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Executive Summary of the Report on the Redevelopment Plan

The Executive Summary provides a synopsis of the report to the legislative body for the proposed adoption of the Visitacion Valley Redevelopment Plan. Pursuant to the California Community Redevelopment Law (CRL), the report must present the reasons for adopting the project area, physical and economic conditions within the project area, proposed redevelopment projects and activities, proposed methods of financing, tax increment revenue projections, and financial feasibility. It also must document an agency’s adherence to the legal requirements for the plan adoption.

This Report on the Redevelopment Plan (Report) describes the reasons for adopting the Visitacion Valley Project Area (Project Area), documents adverse conditions, and presents the Redevelopment Program of the Redevelopment Agency of the City and County of San Francisco (Agency). The Project Area includes the former Schlage Lock manufacturing facility and the Southern Pacific Brisbane Railyard—also known as Zone 1 or the Concept Plan Sub-area—and the Leland Avenue/Bayshore Boulevard commercial corridor. The Report also provides an assessment of financing methods and economic feasibility of the Redevelopment Program, demonstrates why redevelopment is necessary to eliminate blight in the Project Area, and includes the Five Year Implementation Plan and the Neighborhood Impact Report.

The Agency is preparing the Redevelopment Plan for consideration by the San Francisco Redevelopment Agency Commission and the Board of Supervisors of the City and County of San Francisco. The purpose of the Redevelopment Plan is to establish the Redevelopment Program, which is designed to alleviate blight and foster housing and economic development in the Project Area. The Redevelopment Plan will further several of the goals and objectives of the City of San Francisco (City) in the Project Area including creating new affordable and mixed income housing; furthering economic development through local job creation; addressing environmental problems, such as the cleanup of hazardous wastes in Zone 1; providing open space; fostering cultural development; improving the physical environment; and fostering transit-oriented development that meets regional transportation goals.

The 46-acre Project Area is located in the southeast portion of San Francisco in the heart of the Visitacion Valley community. The Project Area is divided into two zones. Zone 1, the portion east of Bayshore Boulevard, south of Blanken Avenue, west of Tunnel Avenue, and north of the San Francisco County line, is a 20-acre industrial zone that includes the former Schlage Lock facility and Bayshore Railyard. Land in Zone 1 has remained underutilized since closure of the Schlage Lock facility in 1999. Soil and groundwater within Zone 1 contain hazardous materials that have not been remediated. Zone 1 consists of large vacant industrial buildings, small underutilized ancillary buildings and equipment storage. Zone 1 has been the focus of community planning efforts that resulted in the Visitacion Valley–Schlage Lock Strategic Concept Plan released in 2002.
The other portion of the Project Area, Zone 2, is the Leland-Bayshore commercial corridor. Zone 2 includes commercial, residential and light industrial (automotive) land uses along Leland Avenue and on Bayshore Boulevard across from the Schlage Lock facility. The five-block neighborhood-serving commercial corridor along Leland Avenue extends from Bayshore Boulevard on the east to approximately Rutland Street on the west and consists of mostly mixed use buildings with commercial and residential uses. The parcels along the west side of Bayshore Boulevard from the County line to Arleta Avenue contain several automotive-related business as well as other commercial establishments and some residential units. At the northern end of the Project Area, the triangle bounded by Bayshore Boulevard, Blanken Avenue and Tunnel Avenue contains several mixed use buildings.

Physical and Economic Conditions in the Project Area

The Project Area suffers from adverse physical and economic conditions that need to be addressed if the area is to realize its full economic potential. Conditions found in the Project Area include five of the eleven CRL-defined categories of physical and economic blight. These conditions include:

- Buildings in which it is unsafe or unhealthy for persons to live or work.
- Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots, including earthquake hazards, obsolete industrial buildings, and hazardous waste.
- Impaired property values due to hazardous wastes.
- Abnormally high business vacancies, abnormally low lease rates, and an abnormally high number of abandoned buildings.
- A high crime rate that constitutes a serious threat to public safety and welfare.

Redevelopment Program and Blight Alleviation

The Agency has proposed the Redevelopment Program to alleviate blighting conditions that interfere with revitalization of the Project Area by improving the economic conditions, stimulating private development and meeting the Agency’s affordable housing obligation. The Redevelopment Program draws on the 2002 Visitacion Valley Schlage Lock Community Planning Workshop Strategic Concept Plan (Concept Plan) and the 2004 Leland/Bayshore Commercial District Revitalization Action Plan. It is also based on community input shared during several meetings between the Agency and the Citizens Advisory Committee (CAC) since July 2006. To guide revitalization efforts in Visitacion Valley, the Redevelopment Program consists of two broad program categories, the Affordable Housing Program and the Non-Housing Program, which includes economic development activities and community enhancement projects and improvements.
The Affordable Housing Program will promote the development of a wide variety of affordable housing types in Zone 1 and infill development in Zone 2, and will include senior housing developments, supportive housing programs, and limited-equity homeownership projects. The economic development component of the Non-Housing Program includes building the capacity of local small-business owners and revitalizing the Leland-Bayshore commercial corridor through such activities as façade improvements, seismic upgrade and tenant improvement programs; and developing local hiring and equal opportunity programs. Also central to economic development in the Project Area are plans to clean up hazardous wastes in Zone 1 and convert it into a thriving neighborhood offering jobs to local residents. In addition, the Agency will assist community efforts to attract a full-service grocery store.

The community enhancements component of the Non-Housing Program includes improvements to public infrastructure, public facilities, and the pedestrian and bicycle network. It will also focus on the provision of public open space through such activities as the construction of new parks on the Schlage Lock site, building new streets and pedestrian pathways, streetscape improvements, and assisting in the preservation of historic buildings.

Redevelopment of Zone 1
Based on the findings and recommendations of the 2002 Concept Plan, the Agency and the San Francisco Planning Department, working closely with the CAC, drafted a Design for Development document in January 2008 setting parameters for the future development of Zone 1. The document calls for the adaptive reuse of the historic Old Office Building in the Schlage Lock facility as a community-service facility, the development of housing units in buildings ranging from mid-rise podium buildings to attached row houses, retail development that will include a mid-size grocery store, and public open space. Zone 1 will feature extensive pedestrian and bicycle infrastructure and will be seamlessly integrated with the rest of Visitacion Valley (including Zone 2) and surrounding neighborhoods, such as Little Hollywood. Due to its transit orientation and adherence to New Urbanist principles, the redevelopment of Zone 1 has been chosen as a pilot project for the Leadership in Energy and Environmental Design for Neighborhood Development (LEED-ND) Program of the U.S. Green Building Council.

Tax Increment Financing and Other Funding Sources
Tax increment financing will be the primary funding source the Agency will use to implement the Redevelopment Program. It will provide most of the resources for the Redevelopment Program and will be used to leverage public and private funds to undertake improvement projects and stimulate private investment in the Project Area. The Agency’s investments in economic development, community enhancements and affordable housing are critical catalysts needed to revitalize the Project Area.

Other funding for the Plan Adoption may come from federal, state and local sources, including, but not limited to, the Transportation for Livable Communities program, Brownfield Economic Development Initiative and other Brownfields Loan Program funds, community facilities districts, federal transportation grant programs under the 2005 Safe, Accountable, Flexible and Efficient Transportation Equality Act: a Legacy for Users (SAFETEA-LU), and Agency bonds.
**Need for Tax Increment Financing**

The blighting conditions in the Project Area are substantial, and thus, a significant amount of capital investment is needed to alleviate them. Without redevelopment assistance, neither the private sector or public sector working alone, nor the private and public sectors working together, can financially support the substantial costs of the Redevelopment Program. Tax increment financing is needed to provide funding for projects and activities that are critical to the elimination of blight and the revitalization of the Project Area.

**Pass-through Payments to Affected Taxing Entities**

The CRL requires that the Agency make pass-through payments to each taxing entity deriving property tax revenue from the Project Area. These are annual payments designed to mitigate any financial burden on taxing entities. The CRL specifies formulas for the calculation of pass-through payments. Each entity will receive a payment from tax increment generated by the Project Area, in proportion to its property tax levy within the Project Area. Taxing entities that currently collect property tax revenue from the Project Area include the City of San Francisco, San Francisco Unified School District, the San Francisco Community College District, the Bay Area Regional Transit (BART) District, and the Bay Area Quality Management District.

**Affordable Housing and Housing Set-Aside Funds**

The CRL requires 20 percent of all tax increment revenue collected by a redevelopment agency to be used for increasing and/or improving a community’s supply of affordable housing. Over the term of the Redevelopment Plan, the Agency will use 50 percent of the tax increment revenue available for the Redevelopment Program for affordable housing.\(^1\) The Agency will focus these funds on affordable housing development in the Project Area to ensure that at least 25 percent of the new housing in the Project Area is affordable to, and occupied by, households of very low, low and moderate income.

**Tax Increment Projections**

The Project Area is projected to generate $107.6 million in constant FY 2008/09 dollars, or $476.2 million in nominal dollars, in incremental tax revenues over the 45-year tax increment collection period.\(^2\) After the Agency meets its legal obligation to make payments to affected taxing entities, approximately $85.7 million in constant FY 2008/09 dollars, or $377.7 million in nominal dollars, will be available to accomplish the Agency’s Redevelopment Program, including the Affordable Housing Program and the Non-Housing Program (economic development activities and community enhancement projects), and to fund related Agency administration costs.

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\(^1\) Tax increment revenue available for the Agency’s Redevelopment Program includes the CRL-required 20 percent housing set-aside and is net of pass-through payments to affected taxing entities and Agency administration costs.

\(^2\) The term constant FY 2008/09 dollars is used to indicate the present value of future dollars discounted back to FY 2008/09. Nominal dollars is used to describe the future value. The purchasing power of nominal dollars would decline because of inflation and/or the cost of borrowing. Therefore it is important to convert the annual amounts to the equivalent value in constant FY 2008/09.
Financial Feasibility

The Agency’s share of the Redevelopment Program costs, as well as Agency administrative costs, are estimated to be approximately $85.7 million in constant FY 2008/09 dollars. Although the Redevelopment Program costs and available revenues will vary over time from those set forth in the estimates and projections presented in this Report, it is reasonable to conclude that the Redevelopment Program is financially feasible over the 45-year tax increment collection period. The Agency will prepare Implementation Plans every five years to ensure that the Redevelopment Program is financially feasible.
I. Introduction

A. Overview of the Report on the Plan

1. Purpose

The San Francisco Redevelopment Agency (Agency) has prepared a Redevelopment Plan for the proposed Visitacion Valley Redevelopment Project Area (Project Area) for consideration by the San Francisco Redevelopment Commission (Redevelopment Commission) and the San Francisco Board of Supervisors (Board of Supervisors). If the Visitacion Valley Redevelopment Plan (Redevelopment Plan) is adopted, a 46-acre area will be designated as a redevelopment project area. This document serves as the Report on the Plan for the proposed Redevelopment Plan and is required by Section 33352 of the California Community Redevelopment Law (CRL). As such, it is an integral step in the process leading to consideration of the Visitacion Valley Redevelopment Plan.

The Report on the Plan is a public document designed to provide comprehensive background information on the Redevelopment Plan and related Redevelopment Program to the members of the Redevelopment Commission, the Visitacion Valley Citizens Advisory Committee (CAC) and other interested parties. The Report on the Plan is of value to all participants in the redevelopment planning process, as a statement of program needs, goals, activities, and costs.

The Report on the Plan describes the following:

- Reasons for selecting the Project Area and adopting the Redevelopment Plan
- Urbanization of the Project Area
- Blighting conditions in the Project Area
- The Redevelopment Program designed to alleviate adverse conditions and revitalize the Project Area
- Assessment of financing methods and economic feasibility of the Redevelopment Plan
- Reasons why redevelopment is necessary
- Documentation on the Agency’s adherence to legal requirements for Redevelopment Plan adoption

If adopted, the Redevelopment Plan will enable the Agency to work towards alleviating blighting conditions, revitalizing the Project Area and continuing to expand its affordable housing program.

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1 An affected taxing entity is any governmental taxing entity (sometimes referred to as a taxing agency) that levies property taxes or assessments on all or a portion of property located within a project area in the fiscal year prior to the adoption of the Redevelopment Plan. In Fiscal Year 2008/09, five taxing entities levy taxes within Project Area: the City of San Francisco, San Francisco Unified School District, San Francisco Community College District, BART District, and the Bay Area Air Quality Management District.
2. Report Organization

This report is divided into sections that generally correspond to the CRL provisions that specify the required contents of the Report on the Plan.

Chapter I presents a general overview and background for the Redevelopment Plan. It includes the following sections:

A. Overview of the Report on the Plan
B. Description of the Visitacion Valley Redevelopment Project
C. Conformity with the City’s General Plan
D. Attainment of the Purposes of the California Community Redevelopment Law
E. Overview of the Redevelopment Plan Process
F. Public Agency Actions to Date and Anticipated
G. How the Report on the Plan Satisfies CRL Requirements

Chapter II describes the reasons for preparing the Redevelopment Plan and selecting the Project Area.

Chapter III describes the extent of urbanization in the Project Area and how it meets the urbanization requirements of the CRL.

Chapter IV documents the extent of physical blighting conditions in the Project Area.2

Chapter V documents the extent of economic blighting conditions in the Project Area.

Chapter VI presents the Redevelopment Program for the Project Area.

Chapter VII details the potential resources available to the Agency to accomplish the Redevelopment Program, describes tax increment financing in detail, estimates the potential tax increment revenues to be generated through the Redevelopment Plan, and demonstrates the financial feasibility of the Redevelopment Plan.

Chapter VIII discusses the Implementation Plan requirement, and refers to the Implementation Plan, which is included in Appendix F. The Implementation Plan outlines statutory requirements for non-housing as well as affordable housing activities. It sets forth the Agency’s goals, objectives, programs, and expenditures for the Agency’s five year Implementation Plan period, including program priorities and expenditure estimates over the five year period.

Chapter IX describes the requirement for a plan for relocation of persons or businesses that may be displaced due to redevelopment activities.

2 Under the CRL, the term “blight” means that adverse physical and economic conditions are present to a degree sufficient to justify the use of redevelopment as a revitalization tool. Under the CRL, a finding of blight must be made by the local legislative body before a redevelopment plan can be approved. The finding must be supported by evidence of both substantial and prevalent adverse physical and economic conditions. If redevelopment is to be used for revitalization in the area under consideration, such a finding must be made by the Board of Supervisors.
Chapter X provides an analysis of the Preliminary Plan.

Chapter XI discusses the requirement for the Planning Commission report and recommendations.

Chapter XII summarizes public review of the Redevelopment Plan.

Chapter XIII contains, by reference, the Environmental Impact Report (EIR) that has been prepared in accordance with the California Environmental Quality Act (CEQA) for the Redevelopment Plan.

Chapter XIV includes the analysis of Report of the County Fiscal Officer.

Chapter XV includes a summary of consultations with affected taxing agencies.

Chapter XVI contains the Neighborhood Impact Report.

Chapter XVII provides information that demonstrates why redevelopment is necessary to eliminate blight and accomplish the goals and objectives of the Redevelopment Program.

Chapter XVIII includes the supplementary reports required by CRL Section 33328.5 to include assessment and taxation information and analyze the effect of the use of a different equalized assessment roll than the roll originally planned to be used.

The Appendices include the legal description of the Project Area, photographic documentation of blight, the Five Year Implementation Plan, other supporting documentation, and project background information. Sources and definitions of key terms used in this Report are listed in Appendix A.

B. Description of the Visitacion Valley Redevelopment Project Area

1. Location

The Project Area is located in the southeast portion of the City and County of San Francisco (City) in the Visitacion Valley community. Figures I-1 and I-2 show the location of the Project Area and its boundaries. It is centered on Bayshore Boulevard and Leland Avenue, just north of the San Mateo County line and west of Highway 101. Appendix B includes the legal description of the Project Area.
Figure I-1
Project Area Location
Visitacion Valley Redevelopment Project Area

Source: San Francisco Redevelopment Agency.
2. **Project Area Description**

The 46-acre Project Area includes 112 parcels and consists of two portions. The portion of the Project Area east of Bayshore Boulevard, south of Blanken Avenue, west of Tunnel Avenue, and north of the San Francisco County line is a 20-acre industrial zone that includes the former Schlage Lock manufacturing facility (Schlage Lock facility) and Southern Pacific Brisbane Railyard (Bayshore Railyard). This 20-acre area is collectively known in this document as Zone 1. Zone 1, also referred to as the Concept Plan Sub-area, has been the focus of community planning efforts that resulted in the Visitacion Valley–Schlage Lock Strategic Concept Plan (Concept Plan) released in 2002. In planning documents, it is frequently referred to as the Schlage Lock Site. Zone 1 consists of large vacant industrial buildings, small underutilized ancillary buildings and equipment storage. Figure I-3 illustrates the boundary of Zone 1.

The other portion of the Project Area, Zone 2 is the Leland-Bayshore commercial corridor. It includes commercial, residential and light industrial (automotive) land uses along Leland Avenue and on Bayshore Boulevard across from the Schlage Lock facility. The five-block neighborhood-serving commercial corridor along Leland Avenue extends from Bayshore Boulevard on the east to approximately Rutland Street on the west and consists of mostly mixed use buildings with commercial and residential uses. The parcels along the west side of Bayshore Boulevard from the County line to Arleta Avenue contain several automotive-related business as well as other commercial establishments and some residential units. At the northern end of the Project Area, the triangle bounded by Bayshore Boulevard, Blanken Avenue and Tunnel Avenue contains several mixed use buildings. Zone 2 is shown in Figure I-3.

The focal point of the Project Area is the vacant Schlage Lock buildings and the nearby industrial properties in Zone 1. The land has remained underutilized since closure of the Schlage Lock facility in 1999. The soil and groundwater within Zone 1 contains hazardous materials that have not been remediated. In addition, the Project Area suffers from unsafe and unhealthy buildings, obsolete structures, impaired property values due to the presence of hazardous waste, poor business conditions, a lack of neighborhood-serving businesses, and a high crime rate. Chapters II through V present a detailed description of the reasons for establishing the entire area as a redevelopment area and documentation of the area’s urbanization and substantial and prevalent blighting conditions.

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3 See Chapter II for a detailed description of the planning process for the area to date.
Figure I-3
Zones 1 and 2
Visitacion Valley Redevelopment Project Area

Source: San Francisco Redevelopment Agency.
3. Summary of Redevelopment Program

The Redevelopment Program for Visitacion Valley is focused on alleviating adverse conditions and revitalizing the Project Area through the redevelopment of the former industrial Schlage Lock facility and the adjacent Bayshore Railyard properties, as well as the revitalization of Bayshore Boulevard and Leland Avenue. The residents of Visitacion Valley, who have participated in seven years of public meetings and planning activities regarding the future of the Schlage Lock facility and the Leland–Bayshore commercial corridor, continue to work with the Agency on this effort. A Citizens Advisory Committee (CAC) appointed by the Mayor has met monthly since July 2006 to refine the goals for redevelopment in the Project Area.

The Agency will undertake a variety of projects and activities to alleviate blighting conditions in the Project Area. The scope, policies, goals, and objectives of the Redevelopment Program have been developed over time through community meetings. A week-long community summit in 2002 about the future of the Schlage Lock site produced a cornerstone of the Redevelopment Plan called the Schlage Lock–Visitacion Valley Concept Plan, which includes the community’s vision for the redevelopment of Zone 1. A series of community meetings in 2004 planned for the economic revitalization of the Leland Avenue and Bayshore Boulevard commercial district, which falls within Zone 2 of the Project Area.

The Agency will achieve the goals and objectives of the Redevelopment Plan through the implementation of two interrelated program components: the redevelopment of Zone 1 and the revitalization of Zone 2. Chapter VI includes the specific goals and objectives of the Redevelopment Plan. Tax increment will be the primary source of funding for economic development and community enhancements such as new parks and infrastructure, hazardous waste remediation, the removal of unsafe buildings, façade improvement programs, historic building preservation, and programs to support and nurture local businesses, as well as affordable housing development. Chapter VI describes the Redevelopment Program in detail, including a description of projects and activities.

**Economic Development Activity**

The Redevelopment Program presents an opportunity for Visitacion Valley to reach its full potential as a vibrant urban community. Currently, the vacant, obsolete and hazardous Schlage Lock buildings are fenced off in the heart of the neighborhood. Once a keystone of the neighborhood economy, the empty property now stands in the way of the neighborhood’s renaissance. By redeveloping the Schlage Lock site, the community will replace a large contaminated site with neighborhood-oriented businesses, open space, housing, and community resources. Redevelopment of Zone 1 will transform the core of Visitacion Valley, and, in conjunction with a variety of support and improvements to the Leland-Bayshore business corridor, will stimulate business activity and quality of life in the Project Area and throughout Visitacion Valley.

The Redevelopment Program calls for the Agency to work with the owners of parcels within Zone 1 to reorganize the properties to enhance their commercial appeal, assist with the remediation of hazardous waste, and facilitate the removal of unsafe structures.
The Redevelopment Program hopes to capitalize on the entrepreneurial spirit of Visitacion Valley business owners, nurturing those businesses that have set down roots on Leland Avenue and Bayshore Boulevard and encouraging property owners to repair buildings and lease vacant storefronts. The Redevelopment Plan includes support for a streetscape plan for Leland Avenue and Bayshore Boulevard, a capacity-building program for existing local businesses, a façade and tenant improvement plan, and a coordinated marketing program for Visitacion Valley businesses.

The Redevelopment Program also leverages the transit opportunities provided by the new San Francisco Municipal Railway (Muni) Third Street Light Rail, which launched in January 2007. The light rail project represents a major opportunity for Visitacion Valley residents and businesses by connecting the neighborhood with downtown San Francisco through a safe, attractive and state-of-the-art train. The train runs along Bayshore Boulevard, between Zones 1 and 2, stops near the Leland business corridor, and currently terminates at Sunnydale Avenue. In the future, Muni plans to extend the light rail line to the Bayshore Caltrain Station.

Community Enhancements Program

Throughout the multiyear planning process for the Visitacion Valley Project Area, residents have consistently expressed their desire for a revitalization program that reflects and fosters the neighborhood’s strong sense of identity and community. To that end, the Redevelopment Program contains numerous community enhancement features, including:

- Construction of new infrastructure within Zone 1 utilizing sustainable design standards;
- Creation of parks within Zone 1;
- Transformation of the original Schlage Lock office building into a community building;
- Incorporation of the new housing and retail in Zone 1 into the neighborhood through attractive streetscaping;
- Preservation of historic buildings; and
- Streetscape and circulation improvements to encourage pedestrian traffic.

Housing Component

The Redevelopment Program aims to significantly increase the number of housing units in the Project Area. Currently, 200 residential units are situated in the Project Area; redevelopment will increase that number to approximately 1,800.

The CRL requires that at least 15 percent of all new and substantially rehabilitated dwelling units developed within the Project Area by public or private agencies other than the Redevelopment Agency be affordable to families of lower or moderate income. The Agency plans on exceeding that standard by providing that at least 25 percent of the new housing in the Visitacion Valley Project Area be affordable. Assuming that the Redevelopment Plan leads to the construction of approximately 1,600 new units, it will add approximately 400 affordable housing units to Visitacion Valley.
The Agency’s affordable housing program will include several strategies for increasing, improving or preserving the supply of affordable housing, such as:

- Below-market-rate units equaling 15 percent of all new units in the Project Area, through the City’s inclusionary housing program;
- Nonprofit-sponsored affordable housing developments targeted to families and other high-need populations;
- Homebuyer assistance and rehabilitation loans; and
- Potential assistance to address Visitacion Valley affordable housing needs outside of the Project Area.

Under the Redevelopment Plan, 50 percent of the tax increment revenue available for the Redevelopment Program over the term of the Redevelopment Plan will be directed toward affordable housing activities. This figure includes the CRL-required 20 percent housing set-aside.

