The addition of the state of the art, multi-modal Transbay Terminal will not only provide easily-accessible transit options to San Francisco’s residents, visitors, and workers, but it will also offer the city a grand, civic landmark. The proximity of the Terminal to the high-density residential Transbay and Rincon Hill neighborhoods will create a pedestrian-oriented, sustainable district immediately adjacent to downtown San Francisco.

**District Overview**

The Terminal is not only the confluence of the region’s major transit services, but it sits at the future center of the city’s downtown, the hinge between the Financial District and the new downtown neighborhoods. While the current Transbay Terminal serves 20,000 passengers daily (mostly East Bay commuters), the new proposed multi-modal Terminal at the site has the potential to increase this figure dramatically. A total of 80,000 passengers from all around the region are expected to use the Terminal on opening day with a capacity to handle close to 300,000 daily passengers at the facility. With the extension of Caltrain into the Terminal and with improved facilities for AC Transit and other regional bus services, the facility will be a hub of transportation for passengers from the East Bay, the South Bay, and the Peninsula. In addition, San Francisco residents with both out-of-city and local destinations accessible by Muni, will depart from the facility. The Terminal may also someday be the main arrival point for people traveling on high-speed rail from southern California.

Today’s Terminal is deteriorated and functionally obsolete, and provides passengers a dreary experience. Tomorrow’s Terminal will celebrate transit, commerce, and downtown San Francisco. The main entry experience will be transformed with a grand entry Plaza, in the form of a pavilion, located next to a proposed mixed-use Transit Tower. Together, the Terminal, the Plaza and the Tower will become a new city landmark, which will mark the central apex of the downtown skyline and will take advantage of the access to transit.
STREETS AND OPEN SPACE IMPROVEMENTS

Given the high volumes of pedestrians entering and exiting the Terminal, the quality of the pedestrian environment surrounding it is particularly important. While the new Terminal has yet to be designed, certain principles will guide its configuration and will ensure that the pedestrian environment is not compromised by the high volumes of bus, taxi, and drop-off traffic.

The design of the Plaza and the ground level around the Terminal should help pedestrians access their mode of transit from all orientations.

The cross-section through Natoma Street at the Terminal illustrates a likely condition on the south edge of the facility. Here, although service access exists on the edge of the facing building to the south, a generous pedestrian zone should be provided on the north side of the alley, to allow pedestrians to easily and to safely enter the Terminal building.

The diagram to the right establishes the public environment context around the Terminal. The yellow pattern delineates the pedestrian alleys that will frame the Terminal. As shown, in some areas (indicated in green), the Terminal frontage should be pedestrian-friendly, with an inviting edge, permeable to pedestrian movement. This is essential on the west, where multiple pedestrian connections pass through the Terminal, and the southern side of the middle and the eastern portions of the Terminal, which will be primary access routes for pedestrians approaching from the Transbay area or Rincon Hill. Around the central core of the Terminal, where the primary vertical circulation will occur, it will be particularly important that the Terminal itself be supportive of pedestrian activity and that the streetscape and pedestrian environment be of a high quality.
The areas, indicated in red, denote where concentrations of service or bus access will occur. While pedestrian access will be allowed, these areas will be oriented more to this vehicular activity.

The plan and cross-section on Beale Street illustrates a unique condition at the eastern end of the Terminal. At this location, high volumes of bus traffic will be entering the Terminal building from southbound Beale Street. Two lanes of bus movements will be required along this edge, and a nearly continuous driveway will provide entry for these buses. In order to provide a safe refuge and passage for pedestrians desiring to move south past the Terminal on Beale Street, the configuration shows a wide median, accessed by mid-block crosswalks. Two vehicular travel lanes lie to the east of the median.

This configuration allows pedestrians to continue to walk along the eastern end of the Terminal and minimizes potential pedestrian/bus conflicts by clearly directing pedestrians to crosswalks. An alternative approach would be to create a more continuous pedestrian walkway surface, with buses crossing this surface via a driveway curb cut. This approach would make the pedestrian sidewalk seem more continuous and inviting to the walker, but may result in some confusion for bus movement. This condition needs detailed study during the final design of the Terminal. Retaining clear and strong north-south pedestrian movements along Beale Street adjoining the Terminal is very important as this will be a primary access route for the Terminal and for other destinations to the north and south in the Transbay area.

The plan for the block directly across Beale Street from the Terminal shows a new pedestrian plaza adjacent to the existing office building at 201 Mission Street and new development that would be suitable for office space, but could also potentially be developed as housing. The final design for this block specifically, should be developed in cooperation with the owners of the existing office building in order to ensure that the new development and open space is integrated with existing uses.

