



San Francisco

Reimagining Downtown San Francisco

ULI San Francisco Advisory Services Panel

May 22-25, 2023

THE MISSION OF THE URBAN LAND INSTITUTE

Shape the future of the built environment for transformative impact in communities worldwide

MISSION COMMITMENTS

CONNECT active, passionate, diverse members through the foremost global network of interdisciplinary professionals

INSPIRE best practices for equitable and sustainable land use through content, education, convening, mentoring, and knowledge sharing

LEAD in solving community and real estate challenges through applied collective global experience and philanthropic engagement



The Advisory Services Program has provided strategic, impactful recommendations to communities for over 70 years.

THANK YOU!



San Francisco



Foundation

ULI Panelists

Selected for their subject matter expertise to provide objective, volunteer recommendations



KATE COLLIGNON
(Panel Co-Chair)
HR&A Advisors
Oakland, CA



ERIC TAO
(Panel Co-Chair)
L37 Development
San Francisco, CA



ANTOINE BRYANT
City of Detroit
Detroit, MI



MIKE GRISSO
Kilroy Realty Corporation
San Francisco, CA



PAUL LEVY
Philadelphia Center City District
Philadelphia, PA



**NOLAN A.
MARSHALL III**
South Park Business
Improvement District
Los Angeles, CA



RICO QUIRINDONGO
City of Seattle
Seattle, WA



GEETI SILWAL
Perkins&Will
San Francisco, CA



MICHAEL SPIES
Fuse Strategies LLC
New York, NY

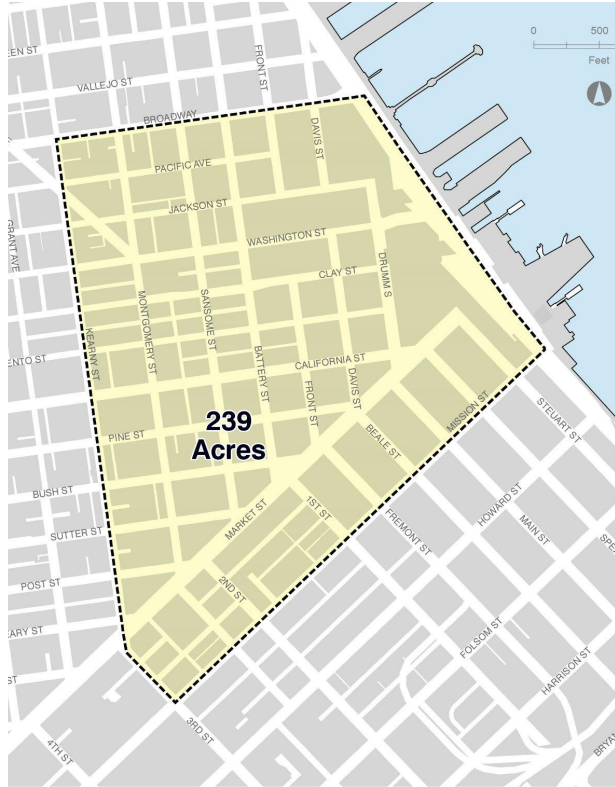


**SUJATA
SRIVASTAVA**
SPUR
San Francisco, CA



CARL WEISBROD
Lower Manhattan
Development Corporation
New York, NY

Vision: Create a more resilient, economically vibrant, and socially inclusive downtown neighborhood



The Assignment: Questions

1. How can we build on Downtown's assets to create a more resilient, economically vibrant, and socially inclusive Downtown neighborhood? What is the right mix of uses? What does that mean in terms of trade offs?
2. Considering existing building types, market trends and case studies from other cities, what emerging business practices, including financial incentives, should be explored?
3. What policy changes (local, state and/or national) and financial incentives would have the greatest impact on the economic health of Downtown in the near-term and long term?
4. What and how should the city prioritize these recommendations to make downtown a more resilient, economically vibrant, and socially inclusive Downtown neighborhood in the next 6 months, one year, and five years?