**Redevelopment Project Funding**

The primary funding source for most redevelopment projects is tax increment revenue generated by increased property values in a project area. Tax increment revenues will be used to provide resources for the Redevelopment Program, leverage private and other available public funds to undertake improvement projects, and stimulate private investment in the Project Area. Preliminary analysis indicates that the proposed development program within the Project Area could generate substantial tax increment revenues over the 45 year tax increment collection period. This Report provides initial projections of potential tax increment in Chapter VII and Appendix E.

### 4. Redevelopment Plan

The Redevelopment Plan is the legal document setting forth the basic goals, powers and limitations within which the Agency must conduct its activities over the life of the Redevelopment Project. Pursuant to the CRL, the time limits for a redevelopment project are as follows:

- Twenty years after the effective date of the ordinance adopting the redevelopment plan for issuance of debt
- Thirty years for redevelopment activities
- Forty-five years for receipt of tax increment

The Redevelopment Plan will permit limited eminent domain power in the Project Area as a tool of last resort, only within Zone 1 and only over non-residential property. Eminent domain proceedings must be started within 12 years of the Redevelopment Plan adoption. (The time limit may be extended only after a community process, a Redevelopment Plan Amendment and approval by the Agency Commission and Board of Supervisors.) Table I-1 shows the proposed time and financial limits for the Project Area under the Redevelopment Plan.
Table I-1
Summary Description of Redevelopment Plan Time and Financial Limits
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Time Limits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eminent Domain</td>
<td>Summer 2020*</td>
</tr>
<tr>
<td>Incurring Debt</td>
<td>Summer 2029*</td>
</tr>
<tr>
<td>Plan Effectiveness (Project Activities)</td>
<td>Summer 2039*</td>
</tr>
<tr>
<td>Tax Increment Collection/Repayment of Project Area Debt</td>
<td>Summer 2054*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Limits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Limit</td>
<td>$200 million</td>
</tr>
</tbody>
</table>

*Assumes Redevelopment Plan adoption in spring 2009. Actual limit will correspond to Redevelopment Plan adoption date.
Source: San Francisco Redevelopment Agency.

C. Conformity with the City’s General Plan

The CRL requires a Redevelopment Plan to be consistent with the community’s General Plan.

The Redevelopment Plan will be in conformance with the General Plan of the City and County of San Francisco (General Plan). Section 1.1.3 of the October 2008 Draft Redevelopment Plan for the Visitacion Valley Redevelopment Project states the following:

_The Redevelopment Plan is consistent with the General Plan of the City and County of San Francisco and its applicable elements and in conformity with the eight Priority Policies of Section 101.1 of the Planning Code in effect on the date of the ordinance adopting this Redevelopment Plan._

To achieve conformance, the Planning Commission will amend the General Plan maps and policies to reflect the proposed development of Zone 1. These proposed amendments include:

- Designation of residential/commercial rather than industrial development (Commerce and Industry Element);
- Indication of residential uses with moderately high density (Housing Element);
- Updated height and design guidelines (Urban Design Element); and
- Updated maps to show new public open space (Recreation and Open Space Element).

Once these amendments have been made and prior to the Board of Supervisors consideration of the Redevelopment Plan, the Planning Commission will make a finding of conformity with the General Plan.
D. Attainment of the Purposes of the California Community Redevelopment Law

The CRL requires a Preliminary Plan to present how the purposes of the CRL will be attained by redevelopment. The purposes of the CRL include the following:

To protect and promote the sound development and redevelopment of blighted areas and the general welfare of the inhabitants of the communities in which they exist by remedying such injurious conditions through the employment of all appropriate means. [Section 33037(a)]

...to expand the supply of low- and moderate-income housing, to expand employment opportunities for jobless, underemployed, and low-income persons, and to provide an environment for the social, economic, and psychological growth and well-being of all citizens. [Section 33071]

The November 2006 Visitacion Valley Preliminary Plan states the following:

The proposed redevelopment will attain the purposes of the California Community Redevelopment Law for the following reasons: ... The proposed redevelopment of properties...would eliminate blighting influences; redevelop areas which are stagnant or improperly utilized; strengthen retail and other commercial functions...; provide opportunities for participation by owners and tenants in the revitalization of their properties; provide existing residents and businesses opportunities for economic growth; and expand housing opportunities for low- and moderate-income persons.

E. Overview of the Redevelopment Plan Process

The adoption of the Redevelopment Plan involves a complex, statutorily-mandated process designed to provide a community’s legislative body with the necessary analysis and input to make informed decisions about the purpose, scope and content of the Redevelopment Plan and, ultimately, about whether to adopt the Redevelopment Plan. The reports and major steps in the Redevelopment Plan adoption process are summarized below.

- Survey Area Designation
  The Board of Supervisors designates the Survey Area.

- Preliminary Plan
  In cooperation with the Redevelopment Agency, the Planning Commission adopts the Preliminary Plan. The Planning Commission selects boundaries for the Project Area. The Preliminary Plan must provide a general description of land uses, redevelopment goals and objectives, how redevelopment will attain the purposes of the CRL, and a map and legal description of the Project Area.

- Project Area Committee Formation
  The CRL requires that a Project Area Committee (PAC) be formed if the project area contains a substantial number of low or moderate-income households and the redevelopment plan will contain authority for the agency to acquire by eminent domain property on which persons reside, or if the redevelopment plan contains one or more public projects that will displace a substantial number of low or moderate-income persons.
The Visitacion Valley Redevelopment Plan adoption process does not require a PAC because the Redevelopment Plan contains no proposals to exercise eminent domain over properties on which persons reside and does not include a public project that will displace residents. However, the Mayor of San Francisco established a Citizens Advisory Committee (CAC) to advise the Redevelopment Agency and the City in their consideration of a Redevelopment Plan for the Project Area. The tasks of the CAC include reviewing policy documents and evaluating the need for and potential effectiveness of the Redevelopment Program.

- **Statement of Redevelopment Plan Preparation**
  The Agency transmits to the State Board of Equalization (SBE), County officials and affected taxing entities a statement of plan preparation, a legal description and a boundary map, pursuant to CRL Section 33327. CRL Section 33328.1(b) requires that when the Agency transmits the map of the Project Area, the Agency must prepare and deliver to the State of California Department of Finance (DOF) a report containing a projection of estimates over the duration of the Redevelopment Project, of the number of residents and school-age children and any change in the need for school facilities within the Project Area.

- **County Fiscal Officer’s Report**
  The County Fiscal Officer prepares the Report of the County Fiscal Officer (Section 33328 Report), which includes the assessed valuation of all taxable property within the Project Area as shown on the base year assessment roll, identification of each taxing entity levying taxes in the Project Area and the amount of tax revenue to be derived by each taxing agency from the base year assessment roll.

  CRL 33328.1(a) requires the County Fiscal Officer to prepare an additional report to be provided to the DOF at the same time the County Fiscal Officer’s Report is prepared. The report to the DOF must contain estimates of tax increment and pass-through payments to each school district, county office of education and community college district over the duration of the Project Area. It must also contain projections of property tax revenue allocations to each school district, county office of education and community college district over the same time period assuming the Redevelopment Plan is not adopted.

- **Preliminary Report**
  The Preliminary Report describes the purpose of the Redevelopment Plan and the Redevelopment Program that the Redevelopment Plan would make possible. It is the first major background document in the approval process of the Redevelopment Plan. The report is designed to provide members of the Redevelopment Commission, other government bodies, affected taxing entities, and interested citizens with an early statement of comprehensive background information on the Redevelopment Plan.

  The Preliminary Report must be delivered to affected taxing entities at least 90 days prior to the public hearing by the legislative body on the Redevelopment Plan. The Agency must deliver the Preliminary Report and public hearing notice to the State Department of Finance and the State of California Department of Housing and Community Development at least 45 days prior to the Agency’s public hearing.

- **Environmental Review**
  The adoption of the Redevelopment Plan requires the preparation of an Environmental Impact Report (EIR) in accordance with the California Environmental Quality Act (CEQA). Agency staff completes and publishes a notice of preparation of the EIR and distributes the notice to all responsible agencies, taxing entities and others.
• **Redevelopment Plan**
The Redevelopment Plan is the legal document setting forth the basic goals, powers and limitations within which the Agency must conduct its activities over the life of the Redevelopment Plan. The Agency submits the Redevelopment Plan to the Planning Commission, the CAC and the Board of Supervisors in preparation for consideration of the Redevelopment Plan.

• **Taxing Entity Consultation**
Agency staff consults with affected taxing entities.

• **Report on the Redevelopment Plan**
The Report on the Redevelopment Plan consists of updated information from the Preliminary Report, the Implementation Plan and additional chapters addressing specific procedures required by the CRL. It accompanies the Redevelopment Plan and is designed to help the Board of Supervisors make required findings and an informed decision on whether to adopt the Redevelopment Plan.

• **General Plan Conformity**
The Agency transmits the Redevelopment Plan to the Planning Commission for its report and recommendation. The Planning Commission reviews the Redevelopment Plan for conformance with the General Plan and makes a recommendation on its approval and adoption.

• **Redevelopment Commission Hearing, Approval and Transmittal**
The Redevelopment Commission holds a public hearing on the Redevelopment Plan and approves the Redevelopment Plan. The Agency authorizes transmittal of the Redevelopment Plan with the Report on the Redevelopment Plan to the Board of Supervisors.

• **Ordinance Adoption**
The Board of Supervisors holds the public hearing on the Redevelopment Plan, makes the required findings and adopts the ordinance establishing the Redevelopment Project.

**F. Public Agency Actions to Date and Anticipated**

The following major public agency actions related to the Redevelopment Plan have occurred to date or are anticipated to occur:

• **Survey Area Designation**
The Board of Supervisors designated the Visitacion Valley Survey Area on June 7, 2005 (Resolution No. 424-05).

• **Preliminary Plan**
The Planning Commission approved the Preliminary Plan for the Visitacion Valley Redevelopment Project to include the Survey Area on November 6, 2006 by Motion No. 17340.

• **Public Participation**
On September 19, 2006, the Redevelopment Commission adopted Resolution No. 129-06, stating that a Project Area Committee is not required for the Visitacion Valley Redevelopment Survey Area.

The Mayor established the Citizens Advisory Committee in July 2006. The 18-member CAC, which includes residential property owners, business owners and community activists, has met monthly since that time.
• **Statement of Redevelopment Plan Preparation**
  On November 5, 2007, the Agency staff transmitted to county officials, affected tax entities, and the State Board of Equalization (SBE) the statement of Redevelopment Plan preparation, the legal description and a boundary map, pursuant to CRL Section 33327.

• **County Fiscal Officer’s Report**
  The Agency requested the Report of the County Fiscal Officer (Section 33328 Report) on November 5, 2007 using FY 2007/08 as the base year assessed valuation. The County Fiscal Officer issued the Section 33328 Report on February 12, 2008.

• **Preliminary Report**

• **Environmental Review**
  On January 31, 2007, Agency staff transmitted the CEQA Notice of Preparation and related documents. The Draft Environmental Impact Report (DEIR) for the Redevelopment Plan was published and delivered to the Redevelopment Commission, the Planning Commission and responsible agencies in June 2008. Public hearings on the DEIR were held on June 26 and July 1, 2008.

• **General Plan Conformity**
  The Agency anticipates that the Planning Commission will consider the Redevelopment Plan for its conformity with the General Plan in early 2009.

• **Redevelopment Commission Action**
  In December 2008, the Redevelopment Commission expects to review the Redevelopment Plan and authorize its distribution together with the Report on the Redevelopment Plan and the EIR.

• **Redevelopment Plan**
  The Board of Supervisors’ consideration of the Redevelopment Plan is anticipated to be held in spring 2009.

### G. How the Report on the Plan Satisfies CRL Requirements

The Report on the Plan is designed to comply with CRL requirements. Pursuant to CRL Section 33352, the report to the legislative body must demonstrate how a proposed redevelopment project meets several criteria. This section includes a summary of the report requirements and a description of how this Report is organized to meet these requirements. Excerpts from the CRL are referenced and italicized.

#### 1. Reasons for Selecting the Project Area

*The reasons for the selection of the project area.* [Section 33352(a)]

Chapter II presents the reasons for selecting the Project Area.
2. Physical and Economic Conditions in the Project Area

A description of the physical and economic conditions specified in Section 33031 that exist in the area that cause the project area to be blighted. The description shall include a list of the physical and economic conditions described in Section 33031 that exist within the project area and a map showing where in the project the conditions exist. [Section 33352(b)]

The Report on the Plan must describe the physical and economic conditions within the Project Area, in accordance with blighting definitions in the CRL.

The documentation provided in Chapters IV and V of this Report demonstrates that the Project Area contains adverse physical and economic conditions sufficient to support a finding of blight in accordance with the CRL. Specifically, Chapter IV includes a description of the physical blight in the Project Area and Chapter V contains a description of the economic blight in the Project Area. The appendices provide further background and documentation of existing conditions.

3. Proposed Projects and Blight Alleviation

...a description of the specific projects then proposed by the agency, a description of how these projects will improve or alleviate the conditions described in subdivision (b). [Section 33352(a)]

Chapter VI describes the Redevelopment Program and provides descriptions of the projects and activities proposed by the Agency as a means to alleviate blighting conditions in the Project Area. Preliminary cost estimates for these projects and activities are provided in Chapter VI. This chapter also demonstrates how redevelopment would be used by the Agency to alleviate the Project Area’s adverse conditions by linking specific projects and activities with identified adverse conditions.

4. Proposed Method of Financing and Feasibility

An explanation of why the elimination of blight and the redevelopment of the project area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body’s use of financing alternatives other than tax increment financing. [Section 33352(d)]

The proposed method of financing the redevelopment of the project area, in sufficient detail so that the legislative body may determine the economic feasibility of the plan. [Section 33352(e)]

Chapter VII describes the proposed method for financing the Redevelopment Program and compares estimated Redevelopment Program costs with available funding sources. The analysis demonstrates the economic feasibility of the Redevelopment Plan. Chapter XVII includes the reasons why redevelopment and tax increment financing are necessary to eliminate blight and accomplish the goals and objectives of the Redevelopment Plan.
5. Implementation Plan

An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031. [Section 33352(c)]

Chapter VIII refers to the Implementation Plan, which is included in this Report as Appendix F. The non-housing and housing program priorities and expenditures for the Implementation Plan period are included in the Implementation Plan.

6. Method or Plan for Relocation

A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement. [Section 33352(f)]

Chapter IX discusses the Agency’s relocation plan and Appendix G includes the relocation plan.

7. Analysis of the Preliminary Plan

An analysis of the preliminary plan. [Section 33352(g)]

Chapter X of this Report provides an analysis of the Preliminary Plan. The Preliminary Plan is included as Appendix H.

8. Planning Commission Actions

The report and recommendations of the planning commission. [Section 33352(h)]

The report required by Section 65402 of the Government Code. [Section 33352(j)]

Chapter XI of this Report discusses the Planning Commission actions. In early 2008, the Planning Commission is expected to certify the Final EIR and consider the Visitacion Valley Redevelopment Plan’s conformance with the General Plan.


The summary referred to in Section 33387. [Section 33352(i)]

A summary of the consultations with the Community is contained in Chapter XII of this Report. Appendix I includes a summary of the CAC meeting record from July 2006 to date, as well as a list of the CAC members.
10. **Environmental Review**

*The report required by Section 21151 of the Public Resources Code.* [Section 33352(k)]

Chapter XIII of this Report discusses the environmental review requirements that apply to the Redevelopment Plan, and incorporates by reference the Final EIR in this Report on the Plan.

11. **Analysis of the Report of the County Fiscal Officer**

*The report of the county fiscal officer as required by Section 33328.* [Section 33352(l)]

*An analysis by the agency of the report submitted by the county as required by Section 33328,... [Section 33352(n)]*

Chapter XIV includes the analysis of the Report of the County Fiscal Officer. The report is included in Appendix J of this Report.

12. **Summary of Consultations with Taxing Entities**

*...a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information if any, and, at the discretion of the agency, proposed or adopted mitigation measures. [Section 33352(n)]*

A summary of consultations with affected taxing entities is contained in Chapter XV of this Report.

Appendix K includes copies of correspondence the Agency has had with the taxing entities concerning the Redevelopment Plan.

13. **Neighborhood Impact Report**

*If the project area contains low- or moderate-income housing, a neighborhood impact report which describes in detail the impact of the project upon the residents of Project Area and the surrounding areas, in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments an taxes, and other matters affecting the physical and social quality of the neighborhood. [Section 33352(m)]*

Chapter XVI of this Report includes the Neighborhood Impact Report.
14. Supplementary Information Required to Be Included in Report

If a redevelopment agency proposes to use the equalized assessment roll for the year following the equalized assessment roll which the redevelopment agency advised it would use pursuant to Section 33328, the redevelopment agency shall, prior to the adoption of the redevelopment plan using that different equalized assessment roll, either notify the county officials, taxing agencies, and the State Board of Equalization of the change in the equalized assessment roll that it proposes to use for the allocation of taxes pursuant to Section 33670 or prepare a report containing the information specified in subdivisions (a), (b), (c), (d), (e), and (f) of Section 33328. [Section 33328.5(a)]

At least 14 days prior to the public hearing on the redevelopment plan for which the redevelopment agency proposes to use a different equalized assessment roll, the redevelopment agency shall prepare and deliver to each taxing agency a supplementary report analyzing the effect of the use of the different equalized assessment roll which shall include those subjects required by subdivisions (b), (e), and (n) of Section 33352. In lieu of a supplementary report, a redevelopment agency may include in the report required to be prepared pursuant to Section 33352, the information required to be included in the supplementary report. [Section 33328.5(c)]

Chapter XVIII of this Report includes the information required by CRL Sections 33328.5(a) and (c).
II. Reasons for Selecting the Project Area

A. Introduction

Section 33352(a) of the CRL requires that the Report on the Plan include the reasons for selecting the Visitacion Valley Project Area. The Visitacion Valley Redevelopment Plan proposes to establish tax increment financing to eliminate blight in the Project Area, which suffers from adverse physical and economic conditions and which would benefit from redevelopment and tax increment. Revitalization of the Project Area would not only bring economic benefits to those properties within the boundary, but also to the surrounding Visitacion Valley community, the City of San Francisco, and the San Francisco Bay Area (Bay Area) at large. This chapter describes the reasons for proposing the Redevelopment Plan and selecting the Project Area.

1. Background

The Project Area is located in San Francisco’s Visitacion Valley district, a diverse community with a unique history. Visitacion Valley is located in the southeastern portion of San Francisco, bounded by McLaren Park to the north and west, Highway 101 to the east, and the San Francisco and San Mateo County line to the south.

a. History

Visitacion Valley has undergone a number of transformations in its history. A home to Native Americans for millennia, it became an agricultural settlement for European immigrants in the 19th century. Its use once again transitioned to a bustling industrial hub by the 20th century, and now to a densely populated residential neighborhood of San Francisco.

Native Americans have inhabited the Bay Area and Visitacion Valley for thousands of years. The Yelamu tribe of Ohlone Indians populated the area that is now San Francisco. Two Yelamu villages, Amuctac and Tusbsinte, made their home in the part of the city now known as Visitacion Valley.¹

The Catholic Church named Visitacion Valley in 1777, when a group of exploring Spanish soldiers and Franciscan friars discovered the area on July 2nd, the holiday known as the Feast of the Visitacion of the Most Blessed Virgin.² The Catholic Church retained ownership of the land until 1834, when the Mexican government seized the property and began transferring portions to individual settlers.

² Ibid.
For much of the 19th century, Visitacion Valley remained predominantly agricultural. In the 1800s, European immigrants established flower and plant nurseries and vegetable farms that served San Francisco markets. By the late 1800s and into the turn of the 20th century, however, industries began to locate in Visitacion Valley, including breweries, quarries, Southern Pacific Railway, and Pacific Gas & Electric facilities.

**Industrial Development**

In 1926, the Schlage Lock Company opened its Visitacion Valley facility for manufacturing door hardware and lock parts. The facility grew to five plants on approximately 12 acres west of Bayshore Boulevard and became an important source of manufacturing jobs in the area. Figure II-1 shows the location of these buildings. Production began in Plant 1 (1926) and expanded in phases as Schlage built new structures: Plant 2 (1943), Plant 3 (1950), Plant 1X (1963), and Plant 3X (1967). Historical operations in Plant 1 included stamping, degreasing and plating. Plating operations relocated to Plant 2 in 1943 and again to the southeast corner of Plant 1X in 1981 or 1982. Plant 3 housed lacquering, stripping and degreasing operations in the northeast corner and tool and die operations elsewhere in the building. Schlage Lock ceased operations in Plant 3 in 1977. Other buildings on the site include the original 1926 office building, an office building constructed in 1976, a guardhouse, and two storage sheds. Ingersoll-Rand Corporation acquired the Schlage Lock Company in 1974.

In 1980, Ingersoll-Rand sold the properties containing Plants 3 and 3X to Pacific Lithograph Company, which conducted printing operations on the site until 1993. Touch-Plate International Corporation, a subsidiary of Schlage Lock, acquired Pacific Lithograph in November 1995 and used Plants 3 and 3X primarily for equipment storage. Schlage Lock ceased all manufacturing operations at the facility in December 1999 and removed most of its equipment. The resulting decline in local employment had a negative impact on the economic vitality of the neighborhood, and the buildings at the Schlage Lock facility currently stand deteriorated and abandoned. In addition, the property and groundwater beneath it are contaminated by hazardous waste and are the subject of ongoing litigation over responsibility for environmental cleanup. Despite these challenges, the Schlage site has in recent years been a focal point for the community’s hopes for revitalization as residents see the large tract as an opportunity for neighborhood retail, open space and housing.4

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3 Site history adapted from “Schlage Lock Company Site History” in the California Department of Toxic Substance Control (DTSC) EnviroStore Database and DTSC Imminent and Substantial Endangerment and Determination Order and Remedial Action Order, Docket Number IS&E 07/06-002, July 18, 2006 (“DTSC Schlage Lock Order, 2006”). The names of the Schlage Lock buildings used in this report are consistent with those used in environmental and planning documents produced to date except for the southeast portion of Plant 2, which is sometimes called Plant 2X in other documents. Also, the Building Conditions Survey described in Chapter IV revealed additional buildings that are not widely discussed in other documents, and Figure II-1 labels these buildings.

Figure II-1
Building Locations
Zone 1

Source: San Francisco Redevelopment Agency; San Francisco Planning Department.
To the east of the Schlage Lock facility, the Southern Pacific Railroad operated a railyard to service its Bayshore rail line that ran south from downtown San Francisco. The company began construction of this San Francisco line around the turn of the 20th century; the construction included boring the tunnel whose southern opening is located at the corner of Blanken and Tunnel Avenues. The Bayshore line opened in 1907 and provided a vital link between San Francisco and the Peninsula. While most of the railyard was located south of the County line in Brisbane, the portion in Visitacion Valley contained worker accommodations, storage and railroad offices. Figure II-1 shows the location of those buildings that remain today.

The Southern Pacific Railyard was a major employer in Visitacion Valley for the first half of the 20th century, but activity declined after 1954 when heavy repair of steam locomotives ceased.7 In 1988, all freight operations moved to South San Francisco. In 1990, Tuntex USA, which later became Universal Paragon Corporation (UPC), purchased most of the railyard from Southern Pacific. Union Pacific (the successor to Southern Pacific) and the Peninsula Corridor Joint Powers Authority (PCJPA), which operates the Caltrain commuter rail line, each own a portion of the northern tip of the railyard adjacent to Blanken Avenue. The largely vacant UPC and Union Pacific properties have been included in the community’s efforts to revitalize the Schlage site and the surrounding area, described in more detail below.

Residential Development

The 1906 earthquake, which impacted Visitacion Valley to a lesser extent than some other San Francisco neighborhoods, drove residential growth in Visitacion Valley. The advent of street cars also helped spur residential expansion, and by the 1930s farmland began giving way to the development of modest single-family homes on residential streets. Commercial development in the neighborhood centered on Leland Avenue.

