City's most expensive housing on a per-square-footage basis.

The possibility for student and workforce housing to serve workers in local service and retail could also allow for residential diversity without serious gentrification risks.

"If SROs are permanent housing, they should be treated as such"

Tenderloin Stakeholder

3. Partner with developers for market rate, 'affordable by design' project

Like the Trinity project discussed on page 15, an affordable-by-design project can help bridge the gap between an 80 sq. ft. SRO unit unsuitable for long-term habitation and a market-rate one-bedroom apartment that can be 600-700 s.f. in size. Smaller studio and one-bedroom units in the 350-400 s.f. range, geared toward students, local workers, and former SRO residents who do not require intensive social services, can help provide a wider range of residents in the neighborhood. The small size of these units can help make the economics work for a developer, and could provide a long-term solution for the replacement of some SRO units. The eventual replacement of SRO units in the neighborhood with housing that has adequate interior space, as well as private common open space off the street, could help relieve some of the pressure for residents to congregate on the street, and potentially reduce some of the instances of opportunistic crime.

4. Build Structured Parking

As many of the surface parking lots are being replaced with development, parking within the district is becoming scarce. The development of a structured consolidated parking garage within the neighborhood was raised by a number of stakeholders, especially those representing the larger theatres, whose patrons have complained of lack of parking. Locating the parking so that theatergoers can easily patronize local restaurants and bars can help draw additional users into the neighborhood and support local businesses. However, any garage should be wrapped with ground floor commercial uses so as to not create "dead space" along the sidewalk.

5. Increase Retail Diversity

While the neighborhood is moving in a more balanced direction toward the provision of small produce markets, the retail is still predominantly liquor store/mini-marts. Nearby large-scale retail is primarily regional-serving. The additional provision of neighborhood-serving uses could help retain some of the estimated \$30 million in retail leakage out of the Tenderloin; the low spending power of residents is compensated for by the highest density numbers in the City. As ground-floor retail spaces can often be difficult to properly tenant and more diverse retailers initially may be wary of the Tenderloin location, subsidies and management may be needed to gain a healthy mix of uses. Currently, many new retail spaces are papered over and used for non-profit offices uses, failing to contribute to a safe, transparent street wall.

6. Identify Financial Assistance for New Development

As discussed earlier, several financing and implementation strategies may be important to facilitate desirable development on the subject sites and the Tenderloin area generally. Incorporation into a Redevelopment Project Area would allow development projects to use tax increment and the powers (or just the threat) of eminent domain. Intergovernmental funding opportunities should be aggressively sought, especially for projects other than the traditional low-income housing and historic preservation tax credit recipients. Tax abatements can be a significant inducement to the developers or owners of new or improved properties. And employers who are already invested in the vicinity can be engaged to enhance housing opportunities and public safety for their workforce.



" Investment is not going to occur until the drugs are cleaned up"

Tenderloin Stakeholder



7. Create a Coordinated Leadership Voice

The Tenderloin is a neighborhood with many involved stakeholders, and is home to a number of strong non-profit organizations. These groups can often present contradictory wishes and needs to decision-makers, leading to gridlock. For one example, the continuing expansion of non-profit organizations as landlords and service providers helps many disadvantaged people, but also perpetuates the concentration of such people into a small portion of the City. A coordinated leadership voice could be far more effective in attracting support for projects that the community needs.

8. Evaluate Art District Feasibility

While the panel feels that continuing efforts to attract arts uses to the area is valid, the concern is the long-term financial viability of these uses due to their reliance on donations. Additional issues of land use balance and neighborhood livability are raised with the concentration of any single type of use, especially those that are empty for much of the day (or office uses shut down at 5 p.m.). It is essential to create a balanced, wide variety of land uses that activate the streets for much of the day and night in order to create safer streets. A project with the potential to provide the initial catalyst to allow some of the activity from Market Street to move into the neighborhood is the proposed ACT project on the 900 block of Market. It can continue to catalyze the burgeoning arts district. The national reputation of ACT would draw additional positive attention and funding to the area. This mixed-use project may also contain a student housing component that will help create 24-hour activity in the area.