Advisory Services Panel (ASP) Process

- City briefing presentation
- Walking tour
- Stakeholder interviews
- Deliberation
- Presentation
- Report





Kathleen Sheffer Photography



Kathleen Sheffer Photography



Kathleen Sheffer Photography

THANK YOU

DAN ADAMS • SUNNY ANGULO • LAUREL ARVANITIDIS • SAM ASSEFA • ALEC BASH • ALEX BASTIAN • JEFF BELLISARIO • DAVID BLACKWELL • BEN BLEIMAN • SWATHI BONDA • MEADE BOUTWELL • CURTIS BRADFORD • MAYOR LONDON BREED • ALLISON BROOKS • JOHN BRYANT • DAN CALAMUCI • TIFFANY CARTER • JONATHAN CHERRY • ANDY CHUN • ANNI CHUNG • RYAN COLE • CASSANDRA COSTELLO • MAJEID CRAWFORD • LAURA CRESCIMANO • KAT DANIEL • FAY DARMAWI • BEN DAVIS • KARLYN DESTENO • DAVID DIAL • SUE DIAMOND • ROD DIEHL • GABE DOCTO • TED EGAN • JOHN ELBERLING • MERCEDES ENGLE • OZ ERICKSON • SALLY ANN FLOOD • RODNEY FONG • LAURA FOOTE • ELAINE FORBES • MILES GARBER • PHIL GINSBURG • ASHLEY GONZALEZ • DREW GORDON • MAHSA HAKIMI • RICH HILLIS • CYNTHIA HUIE • CRISTINA IBARRA • ISABELLA KAPEL • THOR KASLOWSKI • MIKE KOPERSKI • ELIZABETH KUWADA • ELTON KWOK • LILY LANGLOIS • JANICE LI • TIFFANY LI • JOSH LIEBERMAN • ELLEN LOU • DEAN MACRIS • DIANE MATSUDA • CARLA MAYS • PAM MENDELSON • GABE METCALF • KATHERINE MOORE • KATHRIN MOORE • ALICIA MURASKI • STEVE O'CONNELL • WILLIAM ORTIZ-CARTAGENA • SUPERVISOR AARON PESKIN • ANDRES POWER • ALEXANDER QUINN • JOHN RAHAIM • SESSIE RAHMAN • RAQUEL REDONDIEZ • ANDREW ROBINSON • KATE ROBINSON • MARISA RODRIGUEZ • LORENZO ROSAS • WADE ROSE • BEN ROSENFELD • SCOTT ROWITZ • DAN SAFIER • DAVID SEWARD • CARL SHANNON • BRIAN SHEEHY • ROBBIE SILVER • JOSH SIMON • COREY SMITH • KATE SOFIS • KATIE STEWART • HEATHER STURTZ • JACK SYLVAN • MADISON TAM • KATY TANG • RACHAEL TANNER • ANNE TAUPIER • DIANA TAYLOR • JULIE TAYLOR • EGON TERPLAN • CASSANDRA THOMAS • LAURIE THOMAS • BEN TRANEL • MARY TRAVIS-ALLEN • JUDSON TRUE • JEFFREY TUMLIN • ADAM VAN DE WATER • MEGHAN WALLACE • JEREMY WALLENGER • NARUEPHON "BILLIE" WANNAJARO • MAGGIE WEILAND • LANEY WHITCANACK • COLBY WICK • STACY WILLIAMS • CHRIS WRIGHT • MANNY YEKUTIEL • NANCY ZAMMIT

What We Heard

Strengths

- Center of regional technology powerhouse
- Iconic landmark and historic buildings
- Diversity of building types
- Views + waterfront access
- Walkable
- “Downtown” is clean and safe
- Transportation access

Weaknesses

- Single-use district
- Heavy tech concentration
- Lack of vitality
- High taxes
- Challenging gateway experience (Market St., transit)
- Negative narrative
- Not embraced by San Franciscans
- Fragmented governance

Opportunities

- San Franciscans
- Underutilized commercial spaces
- Artist interest in downtown
- Large open spaces
- Evergreen destination for tourism + conventions
- High-value residential market

Threats

- Macro trends (remote work, affordability, retail shrinkage)
- Weakening office market; foreclosures looming
- Declining investment of capital
- Residential conversion doesn't pencil
- Unclear what will fill 30M vacant sf
- Fiscal and service impacts
- Challenged transit system
- Broken permitting process



Make Downtown a Resilient, Mixed-Use Neighborhood

Why Double-down in Downtown?

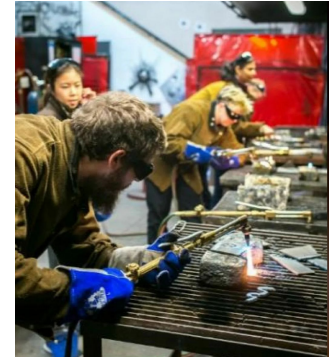
- Natural business evolution – not reacting to crisis, reprogramming was inevitable –the crisis accelerated the process
- Mixed-use working waterfront that transformed into the economic engine for the city
- But from an intensely local, invested community of invested businesses and workers, it has become a mobile, detached workforce.
- Transit hub, existing infrastructure, and gateway to San Francisco
- Incredible light and air, wide streets, one-of-a-kind charming historic buildings and alleyways
- The City is better when Downtown is better, but It should be a neighborhood for all:
Residents + Visitors + Workers



What should be next for Downtown?