Beginning in the 1940s, the federal government located several public housing projects in Visitacion Valley, including the 767-unit Sunnydale project in 1942. Sunnydale was one of the first projects built by the San Francisco Housing Authority (SFHA) and consists of more than 50 two-story buildings containing multiple attached row houses. These buildings have fallen into disrepair after over 60 years of use. In a 2006 survey of conditions of public housing, SFHA identified Sunnydale as one of eight “highly distressed public housing sites that are significantly less developed than their surroundings.”

6 Ibid.
Working with the Mayor’s Office of Housing, SFHA has developed HOPE SF, a program to rebuild eight of these housing projects, including Sunnydale, as mixed-income communities, with market-rate development subsidizing the rebuilt public housing units. In October 2007 SFHA began soliciting bids for Hope SF. According to SFHA, Sunnydale is fourth in line for rebuilding.9

The Geneva Towers were a prominent feature of Visitacion Valley for over 30 years. Built by private developers in 1967, the two 20-story buildings were situated on Sunnydale Avenue. The owners of the buildings sought out Section 8 tenants and Department of Housing and Urban Development (HUD) funding when they failed to fill the buildings with market-rate renters.10 Geneva Towers suffered from neglect and increasingly fell under the control of drug dealers into the early 1990s.

Geneva Towers became so dangerous that HUD assumed control of the property in 1991—the first time in SFHA history that it foreclosed on a property due to poor conditions.11 HUD control improved security in the building, but enough problems remained that the residents voted to demolish the buildings in favor of safer, more appealing low-rise affordable housing.12 The Geneva Towers were imploded by dynamite in May 1998.

In the wake of the decision to demolish the Geneva Towers, HUD partnered with nonprofit developers to construct more than 330 new, affordable homes in Visitacion Valley.13 The new developments include Heritage Homes, 148 townhouses built in part on the Geneva Towers site completed in 2000; Britton Courts, a 92-unit development completed in 1999; and the 91-unit John King Senior Center, completed in 2000.

Today, most of Visitacion Valley consists of attached one or two-unit homes. Visitacion Valley homes remain relatively affordable compared to other parts of San Francisco. Currently, the median home price in Visitacion Valley is $630,000, compared to $799,000 for the city as a whole.14

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9 Juan Monsanto of the San Francisco Housing Authority, telephone conversation, October 23, 2007.
11 Ibid.
Recent Events

Visitacion Valley possesses community resources that make revitalization in the neighborhood especially promising. Since 1999, residents and activists have exhibited strong interest in neighborhood rejuvenation, participating in numerous workshops on the future of the Schlage Lock site and the revitalization of the Leland Avenue business district. The Visitacion Valley Planning Alliance, formed in 1999 to gather community consensus on the future of neighborhood development, continues to meet monthly.15

Beginning in 1999, residents spearheaded the transformation of six publicly owned parcels in the heart of Visitacion Valley into community green spaces.16 The properties are now under the jurisdiction of the San Francisco Park and Recreation Department and feature a plaza, a children’s garden and an agricultural garden. The award-winning Visitacion Valley Greenway Project has attracted more than $3 million in public and private funding.17

Visitacion Valley has become an increasingly transit-friendly neighborhood. In January 2007, MUNI completed a $787 million light rail extension into Bayview and Visitacion Valley.18 The Third Street line now connects the city’s southeastern residents to downtown San Francisco and makes nine stops in Bayview and two in Visitacion Valley.19

In addition, the redesigned Bayshore Caltrain station opened in 2004 on Tunnel Avenue at the County line.20 The station includes a pedestrian overpass with stairs and an elevator, but currently it is not accessible from Bayshore Boulevard except by cutting across the former Schlage Lock and railyard areas. Regional transportation plans include a future link between MUNI and Caltrain.

In May 2008, Ingersoll-Rand transferred the Schlage Lock property to UPC, who will conduct a two-phase remediation of the parcels in Zone 1 after demolishing the existing structures. Phase I will focus on the parcels north of Visitacion Avenue, which are less contaminated, and is expected to be completed 18 months after the start of demolition. Phase II, which will include active groundwater treatment and soil clean up in some Schlage Lock parcels and the Rail Yard parcels south of Visitacion Avenue, will be completed 30 months after the start of demolition. A Soil Management Plan will be developed to guide the soil clean up process and will be updated as needed. Groundwater remediation will employ two primary treatment technologies, in-situ chemical oxidation and enhanced reductive dechlorination, both of which have been employed in similar sites in California and have been accepted by DTSC.21

17 Ibid.
b. Population and Diversity

Approximately 20,000 people live in Visitacion Valley.\(^{22}\) Once primarily populated by Europeans and people of European descent, the majority of Visitacion Valley residents are now Asian American. The majority of homes in Visitacion Valley are owner-occupied, but median income is lower than the citywide median.

2. Community Involvement and Planning

The proposed Project Area suffers from declining economic activity, an under-utilized commercial corridor, unsafe and abandoned buildings, and significant environmental problems. The industrial history has resulted in contaminated sites, and the subsequent decline in industry reduced the number of jobs in the neighborhood.

The proposal to create a redevelopment project area in Visitacion Valley has been inspired and driven by community-based efforts to revive the neighborhood.

a. Zone 1/Concept Plan Sub-area

Residents of Visitacion Valley have been deeply engaged in creating a vision for the redevelopment of the former Schlage Lock manufacturing facility and the adjacent parcels. This report refers to this area as Zone 1, and it is referred to elsewhere as “Concept Plan Sub-area,” because of the Visitacion Valley–Schlage Lock Strategic Concept Plan that emerged from the community-based efforts described below. Residents have consistently advocated for redevelopment that provides new housing, promotes local businesses and improves neighborhood quality of life.

Community activism began to coalesce in 1999, when neighbors organized against a proposal to allow the Home Depot Company to open a regional store on the Schlage site. Residents and businesses opposed the proposal, which they felt would not promote neighborhood-centered growth. On February 26, 2001, the San Francisco Board of Supervisors supported the residents’ position by passing Resolution 159-01, imposing interim zoning rules capping any single retail establishment from exceeding 50,000 square feet.

In November 2001, San Francisco Supervisor Sophie Maxwell and Urban Ecology, an advocacy group, sponsored two workshops intended to help Visitacion Valley residents and businesses envision the future of the Schlage Lock site. Participants determined ten community goals:

- Ensure a mix of uses, such as housing above retail, open space and community services;
- Bring new stores, including a full-service grocery;
- Build affordable housing;
- Expand opportunities for local employment;
- Create a destination including plazas and pedestrian walkways;
- Use good design;

• Improve Bayshore Boulevard with new stores, traffic calming measures and a police substation;
• Revitalize the Leland Avenue shopping district, ensuring a relationship between new stores on the Schlage site and the existing retail corridor on Leland Avenue;
• Connect the neighborhood, bridging Little Hollywood to Visitacion Valley through the creation of new streets and footpaths; and
• Bring new community resources, such as libraries and community/municipal services.23

Meanwhile, the San Francisco Planning Department, in partnership with the Visitacion Valley Planning Alliance, San Francisco Municipal Railway (MUNI), and the San Francisco Planning and Urban Research Association (SPUR), applied for and received a Transportation for Livable Communities (TLC) grant to organize a week-long community workshop about the site.

The week-long Visitacion Valley Schlage Lock Community Planning Workshop took place in March 2002. It included all day work sessions in a Leland Avenue storefront made available by a community member and three large community events. Ingersoll-Rand and UPC supplied matching grants for the workshop, which included a consultant’s report on existing conditions and a post-workshop report. The Strategic Concept Plan and Workshop Summary was published in July 2002 (Concept Plan).

Workshop participants determined consensus points for the redevelopment of Zone 1 that largely reflected those that emerged from Sophie Maxwell’s workshops, but included a greater emphasis on environmental cleanup of the site. In addition, they developed detailed land use recommendations intended to guide the city in re-zoning the site. These land use recommendations form the Concept Plan, and they reflect the community’s “desire to see that the void created by the vacant and underutilized Schlage Lock site is reinvented as the heart of the community.”24

Highlights of the Concept Plan include:

• Dividing the site into three generalized land use areas: north residential, south residential, and commercial based on the community’s desire for mixed use of the property and determined by toxic conditions on the site. The commercial area, on the southwest portion of the site, is located where groundwater contamination is believed to be most concentrated.
• Creating a new circulation pattern including an internal north–south road that connects to Bayshore Boulevard and serves as the main thoroughfare through the site. The workshop participants also envisioned east–west routes that connect the existing street networks of Leland Avenue and Sunnydale Avenue, as well as a north–south route on the east side of the site.
• Recommending building forms and heights, to create both a distinct identity and connectivity to the rest of the neighborhood.
• Creating open space at the north and south ends of the site.

24 Ibid.
Community planning efforts have continued since the development of the Concept Plan. Since August 2006, the Planning Department has held five community workshops to further engage the community in the land use and site design process.\textsuperscript{25}

- **August 28, 2006: Toward a Framework Plan**
  The goal of the workshop was to establish an optimal framework for the neighborhood with the Schlage Lock site at its center. After a presentation and analysis of site opportunities and challenges, attendee break-out groups discussed the best strategy to successfully translate the previously developed Concept Plan into a working framework plan for the site. This workshop resulted in refining framework plan concepts.

- **October 14, 2006: Preliminary Urban Design**
  Two alternate framework plans were described and the community attendees selected a preferred framework plan. The issues discussed included an overview of the type and distribution of land uses on the site (residential, commercial, open space, etc.), potential building types, building height, and a discussion about the number of residential units that could be comfortably accommodated on the site, supported by necessary public infrastructure. In addition, a variety of urban design issues were presented and discussed. These community discussions helped to formulate a preliminary urban design plan.

- **January 6, 2007: Urban Design**
  Based on comments received at the first two workshops, a preferred plan was presented at the third public workshop. The preferred plan concept included three neighborhood parks and the preservation of the Schlage Lock old administrative office building on Blanken Street. Break-out working groups also provided comments on and preferences for the programming and design of the three proposed open spaces.

- **May 5, 2007: Sustainable Site Design and Buildings**
  This workshop focused on a sustainability strategy and framework to establish site as a green, sustainable development. In addition, height distribution across the site was reviewed and discussed in an open-forum discussion. This workshop provided a final overview of the vision for the site and the overall master plan developed over the course of the workshop series.

- **August 4, 2007: Building Form and Design Character**
  The fifth and final workshop focused on the design plan and new zoning for the Schlage Lock site, with a special examination of building heights across the site per community request. Breakout activities focused on evaluation of design character, specifically on the topics of building facades, retail design, roof design, and incorporation of sustainability.

b. **Leland Avenue/Bayshore Boulevard**

The second focal point for community-driven neighborhood revitalization is the Leland Avenue and Bayshore Boulevard commercial corridor, often referred to in this report as Zone 2.

In 2004, the Mayor’s Office of Workforce and Economic Development, in cooperation with Urban Solutions, the Bay Area Local Initiatives Support Corporation and Asian Neighborhood

Design coordinated an economic revitalization program for Leland Avenue and Bayshore Boulevard.

These organizations teamed up with representatives from neighborhood-based groups to host four community workshops intended to “establish an identity and vision for the commercial district.” Held in the summer and fall of 2004, the meetings were attended by 30–50 people, including local merchants, residents, community advocates, and city officials.

The meetings resulted in a series of specific recommendations for enhancing the Leland Avenue and Bayshore Boulevard business corridor and promoting its businesses. The recommendations included using existing city funding for a storefront and graffiti abatement program; a façade improvement program to improve the appearance of businesses with new paint, signage and awnings; and streetscape improvements such as tree planting and pedestrian-scale lighting.

The workshop participants also suggested ways to improve pedestrian safety through bulb-outs and textured crosswalks, especially at the intersection of Leland and Bayshore. Workshop participants also recommended that business constituents work closely with the Planning Department to ensure that Leland Avenue is well-connected to any developments in Zone 1. Other workshop recommendations include the creation of a merchants’ association, a parking demand study, and a possible rerouting of bus lines so that they run on rather than parallel to Leland Avenue.

Between 2005 and 2006, the Planning Department organized a series of workshops through its Better Streets Program that led to creation of the Leland Avenue Streetscape Plan. The plan addresses several goals of the commercial revitalization process described above, including installing street and sidewalk amenities to promote pedestrian safety, enhancing access to the Third Street light rail line and improving the storefronts of existing businesses. The findings and recommendations of the Streetscape Plan have helped to shape the Redevelopment Program, particularly the economic development and community enhancements activities in Zone 2.

B. Factors Considered in Selecting the Project Area

In selecting the Project Area, the Agency considered the following:

- Requirements of the CRL;
- Survey Area boundary;
- Extent of urbanization;
- Presence of physical and economic blighting conditions;
- Public improvement deficiencies;
- Need for redevelopment assistance; and
- The priorities of the Visitacion Valley community.

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27 Ibid.
1. Relevant Provisions of the California Community Redevelopment Law

The sections of the CRL that are relevant to the selection of boundaries for the Project Area include the following:

a. Definition of a Redevelopment Project Area (CRL Section 33320.1(a))

“Project area” means, except as provided in Section 33320.2, 33320.3, 33320.4, or 33492.3, a predominantly urbanized area of a community that is a blighted area, the redevelopment of which is necessary to effectuate the public purposes declared in this part, and that is selected by the planning commission pursuant to Section 33322.

b. Relationship Between Project Area and Survey Area (CRL Section 33322)

The planning commission may select one or more project areas comprised of all or part of any survey area, on its own motion, or at the request of the agency.

c. Definition of Predominantly Urbanized Area (CRL Section 33320.1(b) and (c))

Relevant provisions of the CRL pertaining to a definition of “predominantly urbanized” area are as follows:

(b) As used in this section, "predominantly urbanized" means that not less than 80 percent of the land in the project area is either of the following:

(1) Has been or is developed for urban uses.

(2) Is an integral part of one or more areas developed for urban uses that are surrounded or substantially surrounded by parcels that have been or are developed for urban uses. Parcels separated by only an improved right-of-way shall be deemed adjacent for the purpose of this subdivision. Parcels that are not blighted shall not be included in the project area for the purpose of obtaining the allocation of taxes from the area pursuant to Section 33670 without other substantial justification for their inclusion.

(c) For the purposes of this section, a parcel of property as shown on the official maps of the county assessor is developed if that parcel is developed in a manner that is consistent with zoning standards or is otherwise permitted under law.

d. Definition of the Characteristics of a Blighted Area (CRL Section 33030 and 33031)

Relevant provisions of the CRL describing the characteristics of a blighted area are as follows:

Section 33030

(a) It is found and declared that there exist in many communities blighted areas that constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety, and general welfare of the people of these communities and of the state.
(b) A blighted area is one that contains both of the following:

1. An area that is predominately urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.

2. An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.

(c) A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer utilities.

Section 33031

Section 33031 of the CRL describes both physical and economic conditions that can be used to determine if an area is blighted and in need of redevelopment. These factors are listed below.

Adverse Physical Conditions

The CRL Section 33031(a) definition for physical blight is as follows:

This subdivision describes physical conditions that cause blight:

Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities. 33031(a)(1)

Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards. 33031(a)(2)

Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area. 33031 (a)(3)

The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions. 33031 (a)(4)

Adverse Economic Conditions

The CRL Section 33031(b) definition for economic blight is as follows:

This subdivision describes economic conditions that cause blight:

Depreciated or stagnant property values 33031(b)(1)

Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459). 33031(b)(2)
Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings. 33031(b)(3)

A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions. 33031(b)(4)

Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, "overcrowding" means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of Regulations. 33031(b)(5)

An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems. 33031(b)(6)

A high crime rate that constitutes a serious threat to the public safety and welfare. 33031(b)(7)

Under the CRL, the presence of inadequate public improvements is not one of the nine statutorily defined conditions of blight. However, CRL Section 33030(c) permits consideration of inadequate public improvements as a blighting condition when statutorily defined blighting conditions exist in a project area. Inadequate public improvements may be a contributing factor to blight, and an agency may undertake needed public improvements to alleviate blight. To the extent they are present, inadequate public improvements typically reflect problems that exacerbate the effects of blight. CRL Section 33030(c) states the following:

A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer utilities. 33030(c)

2. Survey Area

The first step in the process of creating a redevelopment plan is the designation of a survey area, which is the area to be studied to determine whether the area or a portion of it qualify for redevelopment. The Board of Supervisors of the City and County of San Francisco designated an area within Visitacion Valley as the Visitacion Valley Redevelopment Survey Area on June 7, 2005 (Resolution No. 424-05). Figure II-2 indicates the boundary of the Redevelopment Survey Area.

Under CRL Section 33322, the project area boundary must be within or coterminus with the survey area boundary. The proposed Project Area boundary (shown in Figure I-2) is largely contiguous with the Survey Area boundary. However, the southern portion of the Survey Area boundary extended straight along the County line, and subsequent investigation revealed that several parcels are split between San Francisco and San Mateo counties. Parcels that are predominately in San Mateo County and are assessed for tax purposes by San Mateo County were excluded from the Project Area.
3. **Extent of Urbanization**

Section 33320.1 of the CRL specifies that, among other things, the land within a redevelopment project area must be “predominantly urbanized.” The Agency considered the extent of urbanization when it recommended the Project Area boundaries.

The assessment of the extent of urbanization in the Project Area was supported by field reconnaissance surveys and examination of available maps and aerial photographs. Field reconnaissance surveys have revealed that 100 percent of the proposed Project Area has been developed for urban uses. Thus, the urbanization requirement of the CRL, which requires a minimum of 80 percent urbanized land, has clearly been met. Chapter III discusses urbanization in more detail.

4. **Substantial and Prevalent Blighting Conditions**

The CRL requires that a combination of adverse physical and economic conditions be prevalent and substantial for an area to be designated for redevelopment. Surveys and analyses of the Project Area, its land, buildings, historical uses, and economic circumstances indicate that these adverse conditions are substantial.

The prevalence of adverse physical conditions is evident primarily in unsafe or unhealthy buildings and factors that inhibit the use of buildings and lots. The prevalence of adverse economic conditions is evident primarily in the presence of hazardous waste, retail vacancies, low retail lease rates, abandoned buildings, and a high crime rate. Inadequate public improvements are also present. The blighting conditions found in the Project Area include five of the nine statutorily defined categories of physical and economic blight and are as follows:

**Physical**
- Buildings in which it is unsafe or unhealthy for persons to live or work.
- Factors that prevent or substantially hinder the viable use or capacity of buildings or lots.

**Economic**
- Impaired property values due to the presence of hazardous waste.
- Abnormally high business vacancies, abnormally low lease rates, and abnormally high number of abandoned buildings.
- A high crime rate that constitutes a serious threat to the public safety and welfare.

The adverse conditions found in the Project Area are summarized in various exhibits throughout Chapters IV and V and Appendix C, which together constitute the blighting conditions description and map.
5. **Public Improvement Deficiencies**

Surveys of the Project Area also revealed public improvement deficiencies, which under the CRL may contribute to blight in conjunction with substantial adverse physical and economic conditions. The public improvement deficiencies, described in detail in Chapter IV, include inadequate sewer and stormwater drainage, circulation impediments due to a lack of streets in Zone 1, and deteriorated curbs and sidewalks.

6. **Need for Redevelopment Assistance**

The blighting conditions and public improvement deficiencies have caused a reduction in the proper use of the Project Area to such an extent that they have become a burden on the community, and they cannot be reversed or alleviated without the assistance of the Agency through the authority of the CRL. These conditions have existed for many years, and they indicate that without redevelopment assistance, neither the private sector nor the public sector, acting alone or together, will be able to implement activities to revitalize the area. The Agency considered the existence of these conditions prior to recommending the Project Area boundaries.

7. **Other Important Factors in Selecting the Project Area**

Other factors that were considered in selecting the Project Area boundaries include the need to:

- Assist in furthering the goals and objectives of the City and County’s General Plan;
- Increase economic benefits for the area, the surrounding Visitacion Valley community, the City of San Francisco, and the Bay Area at large;
- Provide financial support to make the Redevelopment Project feasible;
- Foster economic development and create employment opportunities;
- Find suitable new uses for underutilized properties;
- Provide needed public facilities and infrastructure improvements;
- Support transit-oriented development; and
- Create affordable housing.

These factors are consistent with the priorities of the Visitacion Valley community, as expressed through the community planning efforts described in this chapter and the Citizens Advisory Committee (CAC) that has been advising the Agency since July 2006.

C. **Conformity with the Requirements of the CRL**

The proposed Project Area and Redevelopment Plan conform with the requirements of the CRL, and the Agency’s boundary selection is justified given these considerations.

1. **Conformity of the Proposed Project Area**

The boundaries of the Project Area, as described previously in Chapter I, conform in every respect to the requirements of the CRL.
2. **Conformity with the Boundaries of the Redevelopment Survey Area**

The boundaries of the Project Area are located entirely within the boundaries of the Visitacion Valley Survey Area.

3. **Conformity with the City and County of San Francisco General Plan**

The Redevelopment Plan for Visitacion Valley Redevelopment Project will be consistent with the City and County of San Francisco General Plan, as the General Plan is anticipated to be amended. Prior to the adoption of the Redevelopment Plan, a finding of conformity with the General Plan will be made by the Planning Commission. The permitted land uses and standards set forth in the General Plan (as amended) will be adopted as the permitted land uses and standards of the Redevelopment Plan.

4. **Conclusion**

The Agency selected the Project Area because it is hindered by clearly documented physical and economic blighting conditions. These conditions, which are detailed in Chapters IV and V and Appendix C, prevent proper utilization of properties in the Project Area as envisioned by the City and County of San Francisco General Plan. These conditions have not been alleviated by the private sector or by governmental actions. It is unlikely that they will be alleviated in the future without redevelopment assistance. The Redevelopment Program as described in Chapter VI will be made possible through adoption of the Redevelopment Plan.

The Visitation Valley Redevelopment Project will further several City goals and objectives, including remediating contaminated lands, promoting the use of public transit, promoting new affordable and mixed-income housing, creating jobs, furthering economic development, providing open space, and generally redeveloping underutilized property to productive use.
III. Report on Urbanization

Under the CRL, a project area must be urbanized and blighted to qualify for redevelopment. The CRL requires an assessment of the extent of urbanization for areas that are proposed for inclusion in a redevelopment project area. This chapter documents the extent of urbanization in the Project Area.

A. Urbanization Methodology

Conclusions regarding the extent of urbanization in the Project Area are supported by:

- Field reconnaissance surveys, including a parcel-by-parcel survey
- Review of available maps,
- Review of aerial photographs, and
- Information provided by city staff.

After the completion of field reconnaissance surveys and the assembly and analysis of relevant information, the consultants mapped areas according to the various urbanization categories and calculated the total land area within each category.

B. Urbanization Requirements of the CRL

1. Reporting Requirements

The CRL requires a description of a project area that is sufficiently detailed to permit a determination that a proposed redevelopment project area is predominantly urbanized. This chapter fulfills this requirement.

2. CRL Definition of a Predominantly Urbanized Area

The provisions of CRL Section 33320.1, subdivisions (b) and (c) pertaining to a definition of “predominantly urbanized” are as follows:

(b) As used in this section, “predominantly urbanized” means that not less than 80 percent of the land in the project area is either of the following:

1. Has been or is developed for urban uses.

2. Is an integral part of one or more areas developed for urban uses that are surrounded or substantially surrounded by parcels that have been or are developed for urban uses. Parcels separated by only an improved right-of-way shall be deemed adjacent for the purpose of this subdivision. Parcels that are not blighted shall not be included in the project area for the purpose of obtaining the allocation of taxes from the area pursuant to Section 33670 without other substantial justification for their inclusion.

(c) For the purposes of this section, a parcel of property as shown on the official maps of the county assessor is developed if that parcel is developed in a manner that is either consistent with zoning or is otherwise permitted under law.
C. Extent of Urbanization in Project Area

1. Analysis

The consultant’s analysis clearly demonstrates that the Project Area meets the urbanization requirements of the CRL. The analysis of the extent of urbanization presented below is based upon the two categories used in the definition of “predominantly urbanized” in Section 33320.1(b) of the CRL (see above). The analysis, summarized in Table III-1 at the end of this chapter, indicates that 46 acres (100 percent of the Project Area) are urbanized, thus meeting the requirement that at least 80 percent of the Project Area be urbanized.