Regardless of its use, the new development must meet the performance standards of the Design for Development, including maintaining view corridors and sunlight to public space.
URBAN FORM

As noted in the Background Chapter, an independent contract to redesign the Terminal will follow the Design for Development. The final design will incorporate the analysis and development concepts exhibited in the MTC Plan, as well as the Design for Development requirements.

Independent of the Design for Development process, the TJPA has made the following changes to the concept design:

- The Terminal Footprint
- The Terminal Levels

The Terminal Footprint

Rather than span three north-south streets, the Terminal footprint has been shifted west, onto a Natomas Street property that will be acquired for the Caltrans Extension (see adjacent plan). This shift reduces the impact on the Beale Street environment and will leave the parcels, bordered by wide sidewalks on Beale and Main Streets, open for future mixed-use development.

The Terminal Levels

The Terminal will consist of six levels, two of which will be below grade to service rail lines (see the Mission Street Elevation). The Terminal Lobby at ground level will be comprised of easily-accessible transit services, amenities, and convenience retail. Muni service will operate on the ground level between Beale and Fremont Streets. The concourse level will facilitate passenger connections between rail service below and bus service above. AC Transit will operate on the lowest bus level; private carriers will operate on the top level. The Bay Bridge off-ramps will connect directly to these levels.

The new Transbay Terminal footprint, as shown in purple, has shifted west from the original proposal.
The existing Transbay Terminal sits one block south of Market Street, facing Mission Street with its back to Natoma Street. The new Terminal design should allow for multiple entrances from both north and south to facilitate easy connections to the surrounding area, the Financial District and Rincon Hill. The north entrance along Mission Street will be composed of a grand Plaza and the Transit Tower, housing a hotel, residential units, and possibly office space, depending on future market demands. The Plaza and ground level of the Transit Tower will be open to public flow from First Street to Fremont Street, providing San Francisco with a new civic landmark in an area that currently lacks any significant public space (see the East/West Section on page 9.9). Though the property south of the Terminal core is entitled for commercial development, its design is encouraged to facilitate mid-block easements to link pedestrians directly to the Terminal Lobby (see Enlarged Terminal Plaza Plan, right).

**The Terminal Hub Urban Design Requirements**

- Ensure that the new Terminal design opens to the north and to the south and is easily accessed by all cross streets.
- Celebrate the multi-modal transit hub with a landmark Transit Tower and Plaza recognizable on the skyline and the ground level.
- Design the entry Plaza to be a visually permeable and welcoming entrance that links the Terminal and adjacent buildings.
- Encourage new buildings on adjacent parcels to include lobby level connections to the new Terminal.
- Encourage outward facing, street level retail in the new Terminal to support pedestrian activity on adjacent streets.
- Consider both an above-ground pedestrian connection and an underground connection to Market Street from the new Terminal to BART/Muni.
The urban form of downtown San Francisco—a dense “mound” of towers is a compelling one; yet the skyline’s tallest and most prominent buildings—the Transamerica Pyramid and Bank of America buildings—lie outside of the downtown core, apart from it. The city would benefit from a new landmark building which will offer a unique addition to the downtown skyline and will mark the hub of unparalleled access to transit. This location is the Transbay Terminal site, and considerations for any development on the Terminal site should strive to build such a landmark tower at the apex of downtown San Francisco. As part of this effort, the city should investigate how best to sculpt this tower to be an icon of the cityscape. Although it is not part of this study, the idea for a much taller signature tower, over 800 feet, was discussed during the public process. This deserves future analysis.

In addition to providing easily-accessible hotel accommodations and additional housing for downtown residents, the new Trans Tower can become a new landmark for the city.
On the northern half of the block, the double-height, light-filled Plaza, will greet travelers as they enter from Mission, First, and Fremont streets. Retail establishments and travel amenities will be located throughout this space and the adjacent Transit Tower lobby. The ground level of the entire block will be open to the public, expressing the utmost in ease and facility for workers and commuters traveling to and from the Terminal. An alternative siting that reverses the Tower and the Plaza may result in a brighter plaza, but would be a detriment to the tower separation between the Tower, the 501 Mission proposal and the existing 50 Fremont.
The future Terminal Plaza will be a light-filled pavilion, unique in structure and open to all. These images exemplify such a space.
The Terminal Plaza opens onto Mission, First, and Fremont Streets and will offer downtown San Francisco a ceremonial entrance and a grand public space.
APPENDIX 1

Transit-First Policy

The following principles shall constitute the City and County’s Transit-First policy and shall be incorporated into the General Plan of the City and County. All officers, boards, commissions, and departments shall implement these principles in conducting the City and County’s affairs:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.

2. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.

3. Decisions regarding the use of limited public street and sidewalk space shall encourage the use of public rights of way by pedestrians, bicyclists, and public transit, and shall strive to reduce traffic and improve public health and safety.

4. Transit priority improvements, such as designated transit lanes and streets, and improved signalization, shall be made to expedite the movement of public transit vehicles (including taxis and vanpools) and to improve pedestrian safety.

5. Pedestrian areas shall be enhanced, wherever possible, to improve the safety and comfort of pedestrians and to encourage travel by foot.

6. bicycling shall be promoted by encouraging safe streets for riding, convenient access to transit, bicycle lanes, and secure bicycle parking.

7. Parking policies for areas well served by public transit shall be designed to encourage travel by public transit and alternative transportation.

8. New transportation investment should be allocated to meet the demand for public transit generated by new public and private commercial and residential developments.

9. The ability of the City and County to reduce traffic congestion depends on the adequacy of regional public transportation. The City and County shall promote the use of regional mass transit and the continued development of an integrated, reliable, regional public transportation system.

10. The City and County shall encourage innovative solutions to meet public transportation needs wherever possible and where the provision of such service will not adversely affect the service provided by the Municipal Railway.

(Added to the City Charter by the Board of Supervisors in November, 1999)
APPENDIX 2

Market Analysis Summary
This section summarizes the current and anticipated future real estate market conditions that will impact the Transbay Redevelopment Area. The Transbay Area’s proximity to the Financial District, the waterfront, Yerba Buena Center, and the larger South of Market Area makes it very attractive for a variety of uses. A market analysis by Sedway Group indicates that in the near-term, there is strong demand for housing. A long-term perspective suggests that the Transbay Terminal Area would also be highly suitable for office development as an extension of Financial District South. Retail and hotel development opportunities were also analyzed.

Demographic and Economic Background
San Francisco experienced exceptional population and household growth in the 1990s, adding nearly 53,000 residents and over 24,000 households. Much of this growth occurred in the latter part of the 1990s as a result of the confluence of strong local and regional job markets, the proliferation of new housing (particularly in popular live/work, loft-type developments), and the emergence of San Francisco as a highly desirable “24/7” residential location.

Projections for future demographic growth vary. One relatively conservative forecast calls for limited household growth over the period from 2000 through 2025. Another more robust projection indicates a similar amount of growth, but over a far shorter period of time. Given the fact that demographic growth has been historically constrained by supply of new housing, future household growth will depend heavily on the amount of new housing units built.

San Francisco added 55,000 jobs in the 1990s, mostly during the economic recovery and boom of the latter part of the decade. The average annual number of jobs for 2000 was 634,400, up from 579,200 in 1990. Since 2000, employment has dropped as the economy entered into recession. Employment growth is anticipated to commence in 2004. By 2010, San Francisco is projected to reach about 687,000 jobs.

Residential Market
The San Francisco apartment market has been negatively impacted by the recession, as job losses have resulted in tenant move-outs and the loss of corporate rentals. Apartments have also lost tenants to ownership housing opportunities, due to historically low interest rates that have made home ownership much more affordable. At the same time, new supply has been added to the market, and additional units are in the supply pipeline. The 2002 citywide apartment occupancy rate was 94 percent, three percentage points lower than the 97 percent average occupancy rate over the period from 1995 through 2002. Apartment rents, which increased substantially during the late 1990s and in 2000, have declined from the market peak by approximately 30 percent. Nonetheless, average unit rents remain above $1,800 per month in larger apartment complexes.

The condominium market has been relatively strong over the past year, benefiting from historically low interest rates. After prices dropped from the 2000 peak and a period of very slow sales activity in 2001, there has been a sense among buyers that this was a good time to purchase a residence. According to representatives marketing newly constructed condominiums, product that is more affordable priced (e.g., price per square foot less than $500 for most unit types) is selling rather well. Very upscale and luxury units, which are typically priced in excess of $800,000 (or greater than $600 per square foot), are selling more slowly.

Generally favorable market conditions for new residential units over the past eight years have resulted in a substantial potential future supply of product. As of early 2003, Sedway Group estimates over 13,000 units of potential added supply over the next several years. However, Sedway Group also estimates that potential future demand for new housing units over a 20+ year time horizon will outweigh supply, creating a relatively favorable pricing environment for new residential development.