A socially and economically resilient neighborhood that is accessible and inviting to all.

- A central business district with more diversified industry mix
- A neighborhood that meets the needs of San Franciscans to live, work, and play
- A hub for Artists, Culture, and Entrepreneurship
- A focus on making equity/inclusion explicit, including in leveraging employment opportunities and training
- A continuing economic driver for the city, but more sustainable, less cyclical



Executive Summary

What?

- Ground-plane activation + physical transformations (arts/culture)
- Business + employee retention and attraction
- Residential + mixed-use conversions
- Transit reliability + quality
- Branding and public relations
- Governance changes



Tools to Make it Happen

Funding + Financing


- Tax reductions
- Incentives for conversion
- Development financing

Organizing for Action

- New downtown leadership role
- Enhanced, coordinated, or consolidated CBDs: “Downtown CBD 2.0”
- Downtown Revitalization Authority

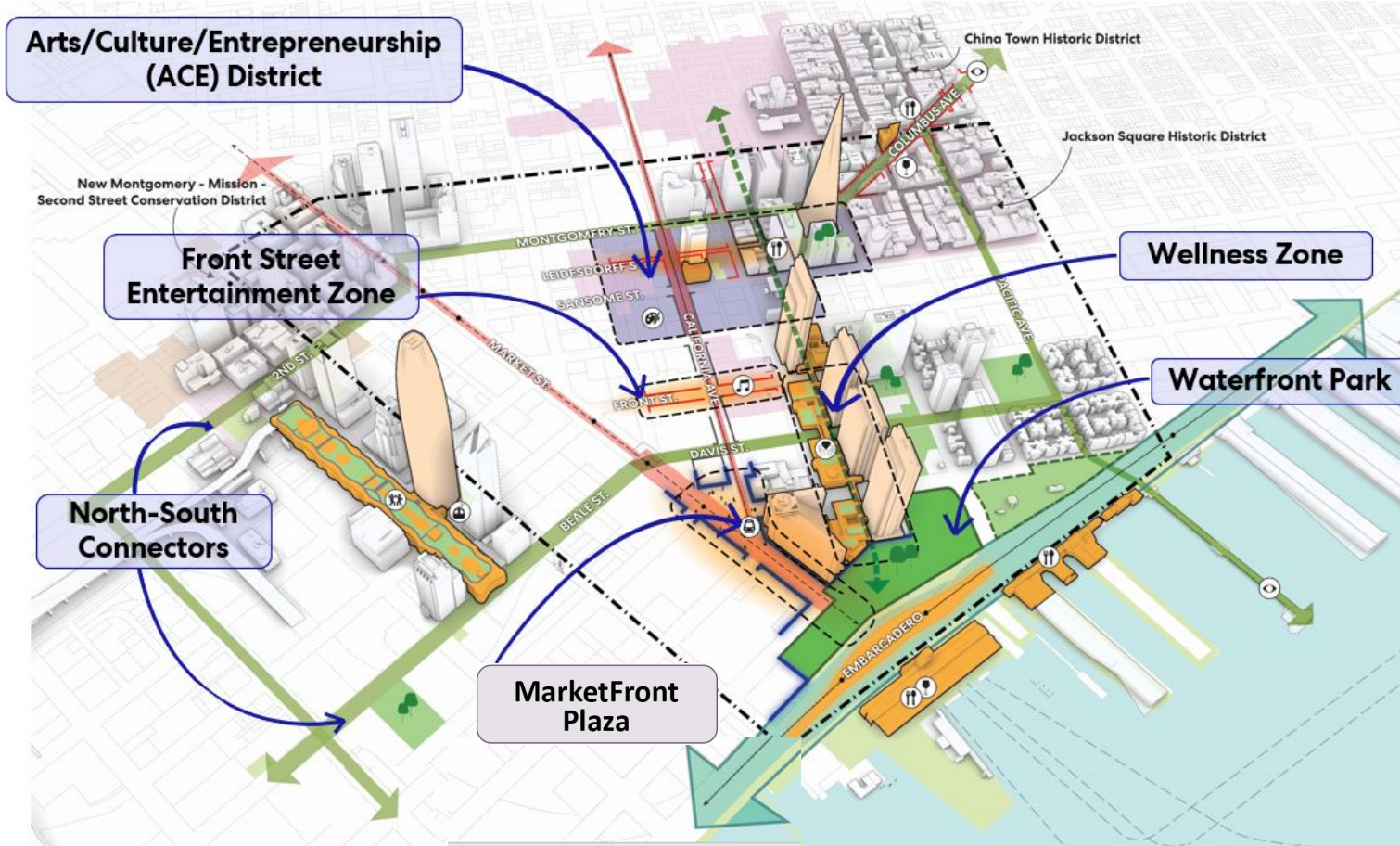


Recommendations



Placemaking + Programming

Downtown Destinations + Programming



Make downtown a magnet for residents, businesses, and visitors: a global marketplace

Graphics courtesy of ULI ASP Panelist, Geeti Silwal, Principal, Perkins&Will