Field reconnaissance surveys revealed that all of the Project Area has been or is developed for urban uses. This category includes 100 percent of the 46-acre Project Area, and thus the urbanization requirement of the CRL is met.

2. Inclusion of Unurbanized Land

As the Project Area is 100 percent urbanized, no area has been included in the Project Area that is unurbanized.

3. Inclusion of Agricultural Land

Section 33344.5(c)(3) of the CRL requires identification of lands in agricultural use within the boundaries of a redevelopment project area.¹ No agricultural land is located within the boundaries of the Project Area.

4. Conclusion Regarding Urbanization

The analysis presented above and summarized in Table III-1 and Figure III-1 clearly demonstrates 100 percent of the Project Area is urbanized, thus meeting the CRL requirement that at least 80 percent of a redevelopment project area be urbanized.

¹ Agricultural use is defined in Section 51201(a) and (b) of the Government Code.
Table III-1  
Calculation of the Extent of Urbanization  
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Urbanization Categories</th>
<th>Acres</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Area that has been or is developed for urban uses</td>
<td>46</td>
<td>100%</td>
</tr>
<tr>
<td>2. Area that is an integral part of an area developed for urban uses</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Urbanized Area</strong></td>
<td><strong>46.00</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>Unurbanized areas</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Land in agricultural use</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Urbanized and Unurbanized</strong></td>
<td><strong>46.00</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: San Francisco Redevelopment Agency, Seifel Consulting Inc.
Figure III-1
Urbanization Map
Visitacion Valley Redevelopment Project Area

Source: San Francisco Redevelopment Agency; Seifel Consulting Inc.
IV. Adverse Physical Conditions

A. Introduction

The CRL requires findings that adverse physical and economic conditions (“blight”) are prevalent and substantial in order for an area to be eligible for designation as a redevelopment project area. This chapter describes the adverse physical conditions present in the proposed Project Area. The text, tables and figures included in this chapter, Chapter V, and the photographs contained in Appendix C, demonstrate that blighting conditions are substantial and prevalent in the Project Area.

1. Chapter Organization

This chapter is organized into the following sections:

- Section A provides an overview of this chapter and describes the CRL requirements related to blight and inadequate public improvements.
- Section B documents adverse physical conditions in the Project Area in accordance with the definitions of physical blight specified in CRL Sections 33030 and 33031.
- Section C contains the conclusion for the presence of physical blighting conditions.

2. Relevant Provisions of the CRL

CRL Section 33352(b) requires a description of the physical and economic conditions in a proposed project area. The ordinance adopting the Visitacion Valley Redevelopment Plan must contain a finding that the Project Area is blighted and that public intervention in the form of redevelopment is necessary. This section presents the CRL’s definition of a blighted area and the physical conditions that are considered to be indicators of blight. These definitions are specified in the CRL as amended effective January 1, 2007.

a. CRL Definitions of a Blighted Area

CRL Section 33030 describes the characteristics of a blighted area as follows:

(a) It is found and declared that there exist in many communities blighted areas that constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety, and general welfare of the people of these communities and of the state.

(b) A blighted area is one that contains both of the following:

1. An area that is predominately urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.
(2) An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.

(c) A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer utilities.

b. Physical Blighting Conditions

CRL Section 33031(a) defines physical blighting conditions as follows (excerpted text in italics):

Unsafe or Unhealthy Buildings

(1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.

Conditions that Hinder the Viable Use or Capacity of Buildings or Lots

(2) Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards.

Adjacent or Nearby Incompatible Uses

(3) Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.

Substandard Lots in Multiple Ownership

(4) The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.

Two of the four factors of physical blight are prevalent and substantial in the Project Area: unsafe or unhealthy buildings and conditions that hinder the viable use or capacity of buildings or lots. Section B describes the presence of these factors.

c. Inadequate Public Improvements

Under the CRL, the presence of inadequate public improvements or inadequate water or sewer utilities cannot be the sole characteristic of a blighted area. However, the CRL permits their consideration as a contributing factor to blight when physical and economic blighting conditions are present in a project area. Section B.3 discusses how inadequate public improvements contribute to blighting conditions in the Project Area.
3. Maps of Blighting Conditions

CRL Section 33352(b) requires that the Report on the Plan include a map indicating where blighting conditions exist. Numerous figures throughout this chapter and Appendix C summarize and locate various blighting conditions in the Project Area. Together, these figures constitute the map of blighting conditions required by the CRL. The map of blighting conditions has been broken into these separate figures for ease of reading and reference due to the substantial amount of information provided about blight in the Project Area. The figures, taken together, demonstrate that blighting conditions are substantial and prevalent throughout and affect properties in the Project Area.

B. Adverse Physical Conditions in the Project Area

This section describes the Project Area’s adverse physical conditions and inadequate public improvements. Adverse physical conditions contributing to the presence of blight fall within two of the four factors of physical blight specified in the CRL and are generally described as:

- Unsafe or unhealthy buildings and
- Conditions that hinder the viable use or capacity of buildings or lots.

Methodology

Physical blighting conditions were evaluated under the blight definitions contained in the CRL through the following methods:

- Field surveys of the Project Area’s existing conditions, including the Building Conditions Survey, described below;
- Review and analysis of technical documents and data from public and private agencies;
- Discussions with government staff and persons knowledgeable about the area; and
- Examination of aerial photographs and maps.

Appendix A contains a complete list of documents and data sources used in the physical blight analysis.

The primary Field Survey, conducted in August and September 2006, recorded building and lot conditions for all parcels in the Project Area. Appendix D contains a report on the Field Survey methodology and results, including a description and a copy of the blank survey form. The next section describes one component of the Field Survey, the Building Conditions Survey, in more detail.
1. **Unsafe or Unhealthy Buildings [CRL Section 33031(a)(1)]**

The results of the comprehensive Building Conditions Survey and analyses described below indicate that the Project Area contains a substantial number of unsafe or unhealthy buildings. The survey indicates that 72 percent of all buildings in the Project Area suffer from very extensive or extensive deficiencies, including serious dilapidation and deterioration. Many buildings in the Project Area exhibit signs of long-term neglect and building code violations. Most buildings in the area are vulnerable to serious seismic damage or geological hazards due to their age, construction type and state of repair. Buildings that suffer from faulty or inadequate sewer utilities are evident in the Project Area, particularly east of Bayshore Boulevard. Appendix C presents photographs illustrating these conditions.

a. **Building Conditions Survey**

Through the comprehensive Building Conditions Survey, the consultants evaluated the physical condition of buildings in the Project Area. The surveyors rated each parcel’s primary building (generally the largest facing the street) and if applicable, freestanding and apparently permanent ancillary buildings. The survey included interior inspections of the vacant Schlage Lock buildings. However, interior inspections of the remainder of the buildings in the Project Area were generally not conducted, and survey results reflect conditions observed from adjacent parcels or sidewalks.

To ensure the survey’s accuracy, the consultants conducted a thorough quality assurance (QA) process to check the survey data. This process included both internal checking of the survey results in electronic form and resurveying a randomly sampled selection of survey records. Some buildings required a second examination. Appropriate changes were made to ratings when warranted. See Appendix D for a detailed description of the QA process.

**Criteria and Standards Used for Building Condition Ratings**

The consultants rated the condition of every surveyed building on a five-level scale, from dilapidated to excellent. Table IV-1 summarizes the criteria used in assessing the physical condition of buildings. Note that these building ratings are used to document the prevalence of blight in the Project Area as a whole and are not intended to identify individual properties for potential City or Agency action beyond informing the proposed redevelopment plan adoption.
### Table IV-1
**Building Conditions Rating Criteria**  
**Visitation Valley Redevelopment Project Area**

<table>
<thead>
<tr>
<th>Building Condition Rating</th>
<th>General Condition</th>
<th>Likely Cost of Correcting Deficiencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Dilapidated</td>
<td>Very extensive physical/structural deficiencies (often dilapidated)</td>
<td>Very high</td>
</tr>
<tr>
<td>2 Deteriorated</td>
<td>Extensive physical/structural deficiencies</td>
<td>High</td>
</tr>
<tr>
<td>3 Deferred Maintenance</td>
<td>General good condition, some deficiencies present</td>
<td>Significant</td>
</tr>
<tr>
<td>4 Sound</td>
<td>Relatively few deficiencies present</td>
<td>Low to moderate</td>
</tr>
<tr>
<td>5 Excellent</td>
<td>Generally excellent condition</td>
<td>Minor to low</td>
</tr>
</tbody>
</table>

**Building Conditions Survey Results**

Building conditions in the Project Area range from excellent to dilapidated. Less than 8 percent of buildings are new or have been rehabilitated to a high standard. Most buildings in the area were built more than 50 years ago under an outdated building standard, and many do not meet current building codes. A large number of these older buildings suffer from adverse conditions related to age and long-term neglect. In particular, the former Schlage Lock buildings are seriously deteriorated.

As shown in Table IV-2, the consultants observed and evaluated 107 buildings in the Project Area. Approximately 41 percent (44 buildings) are non-residential uses, 37 percent (40 buildings) are mixed-use (residential and commercial), and 22 percent (23 buildings) are residential uses. Of the non-residential uses, more than half of the buildings are industrial or light industrial uses, comprising almost a quarter of all buildings surveyed.

The industrial buildings are mostly the former Schlage Lock manufacturing buildings, and the light industrial buildings are auto repair shops along Bayshore Boulevard. Residential and mixed-use buildings are located along Leland Avenue and portions of Bayshore Boulevard.
As shown in Table IV-3, approximately 72 percent, or 77 of all 107 buildings, were rated in the survey as category 1 or 2, exhibiting very extensive or extensive physical or structural deficiencies likely requiring significant and high-cost repair. Almost one-third of all buildings surveyed were rated as a category 1, exhibiting the highest level of physical or structural deficiencies and indicating the prevalence of serious building dilapidation in the Project Area.

The 77 buildings that received a rating of category 1 or 2 are distributed throughout the land uses found in the Project Area. Additionally, the majority of buildings in each land use category received a category 1 or 2 rating. Of the 44 non-residential buildings evaluated, almost 80 percent (35 buildings) were rated a category 1 or 2. More than 78 percent of all residential buildings and 60 percent of mixed-use buildings evaluated received a category 1 or 2 rating, as shown in Table IV-4.

Table IV-4
Building Conditions Ratings by Land Use
Visitation Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Land Use</th>
<th>1 or 2 Rating</th>
<th>Total Buildings</th>
<th>% 1 or 2 Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Residential</td>
<td>35</td>
<td>44</td>
<td>79.5%</td>
</tr>
<tr>
<td>Residential</td>
<td>18</td>
<td>23</td>
<td>78.3%</td>
</tr>
<tr>
<td>Mixed-Use</td>
<td>24</td>
<td>40</td>
<td>60.0%</td>
</tr>
<tr>
<td>Total</td>
<td>77</td>
<td>107</td>
<td>72.0%</td>
</tr>
</tbody>
</table>


Figure IV-1 illustrates the prevalence of seriously deteriorated or seriously dilapidated buildings throughout the Project Area. Appendix C contains photographic documentation of the building conditions observed in the Project Area.

**Relationship Between Building Conditions and Health and Safety Problems**

A strong relationship exists between the condition of buildings documented in the Building Conditions Survey and health and safety problems in these same buildings. Buildings rated in category 1 are characterized by adverse conditions such as serious dilapidation from long-term neglect or abandonment, potentially hazardous structural problems (deteriorated, sagging or failing wood, concrete or brick walls, for example), or a combination of problems that taken in their totality provide strong evidence of physical blight and the presence of health and safety hazards. Buildings rated in category 2 are seriously deteriorated and generally have at least one of these serious problems, making them potentially hazardous though not entirely dilapidated.

Based on the Building Conditions Survey described above, all of the buildings rated as building condition categories 1 and 2 have physical conditions considered unsafe or unhealthy.

b. **Zone 1**

As described in Chapters I and II, Zone 1 is the portion of Project Area east of Bayshore Boulevard that contains the former Schlage Lock manufacturing facility and the adjacent former railyard. Buildings within Zone 1 are particularly unsafe and unhealthy, due to their industrial history and long-term neglect.
Figure IV-1
Location of Buildings with Building Condition Rating 1 or 2
Visitacion Valley Redevelopment Project Area

Source: San Francisco Redevelopment Agency; Seifel Consulting Inc.
**Schlage Lock Facility**

The former Schlage Lock manufacturing facility consists of 12 buildings that have been vacant since operations ceased in December 1999. Chapter II highlighted operations in those buildings between 1926 and 1999, and Appendix D contains a complete description of the 12 Schlage buildings identified in the survey.

The 12 Schlage buildings have not been actively maintained since 1999, and their current conditions reflect their age, years of industrial use and long-term neglect. Nine of the buildings are dilapidated and two additional buildings are seriously deteriorated. Figure IV-2 highlights those buildings rated as category 1 or 2. Specific deficiencies include cracked or missing foundations (7 buildings), fire damage (4 buildings), dry rot (3 buildings), deteriorated or sagging roofs (9 buildings), cracked or deteriorated walls or floors (10 buildings), mold or other water damage (9 buildings), broken or deteriorated windows (9 buildings), and faulty wiring (9 buildings). In addition, several buildings exhibit decaying plumbing and inoperable water fountains and restrooms. The total floor area of the seriously dilapidated and deteriorated buildings is approximately 500,000 square feet.

Extensive environmental hazards also exist on the site. The California Department of Toxic Substances Control (DTSC) has determined that “there may be an imminent and/or substantial endangerment to the public health or welfare or to the environment, because of a release and/or the threatened release of a hazardous substance” on the site of the Schlage buildings.¹ The DTSC has found hazardous substances in both the soil and groundwater beneath the buildings on the site. Confirmed contaminants include tetrachloroethylene (PCE), trichloroethane (TCA), trichloroethylene (TCE), vinyl chloride (VC), chloroform, and dichloroethylene (DCE).² Several of these are volatile organic compounds (VOCs), a class of chemicals that vaporize under normal conditions and release noxious gasses into the air. DTSC investigations also identified chromium (Cr) and nickel (Ni) above the maximum contaminant levels (MCLs) in groundwater and above California Human Health Screening Levels (CHHSL) in soil.³

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² California Department of Toxic Substances Control. “Schlage Lock Company Site History.” EnviroStore Database.
³ DTSC Schlage Lock Order, 2006.
Figure IV-2
Building Conditions
Zone 1

Source: San Francisco Redevelopment Agency; San Francisco Planning Department.

Buildings with Rating Category 1 or 2 (19)
Project Area Boundary
Zone 1

San Francisco Redevelopment Agency
Visitacion Valley Redevelopment Plan Adoption

Report on the Plan
November 2008
Known adverse effects of these hazardous substances include:

- **Chromium (Cr):** Skin, eye, and lung irritant; and confirmed human carcinogen.
- **Chloroform:** Skin and eye irritant; dizziness, mental dullness, nausea, confusion; headache, fatigue; and liver and kidney damage.
- **Dichloroethylene (DCE):** Skin irritant; poisonous by inhalation, moderately toxic by ingestion; and depresses the central nervous system.
- **Nickel (Ni):** Confirmed carcinogen (lung and nasal cancer); ingestion causes nausea, vomiting, and diarrhea and can be poisonous; hypersensitivity is common and can cause allergic contact dermatitis, pulmonary asthma, conjunctivitis, and inflammatory reactions.
- **Tetrachloroethylene (Perchloroethylene or PCE):** Nausea, vomiting, headache, dizziness, drowsiness and tremors from short-term exposure through ingestion and inhalation; irritation and blistering through skin contact; eye irritant; liver and kidney toxicity from chronic exposure; and known carcinogen (liver cancer).
- **Trichloroethane (TCA):** Skin irritant; headaches, fatigue, vertigo and irregular heartbeat from central nervous system depression; and liver damage.
- **Trichloroethylene (TCE):** Headaches, dizziness, vertigo, tremors, irregular heartbeat, fatigue, nausea, vomiting and blurred vision from central nervous system depression that results from acute exposure; skin, eyes, nose and throat irritant, liver and kidney injury from long-term exposure; and known carcinogen (liver and kidney cancer).
- **Vinyl Chloride (VC):** Confirmed human carcinogen producing liver and blood tumors; moderately toxic by ingestion; human reproductive effects including changes in spermatogenesis, human gene mutation; severe irritant to skin, eyes, and mucous membranes; causes skin burns by rapid evaporation and consequent freezing; and liver injury through chronic exposure.

According to the DTSC, exposure by inhalation to VOCs poses the greatest health risk to future site users, including residents and workers.

The Schlage Lock facility has been under a series of DTSC clean-up orders since 1994. However, remediation is not complete, and Ingersoll-Rand has not taken any new cleanup actions since 1999. DTSC issued its most recent order in July 2006, but it suspended the duty to comply with the order to allow negotiations between Ingersoll-Rand and UPC regarding cleanup. See Chapter V for further discussion of hazardous wastes, the clean-up process, and the current status of the property.

The existing conditions of the Schlage Lock buildings reflect ongoing neglect of the old, formerly industrial facility. Overall, the combination of dilapidated conditions and environmental contamination make the buildings unsafe and unhealthy places for people to work.

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5 DTSC Schlage Lock Order, 2006.

Bayshore Railyard

The Field Survey identified eight buildings on the Bayshore Railyard portion of Zone 1. As described in Chapter II, these buildings functioned as railroad worker accommodations, storage and offices for the Southern Pacific Railroad. Currently, the uses of these buildings range from storage sheds to small offices for auto-related businesses.\(^7\)

All of the buildings are dilapidated or severely deteriorated as indicated in Figures IV-1 and IV-2. The buildings exhibit very extensive physical deficiencies (building conditions rating category 1). Deficiencies include sagging roofs, deteriorated walls and windows, dry rot, and water damage. The buildings were likely constructed informally without building code review.\(^8\) The dilapidated condition of these buildings indicates that they have been largely neglected and they are likely unsafe places for people to live and work.

c. Building Age and Long-Term Neglect

Many of the other buildings in the Project Area also exhibit signs of long-term neglect that make them unsafe or unhealthy as places to live or work. Most buildings in the Project Area are old, with nearly 60 percent built before the end of World War II, and a significant number of older buildings are deteriorated and dilapidated, and in some cases abandoned.

Graph IV-1 shows the overall age distribution of buildings in the Project Area. More than one-third of the buildings for which the year of construction is known were built prior to 1930, and two-thirds were built before 1950.\(^9\) These older buildings are the most likely to have a building condition rating of category 1 or 2, with approximately 80 percent of all buildings constructed prior to 1950 exhibiting extensive or very extensive physical deficiencies. Table IV-5 presents the clear relationship between the age of the building and its building condition rating. Specific conditions observed in older buildings are deteriorated windows or siding (80 percent), mold or mildew damage (80 percent), deteriorated eaves (66 percent), faulty wiring (49 percent), dry rot (48 percent), and alignment problems (25 percent).

Table IV-5 also shows that for buildings with a condition rating of category 1, the median year of construction is 1932, and for buildings with a condition rating of category 2, the median year of construction is 1930. Thus, most dilapidated and deteriorated buildings in the Project Area are over 75 years old. In comparison, buildings with a conditions rating of category 3 are more likely to be newer (median year of construction is 1940), and nearly all buildings with a rating of category 4 or 5, in sound or excellent condition, were built within the last decade.

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\(^7\) Ownership of the land under these buildings is currently divided; Universal Paragon Corporation (UPC) owns the large southern parcel that contains six buildings, while the Peninsula Corridor Joint Powers Authority (CalTrain) owns the northern parcel with two buildings.

\(^8\) According to the Historical Resources Technical Report, three of the structures were built in the early 1900s, well before modern building codes applied. Two others appeared in the 1960s and the Historical Resources Technical Report does not document building permits for them. No construction information is available for the three other buildings the Field Survey identified.

\(^9\) Year built information is available for 91 of the 107 buildings in the Project Area, or 85 percent.
Graph IV-1
Age of Buildings
Visitacion Valley Redevelopment Project Area

Source: San Francisco Assessor's Office/Metroscan, Seifel Consulting Inc.
Because of the age of most buildings in the Project Area, the observed dilapidation and deterioration of many structures is likely caused in part by long-term neglect. All the conditions listed above are unsafe and unhealthy for building occupants. For example, deteriorated windows raise the risk of lead paint exposure, mold growth is a key trigger for asthma, and dry rot and alignment problems raise the risk of serious structural damage during an earthquake. The text below elaborates on some of these risks associated with indications of long-term neglect and their prevalence in the Project Area.

**Lead Paint**

One example of long-term neglect with serious negative health and safety implications is the presence of lead in interior and exterior paint. Congress banned lead-based paint in 1979, and lead levels in paint prior to 1950 were particularly high. Due to the complexity and expense of properly removing lead-based paint, lead likely remains in most of the buildings constructed in the Project Area more than 25 years ago. Elevated blood-lead levels have well-documented adverse consequences for both children and adults, and the link between lead-based paint and elevated blood-lead levels is strong.

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10 According to the U.S. Centers for Disease Control and Prevention, lead levels in paint decreased moderately during the second half of the 20th century through limited regulation and voluntary reductions.
According to the U.S. Centers for Disease Control and Prevention (CDC),

*Lead can produce adverse effects on virtually every system in the body; it can damage the kidneys, the nervous system, the reproductive system, and cause high blood pressure. It is especially harmful to the developing brains of fetuses and young children. There may be no lower threshold for some of the adverse effects of lead in children. In addition, the harm that lead causes to children increases as their blood lead levels increase.*

Major exposure to lead occurs in:

- Lead-based paint in older homes that is deteriorating, creating dust and paint chips easily ingested by young children;
- Lead-based paint that is disturbed during renovation or remodeling;
- Lead-based paint that is exposed, on a surface easily chewed by a young child (such as a window sill); and
- Lead-contaminated soil.

The San Francisco Departments of Public Health (DPH) and Building Inspection (DBI) operate under the assumption that all buildings in San Francisco built before 1979 contain lead-based paint and thus present a health risk to occupants as the paint deteriorates or lead-disturbing renovations occur. The departments use this strict assumption because lead removal is expensive and difficult to execute completely. Professional lead removal costs at least twice as much as a standard paint job, and lead may remain in the wood after the paint has been removed. More often, property owners attempt to remediate lead paint by painting over it, but this method is only completely effective if the paint never peels and the painter does not sand or scrape first. As a result of these challenges, tests for lead paint in pre-1979 structures rarely come out negative. Structures built before 1950 create the highest risk, but due to the low threshold for lead poisoning all pre-1979 buildings are potentially problematic.

Graphs IV-2 and IV-3 illustrate the likely prevalence of lead paint risks in the Project Area. Nearly 90 percent of the buildings in the Project Area were built before 1979, and two-thirds of the buildings are in the highest risk category (pre-1950). Moreover, the vast majority of pre-1979 structures exhibit one or more of the conditions that are associated with ambient lead release: serious physical dilapidation/deterioration (building condition 1 or 2), peeling paint, and deteriorated windows. Therefore, neglecting to repair these structures has the potential for serious harmful effects on those that live and work in them.

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12 Joe Walseth of the Department of Public Health and Vincent Fabris of the Department of Building Inspection, Meet the DBI Pros Summit, October 25, 2006.

13 According to painting contractor Joseph Ruiz of Rhapsody Painting & Environmental Company, complete remediation of lead paint costs $3.50 to $5.50 per square foot compared to an average cost of $2.00 per square foot for a non-lead repainting (quoted October 25, 2006 at the “Meet the DBI Pros Summit”).