"The Tenderloin is an inadequate solution to the problem. The neighborhood is being asked to bear too much of the burden"

Tenderloin Stakeholder

Participants

Jon Knorpp, Partner, Wilson Meany Sullivan Panel Chair Jon Knorpp has over 30 years of real estate investment and development experience with urban residential and mixed-use properties nationwide. At Wilson Meany Sullivan (WMS), Jon oversees development, construction and internal operations.

From 2004 through 2007, Jon was a Principal with MacFarlane Partners where he led urban development activities throughout the U.S. and Mexico, including acquisitions, entitlements, project design, engineering, construction, and marketing. Prior to Wilson/Equity Office, Jon was a Senior Vice President for Catellus Urban Group where he led the development of the master plan for 6,000 high-density housing units and 550,000 square feet of retail space in Mission Bay; Vice President - Development and Partner for Emerald Fund where he developed condominium/apartment and mixed-use properties in San Francisco; and a Senior Development Manager for Forest City Properties Corporation where he helped develop Bayside Village, the first large-scale apartment project in South Beach in San Francisco.

Jon is a member of the board of directors of San Francisco Architectural Heritage, a full member of the Urban Land Institute (ULI), and a member of Lambda Alpha. Jon studied Business Management at the University of Nevada, Reno.



David Israel, Principal, BAR Architects David Israel, AIA, principal with BAR Architects, joined the firm in 1987 and has over 30 years of experience in master planning and designing successful mixed-use complexes, multifamily housing and resorts including fitness and wellness centers. He has worked with a variety of developers including DMB, Discovery Land Co., Avalon Bay Communities, Hines, M.H. Podell Co., Sobrato Development, Wilson/Equity Office, Fair Isaac and Desert Tron. He has worked on projects throughout California.

Mary Roberts, Planning Consultant Mary Roberts is a planning consultant with 30 years of experience in city planning and community development in Colorado and California. She has worked in both the public and private sectors. Her background includes hands-on experience in urban and rural planning, site development review, environmental assessment, historic preservation, transportation planning, affordable housing development, economic development and redevelopment. She has worked for large cities (Denver, Colorado), small towns (Aspen, Colorado), and regional agencies (San Francisco Bay Area Rapid Transit District [BART]), as well as non-profit agencies.

Dan Sawislak, Executive Director, Resources for Community Development Dan Sawislak has been the Executive Director of the nonprofit Resources for Community Development (RCD) since October 1998. He has worked with RCD since 1993 in a variety of capacities including Project Manager and Housing Development Director. Dan has 28 years of experience in the community development sector including 22 years as a developer of affordable and supportive housing. He has also worked as an economic development planner and a community organizer in Oakland and Chicago. Dan holds a Masters degree in City and Regional Planning from the University of California, Berkeley.

Darin Smith, Principal, Economic & Planning Systems (EPS) Darin Smith is a Principal with Economic & Planning Systems, Inc. (EPS), a land use economics consulting firm with offices in Berkeley, Sacramento, and Denver. Darin's practice has involved assignments for real estate developers, cities, transit-agencies, and special districts throughout the United States. Darin specializes in the economics of infill development in downtowns and transit-served areas, with projects including market and feasibility studies, financing and implementation strategies, and the negotiation of public/private development agreements. Darin also has extensive experience conducting studies and creating ordinances regarding affordable housing policies and programs. Darin has Bachelor of Arts and Master of City Planning degrees from the University of Pennsylvania.

Corinne Stewart, Associate, AECOM Corinne Stewart is educated in Urban Design and Landscape Architecture with an emphasis on urban infill, transit and pedestrian-oriented development, and regional growth strategies. Her practice encompasses large scale regional planning, master planned communities, transit- and pedestrian-oriented specific and community plans, and federal planning projects. Corinne holds a Masters degree in Urban Design from the University of California at Berkeley.

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