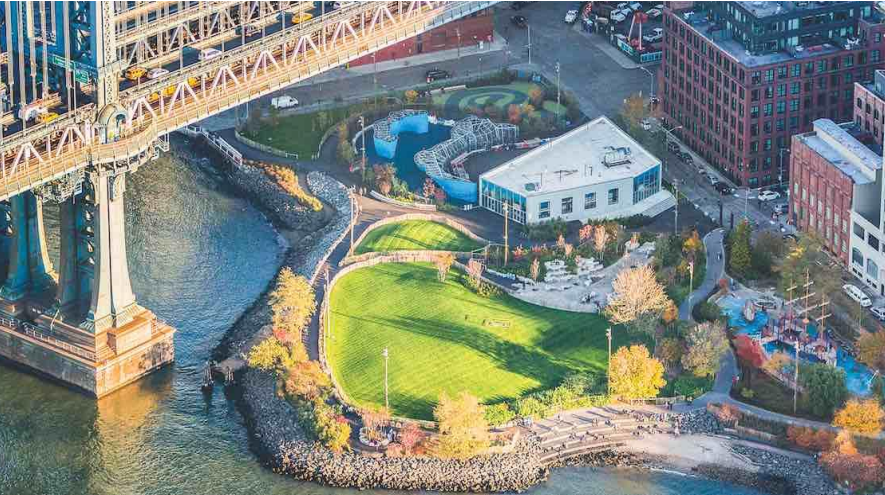
MarketFront Plaza



Case Study: Pike Place Market street activation

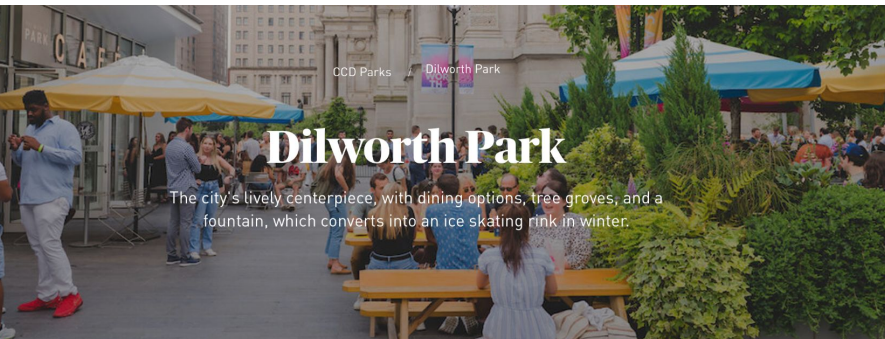
- Transform Market Street, from Embarcadero to Front Street, into the living room for the city
- Create a public marketplace where small, independent businesses, shop owners, restaurateurs, craftspeople, and farmers can sell products to visitors and local residents
- Activate the public realm on a weekly basis all year round

Waterfront Park



Case Studies:

Brooklyn Bridge Park, NY (above) Dilworth Park, PA (below)



- Connect, expand, and provide capital investments for reimagined Embarcadero Plaza and Sue Bierman Park
- Incorporate a mix of hard and soft landscaping
- Include infrastructure to meet the needs of future uses (e.g., stage area, adequate trash and water service)
- Facilitate bike and pedestrian connection between the waterfront, Ferry Building, and Downtown
- Include Bay Club as public pool and neighborhood destination

Front Street Entertainment Zone



- Amplify existing local restaurateurs and entertainment businesses
- Embody the vibrant city and celebrate lively nightlife
- Animate streets with lights and music
- Create Downtown's late-night entertainment district with eating, drinking, and gathering all day/night