Graph IV-2

Lead Paint Risk and Year of Building Construction
Visitacion Valley Redevelopment Project Area

Source: San Francisco Assessor's Office/Metroscan, Seifel Consulting Inc.
Graph IV-3
Pre-1979 Structures with Lead Paint Risk Factors
Visitacion Valley Redevelopment Project Area

Source: San Francisco Assessor's Office/Metroscan, Seifel Consulting Inc.
Mold and Asthma

As noted above, 80 percent of buildings in the Project Area constructed before 1950 exhibit signs of exterior mold or mildew damage. Mold is a result of excess water that can enter a building in many ways, including by faulty plumbing and deteriorated roofing, windows and walls. Graph IV-4 shows that, in addition to containing visible mold and water damage, a large percentage of structures built before 1950 in the Project Area exhibit conditions that promote mold growth.

As with lead paint, mold and mildew can lead to serious health problems, especially in young children. A recent study sponsored by the CDC has linked indoor mold to asthma and other respiratory problems. According to the Asthma and Allergy Foundation, over half of Americans with asthma suffer from the allergic form of the disease, which is triggered by exposure to allergens such as mold.15

According to a 2004 report by Community Action to Fight Asthma (CAFA), which used Office of Statewide Health Planning and Development (OSHPD) data on hospitalization rates by zip code, the zip code that includes the Project Area (94134) has an asthma hospitalization rate among the highest in San Francisco.16 The elevated asthma hospitalization rate for children ages 0 to 14 in the 94134 zip code that includes the Project Area is consistent with this relationship between mold and asthma.17 This evidence indicates that the presence of mold and other triggers (in part due to a lack of proper ventilation, sealed joints and regular mold removal) presents a serious health risk to the occupants of buildings containing mold. Although the 94134 zip code is much larger than the Project Area, the Building Conditions Survey found that the Project Area contains conditions known to contribute to increased childhood asthma.

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16 The asthma hospitalization rate of 29.49 per 10,000 children in the 94134 zip code is significantly higher than the San Francisco median rate of 22.44 per 10,000 children.
17 According to Karen Cohn, Manager of Children’s Environmental Health Promotion at DPH, specific data on asthma prevalence, which is generally held to be more common than hospitalizations, does not exist (conversation December 11, 2006).
Graph IV-4
Presence of Mold and Mold-Risk Conditions, Pre-1950 Buildings
Visitacion Valley Redevelopment Project Area

Source: San Francisco Assessor's Office/Metroscan, Seifel Consulting Inc.
d. Building Code Violations

Serious building code violations are further evidence of unsafe and unhealthy buildings in the Project Area. In the five year period between January 2002 and January 2007, the San Francisco Department of Building Inspection (DBI) received 25 independent, verifiable complaints of building code violations within the boundaries of the Project Area. Of these, 11 complaints resulted in at least one Notice of Violation (NOV). DBI issued a total of 14 NOVs within the Project Area during this time frame (three complaints resulted in two NOVs per complaint). At present, at least two NOVs are yet to be resolved. Investigations of these violations are ongoing, including hearings with DBI officials and the property owners to determine the proper course of action.

DBI’s publicly available data on building code complaints and violations may not reflect the full extent or severity of building code problems in the Project Area. Complaint records are downloadable from DBI’s website by site address or parcel number. Each complaint record describes the initial complaint and lists subsequent actions by DBI inspectors. Actions include inspections, oral warnings, written warnings (NOVs), referrals to code enforcement and other divisions, director’s hearings, and abatement. These actions are not mutually exclusive. While most records end with abatement, five cases in the Project Area provide no evidence as to the resolution of the case, including one that was referred to code enforcement. An additional four cases were apparently abated after the inspector was unable to enter the premises or received no response to attempts to contact the property owner. These cases may represent valid and ongoing problems.

Based on the complaint data, the most common violations in the Project Area are building without a permit/illegal use conversion (8), problems with stoves, toilets, and other kitchen appliances and/or plumbing (5), fire hazards such as locked fire escapes or missing smoke detectors (4), lack of heat (3), and sewer and drainage problems (3). A number of buildings also suffer from broken walls and windows, mold and dry rot, exposed and non-functioning electrical systems, and vermin infestations. (Appendix C includes photographs of potential building code violations in many of these categories.) A single complaint may contain multiple types of violations, so these categories are not mutually exclusive. Moreover, several records do not detail the violations but instead reference the NOV, which is not available online, so these figures likely undercount specific violations.

More than 10 percent of the buildings in the Project Area (11 total) received one or more complaints during this time period. One multi-unit, mixed-use building accounted for nearly half of the total number of complaints (12 of 25), indicating that it is an exceptionally serious and ongoing problem that affects a substantial number of residents. This building is subject to two outstanding NOVs that cover lack of heat, exposed wiring, holes in the walls, mildew, and lack of smoke detectors, among other violations.

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18 Building code complaints/violations data for all parcels in the Project Area was downloaded from DBI’s website, http://services.sfgov.org/dbipts/, on January 25, 2007. The total number of complaints (25) does not count duplicate records or complaints for which no violation was found.
All of the violations reported in the Project Area pose a significant health hazard to the people who live and work in these buildings. In addition, illegal conversions and nonpermitted work often occur together and reflect construction activities without DBI oversight. They may indicate the presence of additional undetected building code violations.19

More generally, DBI’s complaint-based system of inspections and data tracking is likely subject to underreport problems. Given budget constraints, DBI usually inspects a building only when it receives a complaint and does not have the resources to actively seek out dangerous building conditions. It sometimes conducts follow-up inspections of known violators, but often does not follow up on complaints that did not result in an NOV. The types of problems addressed in complaints that were resolved before an NOV is issued are often just as severe as those that resulted in an NOV. To the extent that residents are reluctant to report potential violations by their landlords or neighbors, complaints alone may not reflect all the building code violations in the Project Area.

e. Seismic or Geological Hazards

Significant earthquake hazards affect the Project Area, including nearby earthquake faults and a high probability of future earthquakes. The Project Area is susceptible to earthquake-related ground shaking that would be strong enough to damage existing buildings and infrastructure and possibly result in loss of life. The age, construction types, and current conditions of buildings in the Project Area make them particularly vulnerable to ground shaking.

The 1997 Uniform Building Code locates San Francisco and the entire Bay Area in Seismic Risk Zone 4, an area expected to experience maximum magnitudes and damage in the event of an earthquake. According to the July 2003 U.S. Geological Survey Fact Sheet, the probability of at least one major 6.7 magnitude or greater earthquake capable of causing widespread damage striking somewhere in the San Francisco Bay Area before 2032 is 62 percent.20 Within the next 30 years, there is a 4.7 percent chance of a magnitude 7.9 earthquake on the San Andreas Fault, located 6 miles west of the Project Area, and an 8.5 percent chance of a 6.9 magnitude earthquake along the Hayward fault, which is 16 miles northeast of the Project Area.21 Other major active faults that could cause significant shaking in the Project Area are the Concord, Calaveras, Rodgers Creek, and San Gregorio Faults. All of these faults are within a 35 mile radius of the site. Figure IV-3 shows the known earthquake faults located near the Project Area and also indicates earthquake probabilities.

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19 Inspector Donal Duffy, Department of Building Inspection Summit, October 25, 2006.
Probability of a magnitude 6.7 or greater earthquake from 2003 to 2032 in Bay Region. Incorporates probability of earthquakes on faults not shown.

The principal type of earthquake-induced ground failure that may occur in the Project Area is ground shaking. The severity of ground shaking is influenced by a number of factors, including the duration and intensity of the earthquake, the proximity of the site to the location of the earthquake, and the type of geologic materials underlying the site. According to the Association of Bay Area Governments (ABAG), a magnitude 7.8 earthquake on the San Andreas Fault (similar to the 1906 earthquake) would result in violent shaking in nearly all of the Project Area. Figure IV-4 indicates this hazard zone. As further discussed below, the age, construction types and current conditions of buildings in the Project Area make them particularly susceptible to shaking of this magnitude.

**Building Age and Seismic Susceptibility**

The design and construction of older buildings make them more susceptible to severe earthquake damage. Buildings constructed in the early to mid-1900s are expected to incur the greatest structural damage during an earthquake. Such buildings include aging wood frame structures with inadequate foundations and foundation connections, soft story buildings, older poured concrete buildings without adequate reinforcement, and buildings constructed without permits or poorly engineered buildings. The relationship between these construction practices and the risk of earthquake damage is discussed in more detail below.

According to ABAG, changes in construction practices and building codes to reflect earthquake risk generally occurred after World War II. Therefore, ABAG uses 1940 as the break year to classify and analyze the seismic susceptibility of various building types. Graph IV-5 shows that 56 percent of the buildings in the Project Area were built before 1940. Between 1940 and 1960, seismological data collected from a series of California earthquakes helped engineers recognize the need to update building codes to reflect expected ground shaking and different building types. This work resulted in the Structural Engineers Association of California (SEAOC) producing “Recommended Lateral Force Requirements,” which were included in the Universal Building Code (UBC) in 1961, further revised after the 1971 San Fernando earthquake, and incorporated in the 1973 and 1976 editions of the UBC.

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22 Shaking measured by the Modified Mercalli Intensity Scale. Violent shaking is category IX.
23 According to the Earthquake Engineering Research Institute (EERI), soft story buildings are buildings with unusually weak stories, which can easily collapse in an earthquake. The ground floor is the most common location for a soft-story, which is usually due to tuck-under parking or large commercial spaces. Many soft-story buildings collapsed in the 1989 Loma Prieta and 1994 Northridge earthquakes.
24 Association of Bay Area Governments, “Shaken Awake,” 2003. The first construction legislation that addressed earthquake standards was the 1927 Uniform Building Code (which included a seismic appendix) and the Field and Riley Acts in 1933 (which enhanced lateral force design standards for masonry buildings). However, changes in construction practices, particularly in wood-frame housing construction, did not take place until after World War II.
Figure IV-4
Earthquake Shaking Scenario: San Andreas Fault, Magnitude 7.8
Visitacion Valley Redevelopment Project Area

Graph IV-5
Seismic Susceptibility and Age of Building
Visitacion Valley Redevelopment Project Area

Source: San Francisco Assessor's Office/Metroscan, Seifel Consulting Inc.
The enhanced code contained higher lateral force requirements based on various factors, including the increased risks in an area prone to earthquake activity. An additional 26 buildings in the Project Area were built between 1940 and 1972, so a total of 85 percent of the buildings in the Project Area were built without the benefit of these enhanced requirements (see Graph IV-5). As discussed above, the Project Area is prone to earthquakes from two major nearby faults and at risk for violent ground shaking. Therefore, 85 percent of Project Area buildings are highly susceptible to structural earthquake damage unless adequately retrofitted.

In 1998, ABAG, in conjunction with the American Society of Home Inspectors (ASHI), surveyed single-family homeowners in 17 communities on the rate of earthquake retrofits. This data was used to estimate, in conjunction with an ABAG homeowner survey, the percentage of homes that have been adequately retrofitted and those that have had some retrofit work done.

According to ABAG and ASHI, in San Francisco only about 14 percent of homes surveyed were adequately retrofitted while roughly 42 percent were partially retrofitted. These rates are similar to those observed in Oakland and Alameda, where ASHI conducted more detailed professional inspections. In these communities, nearly a quarter of homes were not bolted to their foundations and more than 60 percent of homes had no plywood sheathing inside the walls of their crawlspaces or first floor parking areas to resist lateral movement in the event of an earthquake. Moreover, in 26 percent of the homes, inspectors observed specific damage or deterioration that would likely affect the performance of the building in an earthquake. Although additional retrofitting has likely occurred since the survey was conducted, most single-family and small multi-family residences in San Francisco have not had a costly professional retrofit.

Construction Practices, Building Conditions, and Earthquake Damage

Construction practices and existing building conditions that contribute to the likelihood that a structure will be significantly damaged in an earthquake include inadequate foundations, a lack of adequate foundation connections, informal and substandard construction, weak cripple walls (short walls below the first floor and above the foundation that create a crawl space), soft story buildings, dry rot, termite damage, and poor design. The building conditions survey revealed that a number of buildings in the Project Area exhibit these characteristics, but without internal inspection of each structure it is impossible to gauge the full prevalence of these problems. Graph IV-6 summarizes the known counts of seismically vulnerable building features in the Project Area.

26 Ibid.
Graph IV-6
Seismic Susceptibility and Building Conditions
Visitacion Valley Redevelopment Project Area

Source: San Francisco Assessor's Office/Metroscan, Seifel Consulting Inc.
The Project Area’s stock of wood frame, single and multi-family homes (including mixed-use structures) is particularly vulnerable to earthquakes, especially those built before 1940. Houses built during this era typically lack steel bolts or any other types of connection between the foundation and the wood frame. Since they were built before the widespread use of plywood, they also typically lack appropriate shear reinforcing of the cripple walls. Some of these older houses may only have brick foundations with weakly cemented joints.29

Typical earthquake damage to these structures includes the wood frame coming off its foundation, cracking of the cripple walls, and the foundation itself cracking.30 In the Project Area, 71 percent of all buildings are wood-frame, as are 90 percent of pre-1940 buildings (see Graph IV-6). ABAG estimates that 19 percent of pre-1940 wood-frame single-family homes that experience violent shaking in an earthquake will be uninhabitable. This means that in the event of a 7.8 magnitude earthquake on the San Andreas fault, approximately 17 percent (19 percent x 90 percent) of the structures in the Project Area will be uninhabitable. The rest will likely experience the aforementioned effects to varying degrees.

Non-wood frame buildings in the Project Area are also seismically vulnerable. Although none of the buildings in the Project Area are un-reinforced masonry buildings (UMBs), reinforced concrete structures built before the 1970s are collapse hazards when subjected to ground shaking from a large magnitude earthquake.31 Older steel reinforcements were weaker and non-ductile, meaning that they are unable to withstand significant stress without fracture.

Poor building maintenance and deteriorated conditions exacerbate seismic risks to existing structures. For example, dry rot weakens structural wood supports, regardless of any retrofitting to enhance lateral strength. As Graph IV-6 shows, 40 percent of all buildings and 47 percent of buildings constructed before 1940 exhibit dry rot.

Alignment and foundation problems are also strong indicators of seismic risk. Among pre-1940 buildings in the Project Area, nearly 30 percent have alignment problems and nearly 20 percent have a visible cracked foundation. Finally, general deferred maintenance and poor conditions are also associated with seismic susceptibility. Buildings that have not been maintained are unlikely to have been retrofitted.

f. Faulty or Inadequate Water or Sewer Utilities

All public utility infrastructure providing water or sewer services ends at the western edge of Zone 1. The Field Survey revealed that the Schlage Lock buildings have dilapidated plumbing and inoperable water fountains and restrooms.

30 Ibid
g. Summary of Factors that Cause Unsafe and Unhealthy Buildings in the Project Area

Based on the analyses described above, it is possible to conclude that nearly all of the buildings in the Project Area exhibit at least one of the following unsafe and unhealthy building conditions:

- Dilapidated or significantly deteriorated structures,
- Lead paint and mold problems that have not been addressed,
- Serious building code violations, and
- Seismically vulnerable construction.

In addition, as discussed in Section 3 below, inadequate sewer improvements also contribute to physical blight. As a result, buildings in which it is unsafe or unhealthy for persons to live or work are prevalent in the Project Area, and the resulting physical blight is substantial and pervasive.

2. Conditions that Hinder the Viable Use or Capacity of Buildings or Lots [33031(b)(2)]

Buildings in the Project Area, particularly those in Zone 1, exhibit conditions that prevent or substantially hinder their viable use or capacity or that of the lots on which they sit. These buildings, which are primarily industrial in design and character, are substandard or obsolete given present development standards. In addition, Zone 1 contains extensive hazardous waste contamination that has not been fully remediated.

a. Obsolete Industrial Buildings

The buildings that comprise the former Schlage Lock manufacturing facility are functionally obsolete and do not meet current building codes. As a result, the property is currently not viable for manufacturing or other use.

The factory buildings on the property were built between 1926 and 1967, and do not reflect modern development standards for industrial production facilities. According to the Urban Land Institute (ULI), some 10 and 15-year-old industrial buildings are already functionally obsolete. Conditions of the Schlage Lock buildings that hinder viable use include:

- Multi-story industrial buildings (rather than single story buildings),
- Inadequate interior height for commercial vehicles,
- Poor flexibility of interior space for circulation and production,
- Lack of modern fire safety and telecommunication systems, and
- Unsuitable site access and circulation.

33 Information on desirable building characteristics combined from ULI Business Park and Industrial Development Handbook and interviews with industrial real estate brokers.
In addition, since they were constructed before the 1970s, the buildings do not meet current seismic and other building codes. Significant seismic retrofitting and other structural upgrades would be necessary to bring the buildings up to current codes, and the cost of this work makes it unviable.

The buildings have remained empty and unused since Schlage Lock closed in 1999. The capacity of the newer office building on the property has been hindered by its location in an otherwise obsolete industrial zone. After 1999, it was used for San Francisco Police Department trainings and community meetings, but these uses were sporadic and have since stopped.

The eight buildings in the Bayshore Railyard portion of Zone 1 appear poorly constructed and may have been built without permits. Several have tin roofs and/or metal trailer-type walls that are not up to current zoning and building codes, and many do not have windows. These buildings are scattered haphazardly around the site with poor circulation between them. They function as either storage spaces or small offices for auto-related businesses, although they do not appear to have been built as office space.

b. Planning and Zoning Standards

The San Francisco General Plan identifies areas well served by transit and near neighborhood retail as appropriate for new housing development.\(^3^4\) With the inauguration of the MUNI Third Street Light Rail, Zone 1 is situated at the termination of a major transit corridor into downtown San Francisco. Therefore, use of the site for manufacturing or other industrial use is not consistent with the General Plan policies for such an area.\(^3^5\)

The Planning Department is also working towards updating zoning standards to reflect General Plan policies, particularly with regards to unused industrial lands. According to the Department’s Citywide Action Plan, the Department “is identifying industrial lands that are not strategically critical to the city’s economic health. The Department is developing policy initiatives to make this land available for other uses, primarily housing. New zoning controls for these new uses are being prepared.”\(^3^6\)

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\(^{34}\) Refer to Policy 11.1.

\(^{35}\) The San Francisco General Plan does not include a single Land Use map that specifies particular land uses for each area of the City. Rather, the component elements of the General Plan have specialized maps and describe the policies that Planning Department uses to guide land development. In particular, the Housing Element, Transportation Element, and Urban Design Element contain policies applicable to the Project Area.

Through the community planning process described in Chapter II, the Planning Department developed a Concept Plan for the Schlage Lock and surrounding area and is working toward refining the plan to guide housing and neighborhood commercial mixed-use development on the site. The Department is in the process of identifying changes to the San Francisco Planning Code (zoning) that would accommodate the desired land use mix. When zoning for the site changes from manufacturing to residential, neighborhood commercial or mixed-use, the existing buildings will be incompatible with zoning controls.

In summary, the ongoing transition in zoning for Zone 1 reflects the fact that the site’s former use is no longer viable under today’s development standards. These unutilized buildings both exhibit this factor of physical blight themselves and restrict the capacity of the lots on which they sit.

c. Hazardous Waste

The presence of hazardous waste in the Project Area also hinders the capacity of many buildings and lots. Land owners must remediate hazardous materials before the City will issue building permits, so the existence of environmental hazards is not compatible with the City’s development standards. Almost half of the Project Area’s acreage (22 of 46 acres) exhibits the presence of hazardous wastes. Hazardous wastes in the Project Area include VOCs, heavy metals, leaking oil, pesticides, and airborne pollutants. The prevalence of hazardous wastes in the Project Area largely relates to past industrial production and uses within Zone 1. These wastes substantially hinder the viable use and capacity of the former Schlage buildings and a substantial portion of the sub-area.

3. Inadequate Public Improvements [CRL Section 33030(c)]

Under the CRL, the presence of inadequate public improvements or inadequate water or sewer utilities cannot be the sole basis for characterization of an area as a blighted area. However, as specified in CRL Section 33030(c), such conditions may be considered as a contributing factor to blight when both physical and economic blighting conditions are present in a project area.

The Field Survey described earlier in this chapter also focused on the assessment of observable public improvements. In addition, the consultants interviewed City and Agency staff on public improvement inadequacies and reviewed reports regarding infrastructure and water and sewer utilities.

The Field Survey and other research efforts provided evidence of public infrastructure inadequacies in the Project Area. The survey documented deteriorated public improvements on or adjacent to 56 of the 112 surveyed parcels, or half of all the properties in the Project Area.

Public infrastructure inadequacies identified include missing or damaged curbs and sidewalks, deteriorated streets, and inadequate water or sewer utilities. Details of these deficiencies are described below.

a. Combined Sewer and Stormwater Drainage System

The Project Area is served by a combined sewer and stormwater drainage system, which transports both sanitary sewage and stormwater runoff. The stormwater runoff for the Project Area is transported through the combined system, treated, and eventually discharged to the San Francisco Bay through outfalls and overflow structures along the shoreline.

Sanitary sewage generated in the Project Area is treated at the Southeast Water Pollution Control Plant. The plant operates at about 80 percent of its design capacity and treats all dry weather flow from the entire east side of the City, about two-thirds of the City’s area.38

During wet weather, the volume of the flow in the combined system varies widely due to the addition of stormwater runoff to the sewer flow. In recent years, the flow has exceeded the system’s capacity during some periods of wet weather. The San Francisco Public Utilities Commission (SFPUC) reports that residents of the Visitacion Valley neighborhood have reported complaints about sewage odors. During periods of heavy rain, Sunnydale Avenue and other streets close to the Project Area experience sewer overflow into the streets due to the inadequacy of the sewer capacity. During the Field Survey, the Consultants noted two instances of standing water in the Project Area.

The SFPUC has a project underway to install a new auxiliary sewer tunnel between the Sunnydale drainage basin and the Sunnydale Transport/Storage Facility. In addition to the installation of the new sewer tunnel, the SFPUC also plans to enlarge the current sewers under Visitacion Avenue and Sunnydale Avenue in order to reduce overflow in the area. The system upgrades are estimated to cost $25.5 million. In 2006, the SFPUC began work on a San Francisco Sewer Master Plan, one component of which is to address overall system deficiencies, including aging infrastructure.

b. Street Deficiencies

The Project Area is characterized by extensive street deficiencies including deteriorated pavement, surface scaling and cracking, unimproved and unpaved roads, abandoned and deteriorating railroad tracks on roadways, and potholes. Such deficiencies contribute to traffic congestion and hazards, and increase the risk of motor vehicle accidents. Street deficiencies also contribute to traffic circulation problems, which ultimately can hinder development. Figure IV-5 shows the circulation impediments and impaired accessibility related to street deficiencies.

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Figure IV-5
Circulation Impediments and Impaired Accessibility
Visitacion Valley Redevelopment Project Area

Source: San Francisco Redevelopment Agency, Seifel Consulting Inc.

- Dead End Street
- Barrier Condition
- Lack of Roadways
- Project Area Boundary

San Francisco Redevelopment Agency
Visitacion Valley Redevelopment Plan Adoption

Seifel Consulting Inc.

Report on the Plan
November 2008
Street deficiencies were observed on Bayshore Boulevard, Leland Avenue, Sunnydale Avenue, and Visitacion Avenue. Portions of Sunnydale Avenue east of Bayshore Boulevard are unpaved and lack curbs and sidewalks. Abandoned railroad tracks and dumped railroad ties are also located on the unpaved portions of Sunnydale Avenue, which dead ends in the Concept Plan Sub-area.

Circulation impediments exist throughout the Project Area. Zone 1 lacks public roadways, as well as vehicular and pedestrian access from Bayshore Boulevard. Sunnydale and Visitacion Avenues dead end into Bayshore Boulevard, stopping any flow of traffic and pedestrians. Leland and Raymond Avenues do not continue to the east of Bayshore Boulevard. Due to the circulation barrier created by the Schlage Lock buildings, residents of the Project Area have little east–west arterial access to the eastern portions of the City, including access to the community of Little Hollywood. Overall, circulation impediments limit accessibility for the Project Area by restricting vehicular and pedestrian traffic due to dead-end streets and lack of roadways. Street deficiencies and circulation impediments are further documented in Appendix C.

c. **Curb and Sidewalk Deficiencies**

Curb and sidewalk deficiencies are extensive in the Project Area. A significant number of curbs and sidewalks are missing, badly damaged or deteriorated. Such deficiencies, particularly evident along portions of Bayshore Boulevard, create pedestrian hazards and limit pedestrian movement and accessibility.