The potential developments in the adjacent Rincon Hill area are particularly important to Transbay. There is the potential for over 3,300 units of future supply in this area, of which only one project, Metropolitan with 345 units, is under construction. Most other projects are seeking entitlement approval. Depending upon the timing of these developments, they could either pose direct competition to the Transbay development or pave the way for greater market acceptance for Transbay. Overall, there are many characteristics that will make Transbay a desirable residential location: proximity to the Financial District, multiple public transit options, access to the freeway system, proximity to the Bay, nearby amenities, and potential for views from upper-floor units. Therefore, from a demand standpoint, Sedway Group believes that Transbay can capture a portion of the overall demand over the 2003 to 2025 period. This capture will likely be more substantial after 2010, due to the extensive infrastructure construction in the area and the increased availability of development sites.

APPENDICES
Office Market
The San Francisco office market totals 80.8 million square feet of space, the majority of which, 49.6 million square feet, is located in the City’s Financial District. The Financial District is the key office sub-market for San Francisco and is the headquarters or regional office location for many national firms. After experiencing particularly strong tenant demand in the 1996 through 2000 period, which caused vacancy rates to plummet and rental rates to spike, the San Francisco office market has deteriorated swiftly and substantially. As of the end of 2002, the overall market’s vacancy rate had increased to 18 percent (or 14.8 million vacant square feet). This is the highest vacancy rate since the mid-1980s. The Financial District mirrors the overall market with an 18 percent vacancy rate as well (9.0 million vacant square feet). Accordingly, average asking rents have plummeted from the market peak ($70 to $80 per square foot) to the current range of $20 to $30 per square foot.

Based on forecasted employment growth for office-using jobs, for current market conditions, and for current construction (assuming that the buildings under construction will be completed and no new buildings will break ground), Sedway Group estimates that the office market vacancy rate will likely decline over the 2003 through 2010 period, perhaps dropping below 10 percent by 2009. Thus, the need for new office construction is not anticipated until 2010. At this time, the Transbay area will be favorably positioned to capture a strong proportion of this demand, as it is part of the Financial District and will have a favorable entitlement process due to its redevelopment status. Part of this capture is also due to the fact that the Transbay area includes six office development sites that have already been approved by redevelopment, with a total of 1.5 million square feet of space.

Hotel Market
The San Francisco hotel market contains 23,360 rooms, with significant clusters located in the areas surrounding the Moscone Convention Center, Union Square, and Fisherman’s Wharf. Current hotel market conditions are poor. San Francisco had already experienced a drop in demand from business travelers as a result of the recession that commenced in early 2001. After the September 11th 2001 terrorist attacks, leisure and business-related travel continued to decline significantly. The threat of additional attacks and war, along with a struggling economy, has created a very challenging hotel market. The average occupancy rate for 2002 was 65.4 percent, the lowest rate in 23 years. The average daily room rate has declined from the market peak of $170 to $146—slightly higher than the average room rate in 1998.

There are 870 rooms in three projects currently under construction, and another 2,000 rooms are in the planning process. One of the planned hotels is the 400-room Hotel Sofitel on Mission Street, just outside of the Transbay Area. With the pending completion of additional supply, the hotel market is anticipated to deteriorate further in the near term. In the context of the overall hotel market and the supply additions during the past economic cycle, it is likely that the current pipeline of proposed hotels will be placed on hold until market fundamentals significantly improve. It is quite possible that some of these planned rooms will not be built in the next market cycle.

With regard to Transbay, a critical issue is one of location. The Transbay area is not located along the waterfront or a major tourist area, which limits its leisure demand. The Financial District is already served by seven large hotels, three of which are new. The potential demand for a hotel in Transbay will depend upon future growth in the Financial District (which will likely happen in or near Transbay), upon business travel trends, and upon whether or not the planned Hotel Sofitel is constructed. In addition, if high-speed rail is added to the Transbay Terminal as planned, future hotel demand will likely be boosted significantly. Nonetheless, the hotel market will be lagging behind the demand for office buildings, and thus, the supply is not likely to increase during the next market cycle.

Retail Market
San Francisco is well-served by destination retail such as Union Square, Stonestown Galleria, the Metreon and SoMa big box stores. These destination retail locations provide a wide variety of comparison shopping goods. Both Union Square and the SoMa big box have the ability to capture future demand from retail tenants. Thus, the potential for retail in the Transbay Redevelopment Area is primarily limited to convenience retail to serve the office building workers and area residents. Transbay can also capture eating and drinking demand generated by new office workers and residents, as well as customers from outside Transbay. In other words, demand for retail space in Transbay is ancillary and will be derived primarily from the development of new residential and office space.
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