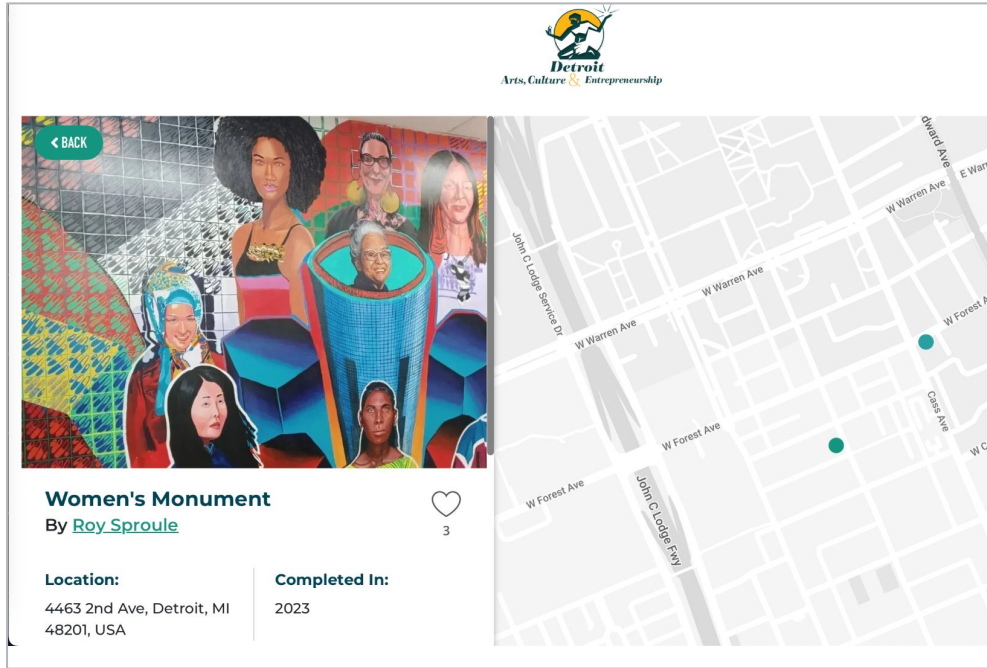


Case Study:

Bourbon Street, New Orleans (above)

Granville Street, Vancouver (below)

Arts, Culture, and Entrepreneurship (ACE District)



- Extend the rich culture of greater San Francisco to downtown
- Create low-rent live-work and gallery space for artists
- Celebrate the multicultural heritage that makes San Francisco unique
- Provide makerspace for artists and workspace for budding entrepreneurs

Case Study: Detroit Arts, Culture & Entrepreneurship

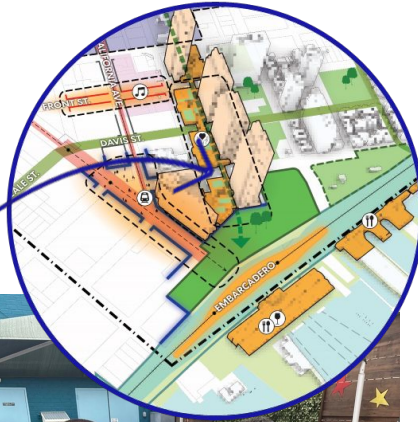
Arts, Culture, and Entrepreneurship (ACE District)



Case Study: 1930s Downtown San Francisco, the “Monkey Block”

- Built in 1853 as the largest commercial building west of the Mississippi, the huge brick Montgomery Block building served initially as studios and apartments for writers including Mark Twain, Bret Harte, Ambrose Bierce, Robert Louis Stevenson, Jack London, George Sterling, and Emma Goldman.
- The building miraculously survived the San Francisco earthquake and fire of 1906. By the 1930s, as many as 75 artists and writers had studios or apartments with rents as low as \$5 per week in the building they had affectionately dubbed the “Monkey Block.”