Deteriorated curbs and sidewalks were observed on Bayshore Boulevard, Blanken Avenue, Sunnydale Avenue, Tunnel Avenue, and Visitacion Avenue. Curbing and sidewalk deficiencies are further documented in photographs included in Appendix C.

The Bayshore Boulevard Caltrain station sits in the southeast portion of the Project Area. Currently, no pedestrian access exists from the station to the residential areas of the Project Area. Residents use the adjacent large open lot, which may contain hazardous materials, as a passageway. Caltrain has documented the lack of adequate protection for pedestrians from train movements given the informal access conditions to the Caltrain station.39

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C. Conclusion for Physical Blighting Conditions

The Project Area suffers from several adverse physical conditions. Two of the four statutorily defined conditions of physical blight are substantial and prevalent throughout the Project Area:

- Unsafe and unhealthy buildings, and
- Conditions that hinder the viable use or capacity of buildings or lots.

The Project Area contains a substantial number of seriously dilapidated or deteriorated buildings and structures. The survey indicates that 72 percent of all buildings in the Project Area suffer from very extensive or extensive deficiencies, including serious dilapidation and deterioration. A significant percentage of these buildings are unsafe or healthy for persons to live or work. In addition, a number of buildings have serious building code violations and suffer from seismic susceptibility.

Buildings in the Project Area exhibit conditions that prevent or substantially hinder their viable use or capacity or that of the lots on which they are situated. These buildings are of substandard, defective or obsolete design given the present general plan, zoning or other development standards.

Public infrastructure and facilities deficiencies contribute to blight in the Project Area. Public infrastructure deficiencies identified include missing or damaged curbing and sidewalks, deteriorated streets and inadequate sewer and stormwater drainage utilities.

The analysis of physical blighting conditions in the Project Area indicates that these conditions are so substantial and prevalent that they constitute physical blight.
V. Adverse Economic Conditions

A. Introduction

The CRL requires findings of a combination of adverse physical and economic conditions that are prevalent and substantial in order for an area to be eligible for redevelopment. This chapter describes adverse economic conditions present in the proposed Project Area. The text, tables and figures included in this chapter, Chapter IV, and the photographs contained in Appendix C, demonstrate that blighting conditions are substantial and prevalent in the Project Area.

1. Chapter Organization

This chapter is organized into the following sections:

- Section A provides an overview of this chapter and describes the CRL requirements related to economic blight,
- Section B documents adverse economic conditions in the Project Area in accordance with the definitions of economic blight as specified in CRL Sections 33030 and 33031, and
- Section C contains the conclusion for the presence of economic blighting conditions.

2. Relevant Provisions of the CRL

CRL Section 333452(b) requires a description of the physical and economic conditions in a proposed project area. The ordinance adopting the Visitacion Valley Redevelopment Plan must contain a finding that the Project Area is blighted and that public intervention in the form of redevelopment is necessary. This section presents the CRL’s definition of a blighted area and the economic conditions that are considered to be conditions of blight. These definitions are specified in the CRL as amended effective January 1, 2007.

a. CRL Definitions of a Blighted Area

CRL Section 33030 describes the characteristics of a blighted area as follows:

(a) It is found and declared that there exist in many communities blighted areas that constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety, and general welfare of the people of these communities and of the state.

(b) A blighted area is one that contains both of the following:

(1) An area that is predominately urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.
(2) An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.

(c) A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer utilities.

b. Economic Conditions That Cause Blight

CRL Section 33031(b) defines economic conditions that cause blight as follows (excerpted text in italics):

Depreciated or Stagnant Property Values

(1) Deprecated or stagnant property values.

Impaired Property Values Due to Hazardous Wastes

(2) Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459).

Indicators of Economically Distressed Buildings

(3) Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.

Lack of Neighborhood Commercial Facilities

(4) A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.

Residential Overcrowding

(5) Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, “overcrowding” means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of Regulations.

Problem Businesses

(6) An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems.

A High Crime Rate

(7) A high crime rate that constitutes a serious threat to the public safety and welfare.

Section B describes the presence of these factors in the Project Area.
3. Maps of Blighting Conditions

The figures throughout this chapter, Chapter IV and Appendix C summarize and locate (or map) blighting conditions that are present in the Project Area.\(^1\) The map of blighting conditions has been broken into separate figures for ease of reading and reference. Taken together, the individual figures demonstrate that blighting conditions are substantial and prevalent throughout the Project Area and that, collectively, these conditions seriously harm the entire Project Area.

Appendix C presents photographs documenting adverse physical and economic conditions in the Project Area. The photographs were taken by the consultants from June through September 2006.

B. Adverse Economic Conditions in the Project Area

As required by the CRL, this section describes the economic blighting conditions in the Project Area. Adverse economic conditions contributing to the presence of blight fall within three of the seven factors of economic blight specified in the CRL and are generally described as:

- Impaired property values due to hazardous wastes,
- Economic indicators of distressed buildings, and
- A high crime rate.

Lack of neighborhood commercial facilities, another adverse economic condition under the CRL, characterizes the Project Area but it is not substantial or prevalent enough to be considered a condition of economic blight.

Methodology

Economic blighting conditions were evaluated under the blight definitions contained in the CRL through the following methods:

- Field surveys of the Project Area observed economic blighting conditions;
- Review and analysis of technical documents and data from public and private agencies; and
- Discussions with government staff and persons knowledgeable about the area.

Appendix A contains a complete list of documents and data sources used in the economic blight analysis.

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\(^1\) The Report on the Redevelopment Plan, to be prepared subsequent to the Preliminary Report, must include a map showing where the blighting conditions exist, as required by CRL Section 33352(b).
1. **Impaired Property Values Due to Hazardous Wastes [33031(b)(2)]**

This section describes the presence of hazardous wastes in the Project Area and how this presence impairs property values. These conditions indicate economic blight, as defined in CRL Section 33031(b)(2).

### a. Definition of Hazardous Waste and the Polanco Act

CRL Section 33031(b)(2) states that impaired property values must be due in significant part to hazardous wastes where the “agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459).” Article 12.5, commencing with Section 33459, of the CRL, is known as the Polanco Redevelopment Act (“Polanco Act”). The Polanco Act allows a redevelopment agency to take any actions necessary to address the release of hazardous substances on, under or from property within its project area. In return, the Agency, the developer of the property, and subsequent owners receive immunity from further cleanup liability. The Polanco Act shifts more liability for both site investigation and remediation to the party determined to be responsible for the release of hazardous materials, usually the property owner at the time of the release.

Section 33459(c) defines the hazardous substances subject to Polanco Act powers. It states:

> “Hazardous substance” means any hazardous substance as defined in subdivision (h) of Section 25281, and any reference to hazardous substance in the definitions referenced in this section shall be deemed to refer to hazardous substance, as defined in this subdivision.

Subdivision (h) of Section 25281 of the California Health and Safety Code references other definitions of hazardous substances found in a variety of state and federal statutes. Through subsequent references, the Polanco Act incorporates most of the definitions in the existing state and federal environmental laws. For example, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), commonly known as the federal Superfund law, lists well over 1,000 hazardous substances. In addition, Section 25281 includes petroleum and petroleum byproducts, which other laws exclude.

In summary, the definition of hazardous substances in the Polanco Act is wide-ranging. Therefore, the types of hazardous waste that constitute the economic blight described in the Section 33031(b)(2) are numerous. The discussion of site-specific hazardous waste contamination in Section (d) below highlights the specific authorizing statute when known. Unless otherwise noted, this section uses the terms “hazardous waste” and “hazardous substance” interchangeably to refer to the materials of concern in this analysis.

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2 Table 302.4, 40 CFR 302.4.
b. **Impaired Property Values**

The presence or potential presence of hazardous wastes on a property typically impairs property values because investigation, remediation, monitoring, and ongoing liability for environmental contamination is both costly and uncertain. Under federal laws, including CERCLA, the Resource Conservation and Recovery Act (RCRA), and others, property owners may be held liable for past chemical releases, even though they were not directly responsible for the conditions that gave rise to the liability. Therefore, prior to purchasing or entering into contract to develop a site, a developer must undertake extensive environmental investigations to determine whether hazardous wastes are present. In addition, the San Francisco Health Code contains several provisions regulating hazardous waste testing, management, and cleanup.\(^3\) Article 22A requires investigation and remediation of sites with suspected soil contamination as part of the building permit process. Articles 21, 21A, and 22 require monitoring and risk management of any sites that generate or store hazardous wastes. The cost of conducting any potential remediation is uncertain, and delays are often associated with obtaining governmental approvals before development of contaminated or remediated sites may begin.

Given added costs and risks, the presence of hazardous wastes on properties often serves as a disincentive to redevelop the properties and depresses their values. Since major development efforts often trigger the need for environmental testing, property owners that suspect but have not confirmed the presence of hazardous wastes may not wish to undertake such efforts. A lack of investment in properties due to potential or confirmed hazardous wastes impairs property values.

Hazardous wastes may also impair sale prices when a property changes ownership. Due to the costs and risks described above, potential buyers may offer lower prices to account for expected remediation needs. Pre-sale negotiations often address the responsibilities of each party to remediate hazardous wastes. These negotiations add to the cost of the transaction and likely depress the sales price. Overall, these costs and risks often depress the resale value of contaminated properties as compared to similar sites without contamination history. Impaired property values due to hazardous wastes constitute economic blight under the CRL.

---

c. Hazardous Wastes in the Project Area

Hazardous wastes in the Project Area largely relate to past industrial activities within Zone 1, automotive land uses along Bayshore Boulevard, and dry cleaners along Leland Avenue. Approximately half (48 percent) of the Project Area’s acreage exhibits the presence of hazardous wastes. Table V-1 lists the number of parcels with evidence of hazardous wastes and their associated acreage by land use. Figure V-1 maps the location of hazardous wastes in the Project Area.

Table V-1
Parcels with the Presence of Hazardous Wastes
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Parcels</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept Plan Sub-area</td>
<td>10</td>
<td>20.0</td>
</tr>
<tr>
<td>Current or Former Automotive Use</td>
<td>4</td>
<td>0.6</td>
</tr>
<tr>
<td>Current or Former Dry Cleaners</td>
<td>2</td>
<td>0.1</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>1.4</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>22.2</td>
</tr>
<tr>
<td>Percent of Project Area</td>
<td>19%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Source: Environmental Data Resources Inc., Department of Toxic Substance Control, Seifel Consulting Inc.

Hazardous wastes in the Project Area include volatile organic compounds (VOCs), heavy metals, leaking oil, pesticides, and airborne pollutants. The discussion of site-specific hazardous wastes, below, describes the specific substances found on each site. Table V-2a lists the records of hazardous materials on Project Area parcels in state and federal databases. A single site may appear in multiple database records, and a single record may reflect multiple types of hazardous waste. Table V-2b provides a short description of the databases and the nature of the hazardous waste information they contain. The sections below describe in more detail the nature of the site-specific wastes and known effects on property values.

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4 Acreage of parcels with known contamination as a percent of the total acreage of the Project Area.

5 List compiled by Environmental Data Resources Inc. (EDR), June 2006, for Visitacion Valley Redevelopment Program Environmental Impact Report (EIR).
### Table V-2a

**Summary of Hazardous Waste Records**  
**Visitacion Valley Redevelopment Project Area**

<table>
<thead>
<tr>
<th>Site Location</th>
<th>Records</th>
<th>Type of Record</th>
</tr>
</thead>
<tbody>
<tr>
<td>2201-2555 Bayshore Boulevard</td>
<td>16</td>
<td>RCRA-LQG, ERNS, FTTS, FINDS, AWP, LUST, CA FID, EMI, CORTESE, HAZNET</td>
</tr>
<tr>
<td>2598 Bayshore Boulevard</td>
<td>6</td>
<td>RCRA-SQG, FINDS, LUST, CA FID, CORTESE, HAZNET</td>
</tr>
<tr>
<td>151 Leland Avenue</td>
<td>6</td>
<td>RCRA-SQG, FINDS, EMI, CLEANERS</td>
</tr>
<tr>
<td>200 Sunnydale Avenue</td>
<td>5</td>
<td>RCRA-LQG, RCRA-SQG, FINDS, HAZNET</td>
</tr>
<tr>
<td>2260 Bayshore Boulevard</td>
<td>5</td>
<td>LUST, CA FID, CORTESE, HAZNET</td>
</tr>
<tr>
<td>2500 Bayshore Boulevard</td>
<td>4</td>
<td>LUST, CA FID, CORTESE, HAZNET</td>
</tr>
<tr>
<td>2550 Bayshore Boulevard</td>
<td>4</td>
<td>LUST, CA FID, CORTESE, HAZNET</td>
</tr>
<tr>
<td>445 Visitacion Avenue</td>
<td>1</td>
<td>HAZNET</td>
</tr>
<tr>
<td>2630 Bayshore Boulevard</td>
<td>1</td>
<td>HAZNET</td>
</tr>
<tr>
<td>2635 Bayshore Boulevard</td>
<td>1</td>
<td>ORPHAN</td>
</tr>
<tr>
<td>96 Leland Avenue</td>
<td>1</td>
<td>HAZNET</td>
</tr>
<tr>
<td>166 Leland Avenue</td>
<td>1</td>
<td>ORPHAN</td>
</tr>
<tr>
<td>201 Leland Avenue</td>
<td>1</td>
<td>HAZNET</td>
</tr>
</tbody>
</table>

a. A site can have multiple records in a single list.  
b. See below for a key to the list names.  
c. Addresses for the Schlage site combined because contamination exists throughout the property.  
Source: Environmental Data Resources DataMap Area Study

### Table V-2b

**Summary of Hazardous Waste Records**  
**Visitacion Valley Redevelopment Project Area**

<table>
<thead>
<tr>
<th>Key</th>
<th>Description</th>
</tr>
</thead>
</table>
| RCRA         | *Resource Conservation and Recovery Act*  
Sites that generate, transport, store, treat and/or dispose of hazardous waste.  
LQG           | *Large Quantity Generators*  
Over 1,000 kg of hazardous waste or 1 kg of acutely hazardous waste per month.  
SQG           | *Small Quantity Generators*  
Between 100 and 1,000 kg of hazardous waste per month.  
ERNS          | *Emergency Response Notification System*  
Reported releases of oil and hazardous substances.  
FTTS          | *FIFRA/TSCA Tracking System*  
Administrative cases and pesticide enforcement actions.  
FINDS         | *Facility Index System*  
Facilities with various air, surface and underground contaminations.  
AWP           | *California Department of Toxic Substances Control (DTSC) Annual Workplan*  
Known hazardous substance sites targeted for cleanup.  
LUST          | *Leaking Underground Storage Tank Incident Reports*  
Reported leaking underground storage tank incidents.  
CA FID        | *Facility Inventory Database*  
Active and inactive underground storage tank locations.  
EMI           | *Emissions Inventory Data*  
Toxic and criteria pollutant emissions data collected by the Air Resources Board and local air pollution agencies.  
CORTESE       | California EPA/Office of Emergency Information comprehensive list of public drinking water wells with detectable levels of contamination, hazardous substance sites selected for remedial action, sites with known toxic material, sites with underground storage tanks having a reportable release, and all solid waste disposal facilities.  
HAZNET        | DTSC hazardous waste manifests that accompany shipments of hazardous waste.  
CLEANERS      | A list of dry cleaner related facilities that have EPA ID numbers.  
ORPHAN        | Sites from various possible databases that EDR Report could not map.  

Figure V-1
Approximate Location of Known Hazardous Wastes
Visitacion Valley Redevelopment Project Area

Source: San Francisco Redevelopment Agency, Environmental Data Resources Inc.

See Figure V-2
d. Zone 1

Zone 1, consisting of the former Schlage Lock manufacturing facility and the adjacent former Bayshore Railyard parcels, contains highly contaminated soils and groundwater as a result of more than 70 years of industrial activities. This contamination has resulted in substantial expenditures on remediation thus far and has impaired property values due to the uncertainty and projected cost of remaining remediation activities.

Hazardous Wastes

Schlage Lock

Hazardous substances in the soil and groundwater below and around the former Schlage Lock facility included VOCs, heavy metals, oil, and pesticide residue. As discussed in Chapter IV, the overall list of confirmed contaminants on the Schlage facility site includes tetrachloroethylene (PCE), trichloroethylene (TCA), trichloroethylene (TCE), vinyl chloride (VC), chloroform, and dichloroethylene (DCE). In addition, chromium (Cr) and nickel (Ni) are present above the maximum contaminant levels (MCLs) in groundwater and above California Human Health Screening Levels (CHHSL) in soil. All these chemicals are hazardous substances under the Polanco Act and can cause impaired property values under the CRL.

Figure V-2 shows the approximate location of past production activities that are associated with hazardous wastes. For example, the manufacturing process in Plants 1 and 2 used cleansing agents containing perchloroethylene (a potential carcinogen) and petroleum naphtha (a respiratory irritant). The electroplating process used zinc dichromate, which can release chromium, a confirmed human carcinogen. The lithographic operations in Plant 3 used products containing trichloroethylene and stoddard solvent. These chemicals can cause respiratory irritation, central nervous system depression, and damage to the kidneys, liver, and cardiovascular system. In addition, Schlage Lock used one of the sheds behind Plant IX for hazardous materials storage. The DTSC sent a letter to the Agency in April 2008 stating it would need to conduct a soil investigation under Plants 1, 1X, 2, 2X, 3, and 3X once those buildings have been demolished in order to determine the extent of contamination complete the remedial action process.

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7 California Department of Toxic Substances Control, “Schlage Lock Company Site History,” EnviroStore Database.
8 DTSC Schlage Lock Order, 2006.
9 Ibid; California Department of Toxic Substances Control, “Schlage Lock Company Site History,” EnviroStore Database.
Groundwater contamination extends beyond the limits of the former Schlage Lock facility. This “plume” of contaminated groundwater affects parcels under the Schlage buildings and to the east and south, for a total of 10 parcels in the Project Area. Figure V-2 illustrates the known outlines for the plume.

The Schlage Lock buildings and parcels appear in at least 10 state and federal databases that record contaminated and/or hazardous waste-generating properties (see Table V-2a). These records include large-quantity hazardous waste generation, oil and pesticide releases, underground storage tanks, and airborne pollutant emissions.

In addition, the Schlage Lock facility was the only single-site lead emitter in San Francisco when it was operating. Lead released into the air falls to the soil and adheres to soil particles, remaining in the upper layer of soil. Therefore, the Schlage facility, the surrounding parcels, and the Project Area could have elevated lead levels resulting from the historical emissions. As discussed in Chapter IV, lead exposure leads to well-documented adverse health consequences for both children and adults.

Bayshore Railyard
Operations at the former Southern Pacific Bayshore Railyard resulted in contaminated soils in the eastern and southern portions of Zone 1. Although the specific sources of contamination are not well documented, workers likely dumped arsenic and other herbicides on the soil to kill weeds, and fill materials also contained contaminants. As a result, the soils currently contain arsenic, heavy metals, and lead.

In addition, the plume of contaminated groundwater discussed above affects a significant portion of the railyard area, particularly the southern parcel owned by UPC.

Remediation Efforts to Date
Schlage Lock
Based on Schlage Lock’s history of industrial production and chemical usage, the California Department of Toxic Substances Control (DTSC) initiated groundwater investigations at the Schlage Lock facility in 1982. The property has been under an Imminent and Substantial Endangerment Determination and Remedial Action Order since 1994, and the DTSC issued its most recent update to this order in July 2006. The order applies to 6 of the 7 parcels, which at the time, were owned by Ingersoll-Rand. Figure V-2 highlights these parcels.

12 Interview with Karen Cohn, Manager, Children’s Environmental Health Promotion, San Francisco Department of Public Health, December 11, 2006.
14 Conversation with Steven Hanson of the Universal Paragon Corporation, April 19, 2007.
Figure V-2
Presence of Hazardous Wastes
Zone 1

Source: San Francisco Redevelopment Agency; San Francisco Planning Department.
In February 2007, DTSC temporarily suspended the duty to comply with this order pending settlement negotiations in litigation between Ingersoll-Rand and UPC regarding cleanup of the property. The parcels were transferred to UPC in May 2008, as discussed below.

Several DTSC-directed cleanup actions have occurred to date. However, they have not effectively removed the hazardous wastes from the property. In 1996, three drainage collection basins (known as sumps) and the soil surrounding these basins were removed from the stripping/degreasing areas of Plant 3. Confirmation soil samples indicated that PCE and TCE remained in the soil both below and around the building.\textsuperscript{17} In 1999, Ingersoll-Rand installed a soil vapor extraction and treatment system to remove these contaminants from the soil, and the system continues to operate at the present time. See Appendix C for photographic documentation of this system. Despite these efforts, elevated PCE and TCE concentrations persist in the soil.\textsuperscript{18}

Soil gas surveys indicated widespread presence of VOCs, including in most of the buildings (Plants 1, 1X, 2, 3 and 3X), at the maintenance shed, and outside Plants 3 and 3X.\textsuperscript{19} A Draft Soil Remedial Action Plan (RAP) Ingersoll-Rand submitted to the DTSC in 2001 addressed contamination at the entire facility, including areas in some buildings that had not been fully investigated due to access problems. However, this RAP was never finalized and implementation has not occurred.

In addition, the concentrations of PCE, TCE and other contaminants in the groundwater have not significantly decreased through remediation efforts to date.\textsuperscript{20} These remediation efforts include seven years of soil vapor extraction, discussed above, and a groundwater pump and treat system that UPC operates south of the Schlage Lock facility, discussed below.

DTSC’s updated July 2006 order required Ingersoll-Rand to submit a new Draft RAP for soil, groundwater and soil gas; to complete a risk assessment and feasibility study for remediation; and to comply with all applicable environmental laws. DTSC will decide acceptable cleanup levels based on the designated future land uses and associated remediation feasibility. As the current owner of the Schlage Lock property, UPC will have to comply with similar regulations.

**Bayshore Railyard**

DTSC is also regulating the cleanup of the southern portion of the former Bayshore Railyard area. DTSC began investigations in 1980 and issued a Remedial Action Order in 1988. In 1990, DTSC issued an Imminent And/Or Substantial Endangerment Order and Remedial Action Order, which was last amended in 1995.\textsuperscript{21}

\textsuperscript{17} Ibid.  
\textsuperscript{18} Ibid.  
\textsuperscript{19} Ibid.  
\textsuperscript{20} Ibid.  
\textsuperscript{21} California Department of Toxic Substances Control, “Southern Pacific–Brisbane (North Area) Site History,” EnviroStore Database.
In 1994, UPC (formerly Tuntex USA) installed a groundwater monitoring, extraction and treatment system to address the contaminated groundwater identified on its property. This contamination is part of the same plume that also affects the water under the Schlage Lock facility. The majority of the remediation system operates south of the Project Area in Brisbane, including several large pumps. Since 1995, UPC has provided DTSC with regular reports on the progress of this system, pursuant to an Enforceable Agreement for Operation and Maintenance. According to DTSC records, the plume has receded slightly at its southern tip but not in the portion that is in the Project Area.

UPC completed a soil sampling report in 2006, which indicated persistent contamination of both the soils and the groundwater in the Project Area. Specific work to remediate hazardous wastes in the soil has not yet occurred.

Impaired Property Values
Both the Schlage Lock and Bayshore Railyard portions of Zone 1 exhibit impaired property values due to the presence of hazardous wastes. Evidence of this blighting condition exists both for each portion separately and in recent efforts to redevelop the area as an integrated whole.

Schlage Lock
As discussed previously, the former Schlage Lock manufacturing facility has been vacant for more than six years. Environmental hazards have complicated redevelopment of the land, and litigation over the sale of the property significantly slowed down the cleanup process.