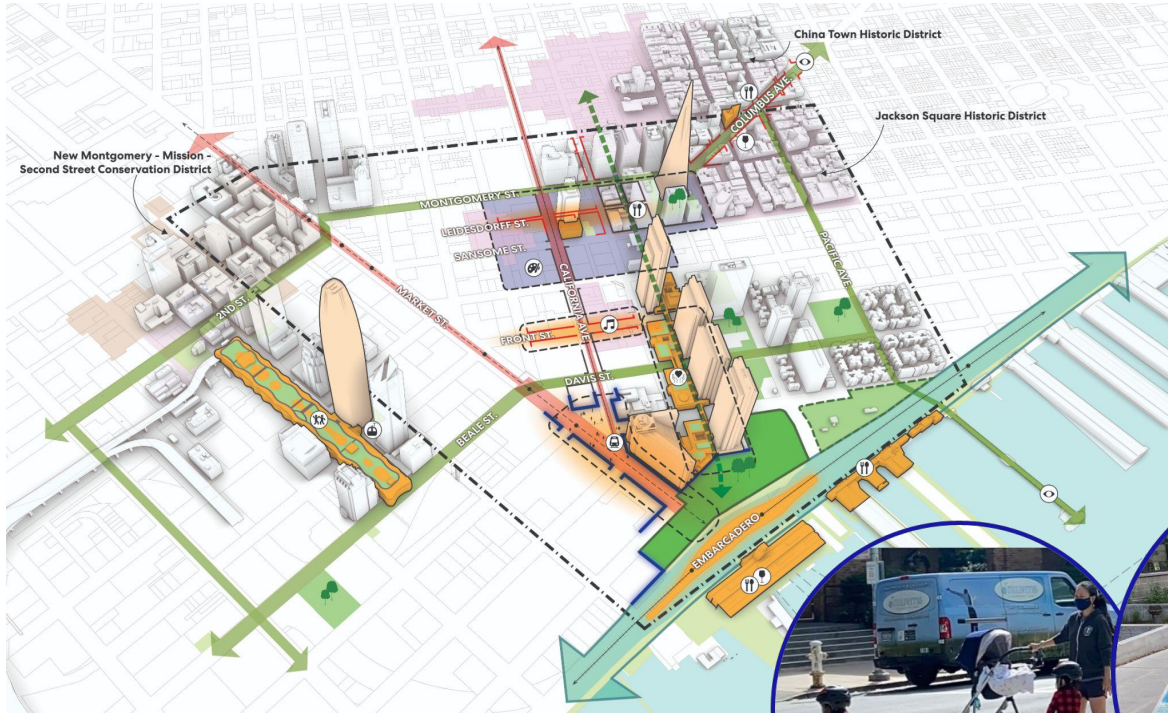
Wellness Zone



- Create family zone for residents and workers including:
 - Daycare
 - After school programs
 - Adult learning
 - Lifelong learning opportunities
 - Workforce training
- Focus on healthy wellness and ease of access to healthcare options
- Offer opportunities for mental well-being, meditation, yoga, and personal care in a biophilic setting
- Provide drop-in relaxation stations for people to get away and rejuvenate

Graphics courtesy of ULI ASP Panelist, Geeti Silwal, Principal, Perkins&Will

North-South Connectors



Graphics courtesy of ULI ASP Panelist, Geeti Silwal, Principal, Perkins&Will

- Expand safe and comfortable multi-modal network to stitch the residential neighborhoods north and south of Market Street
- Identify green infrastructure opportunities in the public realm





Essential Elements



Business Competitiveness

Tax Reductions and Restructuring

- San Francisco is no longer a buyer and needs to be more competitive.
 - Business value proposition has changed
 - Business taxes are far higher than comparable and nearby cities
 - Based on 2/23 Bay Area Council Report, annual tax burden is \$1.1M for a professional services company (75 employees, \$30-50 per SF of office space); tax burden for financial services and IT companies even higher
 - Taxes in neighboring cities are a fraction
 - Examples: Stripe, Block
- Reduce and restructure taxes in the short term to preserve business and tax base in the long term and incentivize in-person work
 - Reduce (meaningfully) gross receipts tax, CEO tax, commercial rents tax, and transfer tax to retain and attract businesses
 - Restructure gross receipts tax. It currently incentivizes work-from-home.

Residential Conversion

Incentivize Conversion of Office Space

- Create a mixed-use Downtown – critical to economic and cultural revitalization
 - Residential conversion will diversify Downtown uses
 - Conversions add people, support retail, take underutilized office off the market
 - Ex. Lower Manhattan: 30,000 units converted in 1994-2020 (13,000 via tax abatement + 17,000 after abatement)
- Conversion will not work initially without incentives
 - Require some level of inclusionary housing by reducing other taxes and fees
 - Limit incentives to initial phase of conversion projects (e.g. first 5M sf)
 - Waive impact fees, transfer tax for a limited time
 - Provide property tax abatement through Mills Act or other state legislation
 - Explore TIF, code changes to incentivize conversion, and incentives targeted at low-performing B and C class office buildings

Retail, Non-Profit, & Cultural Uses

Incentivize Ground-Floor + 2nd Story Uses to Activate District

- Other non-office, non-residential uses are essential to creating a mixed-use district, attracting residents from throughout the city, and activating the public realm
- CBDs (enhanced and consolidated per later recommendations) should be used to master-lease ground floor space to ensure a mix of desirable and equity uses
- City should consider guaranteeing against early lease default the landlord costs of tenant improvements for a targeted set of uses (e.g., cultural, day care centers, other not-for-profits, restaurants, etc.)