In 2001, Touch-Plate International filed property assessment appeals on the four southernmost Schlage Lock parcels. The total value of these appeals exceeded $5.6 million. Property owners generally file assessment appeals when they believe the value of their property is less than the assessed value. Touch-Plate withdrew its appeals before the San Francisco Assessment Appeals Board decided the case.

In the recent past, Ingersoll-Rand unsuccessfully negotiated with prospective buyers of the Schlage Lock facility. One potential buyer was Pulte Homes, but Ingersoll-Rand would not close the deal unless the developer promised to indemnify the seller from litigation related to contamination. In May 2008, Ingersoll-Rand finally sold the Schlage Lock facility to UPC.

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25 Parcel numbers 5100-002, 5100-003, 5100-010, and 5101-007. These parcels lie north of Sunnydale Avenue.
26 Data provided by Dawn Duran of the San Francisco Assessment Appeals Board, December 12, 2006.
Bayshore Railyard

In 1995, DTSC recorded a restrictive use covenant on the UPC property in the Project Area as part of its oversight of groundwater contamination, discussed above. This land use restriction requires UPC to inform DTSC of any activities (such as soil grading) that disturb the groundwater extraction and treatment system that is in place.\(^{28}\) It prohibits any soil grading, excavation or construction that would impact the groundwater and also prohibits any drilling for water or irrigation purposes. It requires that UPC inform any potential buyers, lessees and renters that residual groundwater contamination exists on the property. The covenant stays with the land upon sale or transfer, and thus is a liability to the potential resale value of the property.

Ingersoll-Rand–UPC Relations

Ingersoll-Rand and UPC were in litigation, court-ordered mediation and negotiation for more than 10 years regarding responsibility for the wastes that straddle their property lines.\(^{29}\) In particular, UPC sought to recover costs (totaling approximately $7 million) for groundwater investigation and remediation on its property that address contaminants it contends result from activities at the Schlage Lock facility. Neither party wished to take on a disproportionate burden for the environmental cleanup. However, with UPC considering purchasing the Schlage Lock property, it agreed to look into full site remediation as part of a settlement with Ingersoll-Rand, using a third party contract involving environmental clean-up and insurance coverage. UPC initially estimated that it would cost up to $30 million to clean up the entire property (Ingersoll-Rand and UPC portions).\(^{30}\)

In May 2007, UPC issued a Request for Proposals (RFP) for a fixed price guaranteed remediation for groundwater and soil remediation of the property to DTSC standards. After a proposal review process, UPC began negotiations with one environmental contracting partnership for the remediation services. In November 2007, this contractor withdrew its proposal due to concerns about liability insurance. In late November, a new partnership consisting of one of the original partners and a new partner submitted a revised proposal for remediation services. In December 2007, UPC and Ingersoll-Rand entered into a Memorandum of Understanding (MOU) with the new contractor, MACTEC, which brought a new liability partner, Brownfield Partners, and negotiated an insurance policy with AIG. UPC negotiated the final contract with Brownfield Partners, MACTEC and AIG for six months and all parties reached a final settlement on May 28, 2008. On May 30, 2008, UPC and Ingersoll-Rand closed escrow and settled their lawsuit.


\(^{30}\) Ibid.
Ingersoll-Rand agreed to transfer ownership of the property to UPC, which assumed responsibility for cleaning up toxic remediation of soil, soil vapor and groundwater to meet DTSC standards.\textsuperscript{31} The agreement also included insurance against unforeseen contaminants and higher-than-expected cleanup costs.

The final cost of the cleanup includes both direct remediation services and an insurance policy to limit the liability of all parties involved during remediation and once cleanup is deemed complete. The current estimated cost is at least $10 million more than the parties anticipated in the beginning of 2007. Under the agreement, Ingersoll-Rand transferred its property to UPC for a negligible price, to reflect the remediation costs UPC will incur. This outcome reflects impaired property values due to hazardous wastes.

e. Automobile Uses

Automobile-related uses (sales, service, repair, gasoline) have and continue to be prevalent along Bayshore Boulevard. Currently, four automobile-related properties appear on federal and state records of hazardous substances. They are generators of hazardous wastes and contain underground storage tanks (USTs), which are or have been leaking (LUSTs). Petroleum and petroleum byproducts are the most common hazardous substances associated with automobile-related sites.

According to the San Francisco Bay Regional Water Quality Control Board (RWQCB), underground storage tanks are the principal source of groundwater contamination. Most underground storage tanks hold fuel and additives, and under state law, local agencies must monitor them for leaks. Toxic additives historically include lead and methyl tert-butyl ether (MTBE). MTBE is a fuel oxygenate that is associated with water contamination. According to the University of California Toxic Substances Research and Training Program, “MTBE is highly soluble in water and will transfer readily to groundwater from gasoline leaking from underground storage tanks….”\textsuperscript{32} While MTBE additives have been phased out of use since December 2003, many LUST sites have MTBE contamination.

The RWQCB maintains a list of sites where underground storage tanks historically existed and a leak has occurred. The Project Area contains five active or inactive UST sites, four of which are automobile sites (the fifth is the Schlage Lock facility). See Figure V-1 for the location of the UST/LUSTs. The four automobile sites are all LUSTs, and two cases have not been sufficiently investigated and/or remediated. The remaining sites are categorized as “closed,” meaning that cleanup work is no longer required. However, each closed case has a unique closure agreement with the regional board with different target level goals, and the RWQCB reserves the right to reopen files when necessary.


Closed sites are not necessarily “clean” and often, especially on industrial sites, other contaminants can be found in the soil or leaking into the groundwater. LUST sites closed prior to the regulatory requirement for MTBE testing will likely be reopened for further testing and remediation. Since health risks associated with closed LUST sites are possible, the RWQCB advises that developers review the files for all cases prior to redevelopment to ensure that no new information has surfaced about possible risks to human health, safety or the environment.

The four automobile sites along Bayshore Boulevard that contain LUSTs have not changed ownership in over 10 years. They have remained as automobile uses and have not received significant upgrades. This stagnation may reflect the negative impact of hazardous materials risk on property values and thus constitutes economic blight under the CRL.

f. **Dry Cleaners**

One dry cleaning facility operates on Leland Avenue, and another property on Leland is the site of a former dry cleaning facility. Figure V-1 shows their locations. The most common chemical used in the dry cleaning process is perchloroethylene, also referred to as “perc” or PCE. Perc is a hazardous substance under CERCLA and the Polanco Act and has been linked to cancer and neurological damage. As a result of these adverse health effects, the EPA recently ruled that dry cleaners in residential buildings must stop using perc in their machines by 2020. Both sites in the Project Area have residential units above or adjacent to the dry cleaning facility.

g. **Other Land Uses**

Other land uses with environmental hazards reports in the public record include small markets, a restaurant and two properties located adjacent to Zone 1. Table V-2 lists these properties. Most of these sites appear on hazardous waste manifests collected in the HAZNET database (see Table V-2 for database definitions). DTSC requires these manifests whenever hazardous waste generators transport their materials offsite. HAZNET records in the Project Area include the transport of asbestos and oil waste. Figure V-1 shows the location of these sites.

Additional properties near the former Schlage Lock facility may be affected by the site’s contaminants but have not been tested. Identification of hazardous materials in the soil or groundwater is generally due to site disturbance activities such as the removal or repair of an underground storage tank, a spill of hazardous materials or excavation for construction. Without such site disturbances, hazardous materials may go undetected. However, as discussed above, revelation of hazardous wastes during development or pre-development due diligence activities can negatively affect the ultimate value of a property.

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33 San Francisco Assessor/Metroscan data.
34 40 CFR 63.320, as amended July 14, 2006.
35 Environmental Data Resources Inc. *EDR DataMap Area Study for the Visitacion Valley Redevelopment Program.* June 9, 2006.
2. **Indicators of Economically Distressed Buildings [33031(b)(3)]**

This section documents the presence of the blight condition of economic indicators of distressed buildings in the Project Area, as defined in CRL Section 33031(b)(3). The indicators present in the Project Area include abandoned buildings, vacant businesses, and low lease rates. Field reconnaissance surveys identified more than 30 percent of all buildings (34 buildings) as vacant, abandoned or partially vacant throughout the Project Area.

a. **Abandoned Buildings**

The field survey identified 14 abandoned buildings. Abandoned buildings are those that exhibit no signs of commercial or residential occupancy and are in states of extreme physical disrepair with no evidence of steps taken toward abatement. They do not exhibit any discernable economic activity or visible attempts to lease or sell the facilities.

Characteristics of abandoned buildings observed during the field survey included dilapidation, boarded doors and windows, broken windows, and extensive deferred maintenance. Additionally, surveyors observed significant trash, overgrown landscaping and noxious odors on many of the properties. These conditions reflect distressed economic conditions in the area and also likely hinder the success of neighboring businesses.

The majority of the abandoned buildings in the Project Area (12 buildings) are former Schlage Lock buildings. These buildings consist of more than 500,000 square feet of vacant industrial space and 44,000 square feet of vacant office space, and they have been empty since Schlage Lock closed in 1999. Ingersoll-Rand did not attempt to lease the spaces while and UPC has no apparent plans to do so. The only use of the facility has been of the office building, which was used sporadically for community meetings and police training and was provided at no charge.

Figure V-3 indicates the location of abandoned buildings and business vacancies in the Project Area. Appendix C provides photographs of the abandoned buildings.

b. **Business Vacancies**

Vacant and partially vacant buildings in the Project Area include those that contain retail, office or industrial spaces. Field surveys identified 11 business vacancies throughout the Project Area.

Interviews with local real estate brokers and property owners revealed that few commercial transactions have occurred in the Project Area over the past several years, and many sites have remained on the market for a longer time period than sites in other areas of the city. Vacancies of 16 months or more were reported for storefront properties. Property owners complained that a lack of foot traffic and fear of crime made commercial spaces on Leland Avenue and Bayshore Boulevard undesirable.

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36 See Appendix A for a list of brokers and property owners contacted.
Brokers also reported that the vacancy rate understates the problems with business leasing in the Project Area because many property owners have converted their ground-floor commercial spaces into storage or residential uses rather than offer them for commercial lease. Field surveys confirmed the prevalence of converted commercial spaces. See Appendix C for photographic documentation of residential conversions.

c. **Low Lease Rates**

Lease rates for commercial spaces in the Project Area are low relative to other parts of San Francisco. According to local brokers and property owners, current vacancies are listing for about $1.50 per square foot per month, and existing tenants are paying about $1.00 per square foot. These rates are noticeably lower than other areas in the City with comparable demographics and retail types. These comparable areas are Outer Mission, Ocean Avenue and Outer Bayview, where retail rents are closer to $2.00 per square foot. Rents in other commercial areas of the city are higher, averaging around $3.00 per square foot per month in 2007.\(^\text{37}\)

According to area brokers, the two main reasons for these low commercial lease rates are light foot traffic and persistent crime in the area. The closure of the Schlage Lock facility in 1999 substantially reduced the demand for retail services along Bayshore Boulevard and the eastern portion of Leland Avenue. In addition, street crime and specific problem properties make residents reluctant to frequent neighborhood businesses, especially after dark. These factors contribute to an ongoing cycle where new business tenants are unwilling to move in, crime remains high, and lease rates remain low. Section 3 below discusses crime in the Project Area in more detail.

Figure V-3
Location of Business Vacancies and Abandoned Buildings
Visitacion Valley Redevelopment Project Area

Source: San Francisco Redevelopment Agency; Seifel Consulting Inc.

- Business Vacancy (11)
- Abandoned Building (14)

Project Area Boundary
3. **High Crime Rate [33031(b)(7)]**

Another factor of economic blight is a high crime rate that constitutes a serious threat to public safety and welfare (CRL Section 33031(b)(7)). According to data from and interviews with the San Francisco Police Department (SFPD), crime is a long-standing and ongoing problem in the Project Area.

Both the Bayview and Ingleside police districts serve the Project Area, and parcels in the Project Area fall into six different police plots. For 2003 to the present, it is possible to extract from the crime database those crimes that occurred within the Project Area boundaries, and this analysis relies on that subset. However, SFPD provided comprehensive data through June 2006 only. Data released on the department’s website provide a useful snapshot of criminal activity over the previous 90 day period, but without continuous collection and verification it is not comparable to the 2003–June 2006 data.

Part I crimes are the most serious of those reported to the SFPD, and they are the focus of this analysis. Part I offenses consist of homicide, forcible rape, robbery, aggravated assault, burglary, other larceny theft, and arson.

Serious crimes have plagued the Project Area since 2003, particularly west of Bayshore Boulevard along Leland Avenue. Between 2003 and 2005, approximately 40 serious crimes per year occurred in the four and a half blocks between Bayshore and the western end of the Project Area. Due to the small size of the Project Area, it is not possible to estimate its residential population with enough accuracy to calculate per capita crime statistics and compare these to the citywide crime rate.

However, a geographic analysis does reveal that crimes reported for the police plots in the area disproportionately occur within the boundaries of the Project Area. Table V-3 shows that 25 percent of all crimes reported for the six police plots that overlap with the Project Area occurred in the Project Area itself, while the Project Area only covers 18 percent of the land in those plots. Therefore, the Project Area accounts for a larger proportion of the crime in the surrounding neighborhood than its geographical size alone would predict.

For the portion of the Project Area west of Bayshore Boulevard (along Leland Avenue), this contrast is even starker. Twenty-two percent of all crimes in the plots west of Bayshore occurred in the Project Area, whereas the acreage of the Project Area west of Bayshore only makes up 9 percent of the acreage of the plots west of Bayshore.

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38 The six plots are 391, 392, 393, 396, 397, and 398. Plots 393 and 398 are in the Bayview District and the others are in the Ingleside District. Plots are the basic units for reporting crime statistics in San Francisco and are the only way to analyze crime data prior to 2003, when SFPD upgraded its information systems. However, the Project Area comprises only 18 percent of the total area of the six plots combined, and therefore analysis at the plot level is not an accurate representation of crime activity in the Project Area.
Table V-3
Incidents of Major Crimes within the Project Area
Compared to Six Police Plots Containing Portions of the Project Area a
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th></th>
<th>Part 1 Crimes 1/03-6/06</th>
<th>Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Project Area</td>
<td>Total 6 Plot Area</td>
</tr>
<tr>
<td>Entire Project Area</td>
<td>185</td>
<td>751</td>
</tr>
<tr>
<td>West of Bayshore</td>
<td>127</td>
<td>580</td>
</tr>
<tr>
<td>East of Bayshore</td>
<td>58</td>
<td>171</td>
</tr>
</tbody>
</table>

a. Plots west of Bayshore are 391, 392, 396, and 397; plots east of Bayshore are 393 and 398.
Source: San Francisco Police Department.

Interviews with officers from SFPD confirmed that crime is a problem along Leland Avenue and Bayshore Boulevard. Street robberies and auto thefts are common, and several local businesses have been robbed. Hotspots for crime include the corner of Leland and Rutland, the easternmost two blocks of Leland, the corner of Bayshore and Leland, and the corner of Bayshore and Arleta. At each of these spots, SFPD report the presence of loiterers who may commit crimes ranging from robbery/physical assault to harassment of passersby.

In response to these threats, most properties in the Project Area (62 percent) have security devices such as locked gates, door and window bars, and/or security cameras. In particular, the parking lot next to the grocery store in the 100 block of Leland Avenue was considered a magnet for criminal activity until the property owners closed off the property with a gate.

East of Bayshore Boulevard, incidents of crime decreased from 31 in 2003 to 12 in 2004. This decline corresponds to the enhancement of security at the former Schlage Lock facility. For the past several years, a security guard has patrolled the premises 24 hours a day, and security cameras have monitored the site. In addition, at the request of Ingersoll-Rand, the SFPD has used the Schlage office building to conduct training exercises. The company approached SFPD about this use specifically to increase police presence on the property. In addition, the police department continues to receive complaints about and serve arrest warrants to the residents of campers that park along Sunnydale Avenue behind the Schlage Lock buildings.

39 Interviews conducted with officers from the Ingleside and Bayview stations, in October and January 2007. See Appendix A for the names of officers interviewed.
40 San Francisco Police Department interview, January 2007.
Due to the persistence of crime in the Project Area, a perception of crime exists. Several local brokers said that renters “are scared to go outside all the time” and “people are afraid.”41 Another residential broker said that a potential buyer for her property in the Project Area backed out of the purchase because of a shooting near Leland Avenue.42 The police department confirmed that the perception of crime is high in the area and that residents would like to see a stronger police presence.43

Recent crime in or very near the Project Area includes a homicide and an attempted homicide. In April 2007, a male victim was shot three times along Bayshore Boulevard near Visitacion Avenue in an incident that may have been gang related.44 In September 2007, a 66-year old man was shot and killed during a traffic dispute on Raymond Avenue.45

The Project Area is just over a mile from the Sunnydale Housing Project, which has a relatively high incidence of gang-related and other violence. Between January and October 2007, six murders occurred on or in the vicinity of the property.46 Shootings and other assaults are also common.47 Disputes originating at Sunnydale sometimes spill over to Leland Avenue, and high profiles crimes related to the project increase the perception of crime in the Project Area.

Collectively, the evidence indicates that crime in the Project Area constitutes a serious threat to public safety and welfare.

4. **Lack of Neighborhood Commercial Facilities [33031(b)(4)]**

Economic blight under CRL Section 33031(b)(4) includes a serious lack of necessary commercial facilities that are normally found in neighborhoods. This condition characterizes the Project Area but it is not substantial or prevalent enough to qualify as an economic blighting condition.

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41 See Appendix A for a list of brokers contacted. Interviews conducted in October 2006 and January 2007.
42 See Appendix A for a list of brokers contacted. Interviews conducted in October 2006 and January 2007.
43 San Francisco Police Department interview, October 2006.
46 San Francisco Crime website, sfcridge.blogspot.com.
The Project Area lacks a full-service grocery store, leaving many residents without access to a nearby source of healthy and economically priced food.48 Local residents have expressed ongoing concern about this deficit in the neighborhood.49 However, the Project Area does include several small markets, drug stores, and a major bank branch, meaning that overall neighborhood commercial services are not seriously lacking. While the absence of a full service grocery store alone does not qualify as blight under the CRL, this shortcoming does contribute to the adverse economic circumstances in the neighborhood.

The nearest full-service grocery store is more than a mile away in the Bayview area. Figure V-4 shows the location of full-service grocery stores in southeastern San Francisco and their distance from the center of the Project Area.

In contrast, only small markets and convenience stores are located within the Project Area. As a whole, these stores do not provide the full range of items found in a full-service grocery store. Additionally, national and regional studies on food choices in urban neighborhoods indicate that small urban grocery stores are nearly twice as likely to carry unhealthy items as healthy items, and prices are 10 to 50 percent higher than those in supermarkets.50

The largest of the Project Area markets carries a limited selection of staple grocery items, as well as convenience foods, alcohol and hardware. The facility is physically dilapidated, and the area around the building exhibits signs of external bathroom use. Both conditions make the market less desirable place for residents to buy food, and a realtor familiar with the area said that residents avoid patronizing the store.51 The alternatives within the Project Area are smaller storefront markets, convenience stores, or the 7-11, none of which fully meet residents’ needs and some of which are hotspots for crime.52

48 According to “Supermarket Facts,” published by the Food Marketing Institute in 2005, a full service grocery store, or “conventional supermarket,” offers a full line of groceries, meat and produce. They typically carry approximately 15,000 items, offer a service deli and frequently offer a service bakery.


51 See Appendix A for a list of brokers contacted.

52 Crime information provided by the San Francisco Police Department and local realtors.
The limited selection and high prices typical of neighborhood markets are particularly detrimental to Project Area residents who are transit dependent. Approximately 17 percent of households in the Project Area and 40 percent of households headed by a person over age 65 in the Project Area do not have access to a private vehicle. The nearest supermarket is well outside of walking distance, defined conservatively as 0.5 miles, so these residents must take public transportation to reach a grocery store with healthy and economically priced food choices.

Figure V-4 also shows the MUNI transit lines that pass through the Project Area and their relationship to the closest supermarkets. The three most convenient supermarkets require a 10 to 20 minute bus or light rail ride from the Project Area and a quarter- to one-third mile walk from the stop to the store. Travel to any of the other five grocery stores within three miles requires at least one bus transfer.

Overall, the combination of full-service grocery deficiency and transit dependency in the Project Area negatively affects the quality of life of neighborhood residents.

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53 Census 2000. Data for Census Tract 264.03, Block Group 2, which extends beyond the boundary of the Project Area into the surrounding residential neighborhoods.

54 0.5 mile standard used in Robert Gottlieb et. al., “Homeward Bound: Food-Related Transportation Strategies in Low-Income and Transit Dependent Communities,” University of California Transportation Center Working Paper, 1996.

55 Travel time and walking distance estimated using 511 Transit Trip Planner, available at transit.511.org. The bus lines running from the Project Area to other commercial areas in the City are the 9-San Bruno and 9X-San Bruno Express; the light rail is the T-Third. Actual travel time depends on time of day, specific line taken, and whether the system is experiencing any significant delays.
Figure V-4
Location of Full-Service Grocery Stores within Three Miles
Visitacion Valley Redevelopment Project Area

Source: San Francisco Planning Department, San Francisco Municipal Railway, Seifel Consulting Inc.
C. Conclusion for Economic Blighting Conditions in the Project Area

The Project Area suffers from several economic challenges. Three of the seven statutorily defined conditions of economic blight are prevalent and substantial throughout the Project Area:

- Impaired property values due to hazardous wastes,
- Economic indicators of distressed buildings, and
- A high crime rate.

Impaired property values due to hazardous wastes is the most significant economic blighting factor in the Project Area, as approximately half of the Project Area exhibits evidence of hazardous materials contamination. In particular, soil and groundwater contamination on the former Schlage Lock facility and the area to the east adjacent to the railroad impair the value of those properties.

A prevalence of abandoned buildings, business vacancies and low lease rates in the area also indicate economic distress. Lease rates are 50 to 75 percent of those charged in comparable commercial areas of the city. In particular, the abandoned Schlage Lock facility reflects economic distress in the area.

Serious crime persists in the Project Area, and crimes against persons and property, such as assault and robbery, are a threat to public safety and welfare.

The analysis of economic blighting conditions in the Project Area indicates that these conditions are so substantial and prevalent that they constitute economic blight.
VI. Redevelopment Program Description

A. Introduction

This chapter describes the Redevelopment Program, including the projects, activities and expenditures proposed to implement the Visitacion Valley Redevelopment Plan. The proposed Redevelopment Program includes key blight eliminating activities that could be financed from tax increment revenue expected to be generated from the Project Area, in combination with other leveraged private and public financial resources. The program is integrated and balanced, addressing the most significant blighting conditions identified in Chapters IV and V. Refer to Chapter VII for a description of the funding sources that the Agency may use to help fund the proposed Redevelopment Program. This program is designed to meet the objectives of the CRL and to enable the Agency to continue to meet its redevelopment mission in San Francisco.

The Agency’s Redevelopment Program is organized broadly into two categories that reflect the division of tax increment revenues into funds that can be used for any redevelopment purpose (Non-Housing Redevelopment Program) and those specifically related to the Agency’s affordable housing endeavors (Affordable Housing Program). The Redevelopment Program draws on the 2002 Visitacion Valley Schlage Lock Community Planning Workshop Strategic Concept Plan (Concept Plan) and the 2004 Leland/Bayshore Commercial District Revitalization Action Plan. It is also based on community input shared during several meetings between the Agency and the Citizens Advisory Committee (CAC) since July 2006. The Redevelopment Program represents projects and activities that will have both immediate and long-term benefits. Implementation of this program will occur over the next three decades.

1. Chapter Organization

Section B of this chapter includes the objectives of the Redevelopment Plan. Section C describes the relationship between the Redevelopment Program and the alleviation of blighting conditions. Section D describes the two categories of the Agency’s Non-Housing Redevelopment Program and their respective projects and activities. (Refer to Chapter VII for a description of sources that may be used by the Agency to help fund the proposed projects and activities.) Section D also includes summaries of deficiencies to be corrected and cost estimates of the proposed projects and activities. Section E describes the Affordable Housing Program.