Branding and Public Relations

Tell Our Story

- San Francisco has real problems that need to be solved, but we also have a PR problem: the narrative does not match the reality for Downtown SF
 - The narrative that San Francisco is a “failed” city is widespread and damaging
 - Cleanliness and safety have improved significantly in Downtown SF over the past few months. Keep up the good work!
 - City and private partners must work together to counter the narrative
- Engage a top-flight, professional marketing firm to develop a positive campaign
 - Highlight Downtown assets: waterfront, transit, restaurants, cultural diversity
 - Distinguish Downtown financial district from other parts of Downtown that have suffered the worst from social issues
 - Target campaign at future residents, visitors, workers locally, nationally and internationally
 - Rebrand Downtown as a vibrant neighborhood instead of only a business district

Transit Safety and Reliability

Ensure Public Transit Provides Comfortable and Easy Access to Downtown

- Public transit and Downtown have a symbiotic relationship. Public transit, BART and Muni, require robust ridership to Downtown to assure a stable funding base. Downtown needs quality transit to achieve its full potential.
 - Even with residential conversion, most visitors and workers in Downtown will arrive from other neighborhoods or outside of SF: public transit is struggling
 - Public transit receives relatively high marks for reliability
 - Strongest criticism during interviews – safety and cleanliness, especially on BART
- Public transit needs an infusion of funding for safety and cleanliness
 - Foster more local collaboration between SF and BART
 - Push for state funding to avoid fiscal “cliff” at BART and Muni
 - Focus on rider experience and issues around transit stations



Organizing for Action (Governance)

Organizing for Action

Getting things done

What do we need to fix to deliver on the vision?

City regulatory and approval processes that worked in a strong market are preventing a rapid response to the current structural crisis and drop in demand.

San Francisco needs to:

- Expedite decision-making and approvals to reduce uncertainty
- Break down silos to ensure coordination and timely action (City Hall)
- Create new delivery mechanisms for downtown-focused investment + collaboration
- Strengthen private sector civic engagement/leadership
- Identify financial tools to attract and drive investment

Build Capacity to Facilitate Action

New Downtown Leadership Role

Appointed by Mayor and reports to Mayor

Skills:

- A healthy sense of impatience
- Skilled at community and stakeholder engagement
- Understands the inner workings of local government
- Understands how to work with the Board of Supervisors
- Real estate and financing expertise
- A strong civic vision



Build Capacity to Facilitate Action

New Downtown Leadership Role

Mandate

- Engage community, Board of Supervisors, and downtown stakeholders around the vision for Downtown
- Achieve implementation plan (6 mon, 12 mon, 3 yrs)
- Has authority to resolve interdepartmental issues & expedite approvals for:
 - Building and public works
 - Business permitting
 - Special events
- Create a plan for incentives
- Create a strategy for economic + social inclusion through programming + reinvestment
- Facilitate CBD 2.0



Build Capacity to Facilitate Action

Case Study:

- The Lower Manhattan Development Corporation (LMDC) is a joint State-City corporation created after 9/11 by the mayor and governor to plan and coordinate the rebuilding of Lower Manhattan
- The Lower Manhattan Construction Command Center (LMCCC) was a division of the LMDC created to coordinate and expedite the ongoing construction taking place south of Canal Street
- The LMCCC wound down its operations on December 31, 2013



Case Study:

Lower Manhattan Construction
Command Center

Build Capacity to Facilitate Action

Coordinate or consolidate CBDs: “CBD 2.0” (1 Yr)

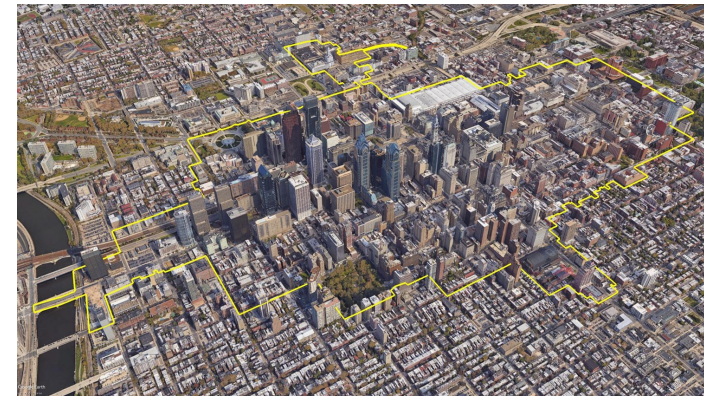
- Expand capacity
- Overcome the fragmentation of downtown
- Integrate district CBDs into one downtown CBD

Benefits:

- Provide greater private sector civic engagement
- Coordinate downtown focus and advocacy
- Expand efficiency + effectiveness of current services
- Pool resources to offer expanded services
- Become vehicle for philanthropic and corporate contributions
- Enable financing with size and scale of budgets



CBDs in Study Area

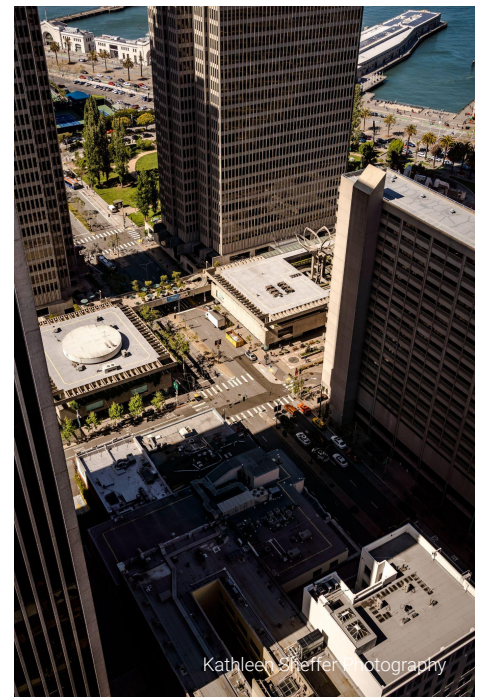


Case Study for consolidation:
Downtown Brooklyn

Build Capacity to Facilitate Action

Downtown Revitalization Authority (3 Yrs)

- The loss of RDAs has left a gap in organizational authority, capacity, and tools to respond to the situation.
- Need an authority that can generate resources to redeploy on its own without having to go through a politicized and lengthy appropriation process.
- Desired powers:
 - Strategic land acquisition/ownership
 - Finance infrastructure improvements, conversions, ACE (Arts, Culture + Entrepreneurship)
 - Leasehold capacity for ground-floor and upper floors
 - Capital and real estate financing
 - Bonding against future revenues



Kathleen Sheffer Photography

Case Studies:

- Philly CCD (capital)
- Houston (TIF financing)
- LMDC (real estate)



Phasing + Prioritization

Phasing + Prioritization

	Immediately...	Near-term: Year One	Mid-term: Three Years
Ground-plane activation + physical transformations	<ul style="list-style-type: none"> Establish primary corridors & internal districts; highlight Leidesdorff. Establish MarketFront. Establish Front St. Entertainment Zone. 	<ul style="list-style-type: none"> Establish ACE District Remove fountain Open up open space Early & increased activation of Embarcadero Plaza & Market St. 	<ul style="list-style-type: none"> Transform Bay Club to public use Invest in expanded infrastructure projects at the park + MarketFront Plaza
Business & employee retention and attraction	Meaningfully reduce business taxes to preserve long-term tax base and attract new businesses.	Restructure gross receipts tax to remove disincentive for in-person work.	Reevaluate the right balance of tax changes and city-wide benefit.
Residential conversions	<ul style="list-style-type: none"> Code changes (in process) Waive impact fees and transfer taxes for 10 years for first 5M SF (5,000 units) 	Pursue property tax abatements for 10 years for first 5M SF (5,000 units) of conversions	Check-in to determine if incentives have been successful and/or need adjustments.

Phasing + Prioritization

	Immediately...	Near-term: Year One	Mid-term: Three Years
Transit reliability and quality	<ul style="list-style-type: none"> Align transit entities and city Commit to cleanliness 	Invest significantly in BART and Muni; Reestablish routes	Fully embrace multimodal approach
Branding/Public Relations	<ul style="list-style-type: none"> Engage true PR firm; Strengthen external messaging; Highlight good news extensively 	<ul style="list-style-type: none"> Increase resources for PR/branding the city Rebrand as a vibrant neighborhood, not just BD 	Assess success of campaign; build on successes and continue to tell the story.
Governance changes	Create a new Downtown leadership position in City Hall; facilitate CBD 2.0	Public engagement plan; Permitting reform; State legislation for downtown revitalization authority	Form Downtown Revitalization Authority



Q & A

Thank You!