B. The Redevelopment Program Goals and Objectives

The Redevelopment Program will be undertaken to achieve the purposes of the CRL and the General Plan of the City and County of San Francisco. Table VI-1 below outlines the goals and objectives intended to eliminate physical and economic blighting conditions. The Agency formulated these goals and objectives in conjunction with the CAC and members of the community at large. The CAC voted unanimously to endorse the Goals and Objectives of the Redevelopment Program in March 2007. Together with design guidelines and zoning regulations, they will guide the direction of all future development within the Project Area.
Table VI-1
Redevelopment Program Goals and Objectives
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Goal 1: Create a livable mixed use urban community that serves the diverse needs of the community and includes access to public resources and amenities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attract a grocery store and provide a variety of retail options to serve multi-cultural, multi-generational community at a range of incomes.</td>
</tr>
<tr>
<td>Provide for the expansion of local public services, such as a new library, police sub-station and fire department facilities.</td>
</tr>
<tr>
<td>Provide high quality public infrastructure that serves as a model of sustainable design.</td>
</tr>
<tr>
<td>Create opportunities for the old Schlage Office Building to serve in the Project Area as a landmark that can be used for a variety of civic purposes.</td>
</tr>
<tr>
<td>Attract educational facilities including job training, English as a Second Language classes, City College extension, arts programs and multi-cultural resources.</td>
</tr>
<tr>
<td>Promote neighborhood-serving retail to provide residents and workers with immediate walking access to daily shopping needs.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal 2: Encourage, enhance, preserve and promote the community and City’s long-term environmental sustainability.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitate the cleanup, redesign and development of vacant and underutilized properties in the Project Area.</td>
</tr>
<tr>
<td>Protect human health by ensuring that toxics cleanup be the primary consideration in the planning and phasing of new development.</td>
</tr>
<tr>
<td>Promote environmentally sustainable building practices in the Project Area so that the people, the community and ecosystems can thrive and prosper.</td>
</tr>
<tr>
<td>Promote, encourage, and adopt design and construction practices to ensure durable, healthier, energy and resource efficient, and/or higher-performance buildings and infrastructure that help to regenerate the degraded urban environment.</td>
</tr>
<tr>
<td>Design green streets and sidewalks to contribute to the sustainability of the Project Area.</td>
</tr>
<tr>
<td>Ensure that development balances economics, equity and environmental impacts and has a synergistic relationship with the natural and built environment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal 3: Create a pedestrian-oriented environment that encourages walking as the primary transportation mode within the Project Area.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connect the neighborhood through the creation of new streets and multi-use paths throughout the Schlage site linking Visitacion Valley to Little Hollywood.</td>
</tr>
<tr>
<td>Access into the Schlage site shall be fully public accessible and designed as an extension of the block pattern of the surrounding community.</td>
</tr>
<tr>
<td>Construct pedestrian-friendly streets throughout the Project Area to promote and facilitate easy pedestrian travel.</td>
</tr>
<tr>
<td>Ensure new buildings have multiple residential entrances and/or retail at the street level to contribute to sidewalk activity.</td>
</tr>
<tr>
<td>Improve the pedestrian safety along Bayshore Boulevard with intersection improvements and traffic calming.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal 4: Encourage the use of alternative modes of transportation by future area residents, workers and visitors and support the development of the Caltrain Station as a major multi-modal transit facility.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encourage development that promotes the use of public transit, car pooling, shuttles, bikes, walking and other alternatives to the privately-owned automobile.</td>
</tr>
<tr>
<td>Contribute to regional connectivity of the greater Visitacion Valley area, particularly with the Baylands of Brisbane.</td>
</tr>
<tr>
<td>Coordinate with local and regional transportation and planning agencies to facilitate rights-of-way connectivity and access to public transportation.</td>
</tr>
<tr>
<td>Enhance the attractiveness, safety, and functionality of transit stop locations within the Project Area.</td>
</tr>
<tr>
<td>Encourage new buildings on adjacent parcels to include safe pedestrian connections to the Caltrain facility.</td>
</tr>
<tr>
<td>Minimize the number of curbs cuts in new developments and encourage common parking access where feasible.</td>
</tr>
</tbody>
</table>
Goal 5: Create well designed open spaces that enhance the existing community and new development.

Create new parks, greenways, boulevards, and plazas that contribute to the existing open space network and serve the diverse needs of a mixed use community.

Publicly accessible open spaces should incorporate design elements of the Visitacion Valley Greenway in order to express a cohesive, creative and unique neighborhood character.

Design new open spaces and streets to contribute to the sustainability of the infrastructure serving the Project Area, including treatment of stormwater and the creation and maintenance of urban natural habitat.

Provide opportunities for ongoing community involvement in the parks through environmental education, interpretation and other active programming.

Include pedestrian walkways and destination points such as small plazas that create a sense of place.

Incorporate art by local artists in the design of public places.

Create financing mechanisms to ensure the long-term maintenance of parks and streetscapes.

Goal 6: Develop new housing to help address the City’s and the region’s housing shortfall and support regional transit use.

Avoid the displacement of any residents.

Assist with the preservation and rehabilitation of existing affordable housing.

Facilitate the construction of new housing for a range of income levels and household sizes.

Increase the local supply of well-designed affordable housing for low-income and moderate-income working individuals, families and seniors.

Develop housing to capitalize on transit-oriented opportunities within the Project Area.

Goal 7: Establish the Project Area and surrounding neighborhoods as a gateway to the City of San Francisco.

Use thoughtful design that complements and integrates the existing architectural character and natural context of Visitacion Valley.

Ensure that buildings reflect high quality architectural, environmentally sustainable and urban design standards.

Incorporate local historical, ecological, cultural and artistic elements in the designs of buildings, streetscape and parks.

Improve the district’s identity and appearance through streetscape design.

Increase the economic viability of small businesses in the Project Area by providing an attractive, pedestrian-friendly street environment.

Design housing and public spaces to be family and multi-generational oriented.

Facilitate the preservation, rehabilitation and seismic retrofitting of historic buildings and landmarks.

Design streets, parks and building facades to provide adequate lighting and visual connectivity to promote public safety.

Goal 8: Encourage private investment by eliminating blighting influences and correcting environmental deficiencies.

Assemble and re-subdivide vacant industrial parcels in order to create buildable parcels and provide block patterns that integrate with the architectural character of the existing community.

Incorporate a mix of uses into the new development within the Project Area, particularly the Schlage site, including different types of housing, retail and community services.

New development should take advantage of the transit proximity and be designed as a compact walkable mixed use community.

Provide economic opportunities for current Visitacion Valley residents and businesses to take part in the rebuilding and revitalization of the community.

Provide opportunities for participation of property owners in the redevelopment of their own properties.

Strengthen the economic base of the community through commercial functions in the Project Area, and attract citywide attention to the district through events, media campaigns, and district-wide advertising.

New development should relate to Leland Avenue and help revitalize the neighborhood’s traditional main street with local business development.

New retail is a critical component of the project on the Schlage site, and should also support and contribute to the existing retail corridors on Leland Avenue and Bayshore Boulevard.

C. Relationship Between the Redevelopment Program and Alleviation of Blighting Conditions

The Redevelopment Program aims to alleviate the blighting conditions that interfere with revitalization of the Project Area by improving the economic conditions, stimulating private development and meeting the Agency’s affordable housing obligation. As discussed in Section B, the Redevelopment Program has been designed to meet the CRL requirement that Agency expenditures be linked to the elimination of blighting conditions. The Project Area suffers from a variety of physical and economic blighting conditions that must be alleviated if the area is to be revitalized. The Project Area will benefit from a coherent revitalization and economic development strategy that is coordinated with the City’s overall goals. In general, the Redevelopment Program is designed to:

- Revitalize areas that exhibit physical and economic blight;
- Stimulate private investment and appropriate development within the Project Area;
- Improve circulation, infrastructure, public facilities and utilities;
- Provide tax increment funds for the redevelopment activities that are needed to alleviate blighting conditions;
- Create affordable housing, both rental and ownership units;
- Re-establish Zone 1 as a central piece of the neighborhood, with the site transformed into a vibrant mixed-use urban community;
- Create a pedestrian and transit-oriented neighborhood connecting Zone 1, the Leland/Bayshore commercial district and the rest of the Visitacion Valley neighborhood; and
- Stimulate job development.

The Redevelopment Program will alleviate the blighting conditions identified in Chapters IV and V. Table VI-2 provides a matrix summarizing the relationship between the blighting conditions described in Chapters IV and V and the projects proposed in the Project Area to alleviate these conditions. In Section D, the description of the Redevelopment Program, each component includes a description of the deficiencies to be corrected. The Agency’s affordable housing activities, described in Section E, alleviate blighting conditions by creating affordable housing and contribute to overall revitalization and improvement of neighborhoods in and around the Project Area.

The Agency’s estimated costs of implementing the Redevelopment Program in constant FY 2008/09 dollars are $35.1 million for the Agency Non-Housing Redevelopment Program and $35.1 million for the Affordable Housing Program.¹

¹ Agency Non-Housing Redevelopment Program costs of $35.1 million (constant FY 2008/09 dollars) are the available funds remaining after the deduction of pass-through payments to taxing entities, Agency administration costs, and the Agency’s Affordable Housing Program.
Table VI-2
How the Redevelopment Program Will Alleviate Blighting Conditions
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Adverse Conditions</th>
<th>Redevelopment Program</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Economic Development</td>
</tr>
<tr>
<td></td>
<td>Planning and Predevelopment</td>
</tr>
<tr>
<td>Unsafe or Unhealthy Buildings</td>
<td>■</td>
</tr>
<tr>
<td>Factors Hindering Viable Use of Building or Lots</td>
<td>■</td>
</tr>
<tr>
<td>Impaired Property Values Due to Hazardous Waste</td>
<td>■</td>
</tr>
<tr>
<td>Economic Indicators of Distressed Buildings</td>
<td>■</td>
</tr>
<tr>
<td>High Crime Rate</td>
<td>■</td>
</tr>
<tr>
<td>Inadequate Public Improvements*</td>
<td>■</td>
</tr>
</tbody>
</table>

a. Although not considered physical or economic blight under the CRL, the existence of inadequate public improvements contributes to blighting conditions in the Project Area.

Source: San Francisco Redevelopment Agency
D. Description of Agency’s Non-Housing Redevelopment Program

This section describes the Agency’s proposed Non-Housing Redevelopment Program, including the deficiencies to be corrected, project and activity descriptions, and estimated project costs.

The Non-Housing Program is divided into two areas: economic development and community enhancements. Both of these program areas contain three subcategories, described below:

- Economic development
  - Planning and predevelopment
  - Site preparation and development
  - Economic revitalization
- Community enhancements
  - Public infrastructure and facilities
  - Circulation improvements
  - Public open space

The Redevelopment Program meets the CRL requirement that Agency expenditures be linked to the elimination of blighting conditions. In addition, the projects and activities implement the goals and objectives contained in the proposed Redevelopment Plan. As they are implemented, these projects and activities may be modified over time to better meet redevelopment goals and objectives.

Cost estimates are necessarily preliminary in nature and subject to refinement as the Redevelopment Program planning and implementation proceeds. However, the cost estimates are adequate to provide reasonable orders of magnitude for financial feasibility evaluation and the need for tax increment financing. Table VI-6, included at the end of this chapter, summarizes the total estimated costs of the Agency’s Redevelopment Program.

1. Economic Development

a. Deficiencies to Be Corrected

As described in Chapters IV and V, the Project Area suffers from a variety of physical and economic blighting conditions that need to be resolved in order for the area to attain its full economic potential. The Project Area features substandard buildings, the presence of hazardous materials and contaminated sites, and unsafe and unhealthy buildings, all of which impede efficient and economically feasible development and impair property values and economic indicators in the Project Area. In particular, soil and groundwater contamination on the former Schlage Lock facility and the area to the east adjacent to the railroad impair the value of those properties and prevent them from contributing to the economic vitality of the Project Area.
The Project Area also suffers from a lack of neighborhood serving businesses such as a full-service grocery store, which has repeatedly been brought up as a concern for residents during community workshops. Furthermore, vacant and dilapidated buildings hinder the economic vitality of the Project Area. Lastly, serious crime in the Project Area occurs at rates that are disproportionate to the area immediately around it, which jeopardizes the welfare of the community and businesses.

An economic development program will promote private investment by attracting residential and commercial development and will also create a more active and secure urban environment.

b. Projects and Activities

The Agency will promote policies and land use decisions that provide job-training, employment and business opportunities to local residents and build the capacity of local small business owners. The economic development projects and activities focus on the remediation of the Schlage Lock facility and conversion of the former factory site into a vibrant urban neighborhood with employment opportunities for local residents, as well as the revitalization of the central shopping center (Leland Avenue and Bayshore Boulevard). In addition, the Agency will assist community efforts to attract a full-service grocery store.

The proposed economic development projects and activities include three subcategories: (1) planning and predevelopment, (2) site preparation and development, and (3) economic revitalization. The projects and activities are presented in Table VI-3 below.

c. Estimated Program Costs

The total Agency cost for the economic development projects and activities is $17.6 million (in constant FY 2008/09 dollars).
Table VI-3  
Economic Development Projects and Activities  
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Planning and Predevelopment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop design guidelines to promote improved retail spaces and provide positive contributions to the Project Area. Facilitate design guideline implementation by the San Francisco Planning Department.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Site Preparation and Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide assistance to land owners in assessing potential hazardous materials on brownfield sites, particularly the Concept Plan Sub-area site. Assist in mapping and subdivision as well as planning and/or remediation of hazardous materials and contaminants.</td>
</tr>
<tr>
<td>Provide assistance in the removal of seismically unsafe, hazardous, and unhealthy buildings or other unsafe, hazardous structures, such as those at the Schlage Lock facility.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Economic Revitalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encourage revitalization of existing businesses and vacant commercial space by providing technical assistance in collaboration with other City agencies and community-based organizations.</td>
</tr>
<tr>
<td>Develop a program to link business tenants with available space and facilitate the flow of information on leasable space to merchants, property owners and residents in order to encourage businesses attraction and expansion.</td>
</tr>
<tr>
<td>Develop façade design, seismic upgrade and tenant improvement programs for existing businesses along Leland Avenue and Bayshore Boulevard.</td>
</tr>
<tr>
<td>Support the efforts of organizations such as the Visitacion Valley Business Outreach &amp; Opportunity Merchants (VVBOOM) to revitalize the village center (Leland Ave and Bayshore Blvd) through street festivals, community marketing campaigns, and neighborhood safety initiatives.</td>
</tr>
<tr>
<td>Develop local hiring and equal opportunity programs, particularly focusing on new construction, professional services and retail jobs.</td>
</tr>
<tr>
<td>Facilitate community efforts to increase the availability of neighborhood serving retail, particularly the attraction of a full-service grocery store.</td>
</tr>
<tr>
<td>Provide assistance for preservation of historic structures, lead abatement and seismic.</td>
</tr>
<tr>
<td>Ensure a relationship between new stores in the Concept Plan Sub-area and the existing retail corridor on Leland Avenue in order to revitalize the central shopping area.</td>
</tr>
<tr>
<td>Investigate options for funding merchant efforts and physical improvements, such as stronger merchants associations and the creation of a Community Benefits District and/or an assessment district. Provide assistance with implementation of the selected option(s).</td>
</tr>
</tbody>
</table>
2. **Community Enhancements**

a. **Deficiencies to Be Corrected**

The blighting conditions described in Chapters IV and V need to be alleviated in order to enhance the Visitacion Valley community. Nearly all of the buildings in the Project Area exhibit unsafe and unhealthy building conditions, according to the Building Conditions Survey described in Chapter IV. These conditions include dilapidated or deteriorated structures, the presence of lead paint and mold, serious building code violations, and seismically vulnerable construction. In the event of a 7.8 magnitude earthquake in the San Andreas fault, for example, approximately 17 percent of the structures in the Project Area will be uninhabitable.

In addition, the Project Area suffers from circulation impediments, particularly because Zone 1 hinders East–West access (both vehicular and pedestrian) between the community and eastern portions of the City, such as Little Hollywood. Curb and sidewalk deficiencies that are prevalent throughout the Project Area also create pedestrian hazards and limit accessibility. Inadequate public infrastructure, such as public utility infrastructure providing water and sewer services that end at the western edge of Zone 1, also contributes to blighting conditions. In all, the Field Survey described in Chapter IV documented deteriorated public improvements on or adjacent to half (56 of 112) of the surveyed parcels in the Project Area.

A community enhancements program will provide a comprehensive strategy for the revitalization of the Project Area and shape its physical appearance and character. This program will stimulate private investment in the Project Area.

b. **Projects and Activities**

The Agency may adopt and implement a community enhancements program, in conjunction with its affordable housing and economic development programs, that will promote the full revitalization of the Project Area. The proposed projects and activities in this category address public facilities and infrastructure deficiencies, improve circulation, and provide sound strategies for public open space in the Project Area. The community enhancements projects and activities are presented in Table VI-4 below.

c. **Estimated Program Costs**

The total Agency cost for community enhancement projects and activities is estimated at $17.6 million (in constant FY 2008/09 dollars).
<table>
<thead>
<tr>
<th><strong>Public Infrastructure and Facilities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Carry out streetscape improvements for Leland Avenue, Bayshore Boulevard, and Tunnel Avenue including enhanced landscaping, lighting signage and traffic calming where needed.</td>
</tr>
<tr>
<td>Facilitate the development of cultural, educational, and/or community facilities such as classroom space, daycare, job training centers, and community meeting rooms, particularly taking advantage of the old Schlage Office Building.</td>
</tr>
<tr>
<td>Provide assistance to community and public art programs.</td>
</tr>
<tr>
<td>Initiate a graffiti abatement, trash removal, and street and sidewalk cleaning program in the Project Area.</td>
</tr>
<tr>
<td>Create space for street amenities such as pedestrian-scale lighting and trees by undergrounding power and telephone lines along Leland Avenue.</td>
</tr>
<tr>
<td>Provide assistance for preservation of historic buildings and structures, including their rehabilitation and seismic strengthening.</td>
</tr>
<tr>
<td>Assist community efforts to remove unsightly billboards in the Project Area.</td>
</tr>
<tr>
<td>Assist in constructing new infrastructure in the Concept Plan Sub-area, emphasizing sustainable design.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Circulation Improvements</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide new streets and pedestrian pathways to serve new development parcels in the Project Area.</td>
</tr>
<tr>
<td>Develop pedestrian-oriented Streetscape Plans for new roadways on the Concept Plan Sub-area site and facilitate improvements to existing streets.</td>
</tr>
<tr>
<td>Assist City departments in implementing pedestrian and bicycle safety programs including street and sidewalk improvements, traffic calming projects and expansion or improvement of the local bicycle network.</td>
</tr>
<tr>
<td>Identify the level of need, appropriate locations and key opportunities for innovative parking strategies.</td>
</tr>
<tr>
<td>Improve the safety, pedestrian-orientation and look of Bayshore Blvd through traffic calming and enhanced sidewalks.</td>
</tr>
<tr>
<td>Develop and install signs and public art displays at the Leland/Bayshore intersection in order to establish it as a &quot;gateway&quot; to the neighborhood.</td>
</tr>
<tr>
<td>Install &quot;bulb-outs&quot; at certain street corners to improve pedestrian safety and create space for sidewalk amenities such as plants, bicycle racks, and public art.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Public Open Space</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assist with the construction of three new public parks on the Schlage Lock site.</td>
</tr>
<tr>
<td>Provide assistance to the Department of Public Works in the construction of improved, landscaped street corridors.</td>
</tr>
<tr>
<td>Develop family-oriented, pedestrian-friendly destinations for leisure and shopping, such as small plazas.</td>
</tr>
<tr>
<td>Facilitate community efforts to extend the Visitacion Valley Greenway through the Concept Plan Sub-area to the Caltrain Station.</td>
</tr>
</tbody>
</table>
E. Description of Agency’s Affordable Housing Program

The Agency will promote the development of a wide variety of affordable housing in the community in order to enhance the vitality of the area and provide much needed housing for the City. In particular, the Agency will encourage mixed-use development, development of new and rehabilitation of existing rental and ownership units, infill development, mixed income development, development oriented towards the new Muni Third Street Light Rail, and an array of senior housing possibilities. The Affordable Housing Program has the following objectives:

- Promote residential mixed-use development in appropriate locations,
- Require that new residential and residential mixed-use developments “fit” into Visitacion Valley through well-planned urban design and contextual architecture,
- Improve the coordination and provision of housing assistance and affordable housing for community seniors,
- Promote residential occupancy by Project Area residents, and
- Expend required affordable housing funds (in accordance with Agency policy goals and the CRL).

This section describes the proposed Affordable Housing Program, including project and activity descriptions and estimated project costs.

1. Affordable Housing Program Description

The Agency will implement its Affordable Housing Program and, as feasible, may dedicate funds from the Housing Fund for the production of affordable housing within the Project Area. In addition, the Agency may also utilize funds from the Housing Fund to produce or cause the production of affordable housing outside of the Project Area, if the affordable housing requirements of the Project Area are met, and such Affordable Housing is deemed to be of benefit to the Project Area. The Affordable Housing Program will be consistent with the City’s Consolidated Housing Plan and the General Plan and may include:

- Below market rate rental and home ownership inclusionary units within market rate projects.
- Stand Alone Affordable Housing in the form of affordable rental and/or home ownership developments.
- Supportive Housing projects serving high need populations.
- Rehabilitation of existing housing units in the Project Area.
- Local marketing, outreach and technical assistance for affordable rental and home ownership opportunities.
- Assistance towards the rehabilitation of the public housing facilities at Sunnydale.

The Affordable Housing Program will be funded in part through the housing set-aside, which is described below and will result in the production of a significant number of affordable housing units.
a. Affordable Housing Production

The CRL provides that the production of affordable housing is a fundamental purpose of redevelopment and contains specific affordable housing production obligations for redevelopment project areas.

Affordable Housing Production CRL Requirements

The CRL requires at least 15 percent of all new and substantially rehabilitated dwelling units developed within a project area by public or private entities or persons other than the Agency to be available at affordable housing cost to, and occupied by, persons and families of extremely low, very low, low or moderate income. Of the 15 percent, 40 percent (or 6 percent of total units) must be available at affordable housing cost to very low-income households.

The CRL also requires that at least 30 percent of Agency developed or built housing units be available at affordable housing cost to, and be occupied by, persons and families of low or moderate-income; and 50 percent of such units (15 percent of total new units) must be available at affordable housing cost to, and be occupied by, persons and families of very low-income.

Agency’s Affordable Housing Production Goals

The Agency will exceed the CRL requirements by requiring at least 25 percent of all new and substantially rehabilitated dwelling units developed within the Project Area by public or private entities or persons be available at affordable housing cost to, and occupied by, persons and families of extremely low-, very low-, low, or moderate-income, as defined by the California Health and Safety Code. If the Agency directly develops residential projects, 100 percent of the units would be made affordable.

Not less than 40 percent of the units required to be affordable (no less than 10 percent of all new units) will be available at affordable housing cost to, and occupied by, extremely low, very low, low, or low income households.²

If the Agency is unable to fulfill the 25 percent affordable housing production goal within the Project Area boundary, the Agency may make up any affordable housing production shortfalls with new affordable housing units in the Visitacion Valley neighborhood. Any “out of Project Area” units would be provided at a substitution rate of two units of housing provided outside the Project Area for every 1 unit of intra-Project Area housing required to reach the 25 percent policy goal. No more than half of such “out of Project Area” housing units could be counted towards the Agency’s fulfillment of the CRL mandated 15 percent intra-Project Area housing production requirement.

The 25 percent affordable housing production requirement may be reached through a combination of inclusionary units within market rate projects, stand alone affordable housing developments, and/or dedication of developable land to the Agency for the purpose of constructing affordable housing developments.

² As shown in Table 9 of Appendix F, the Agency will exceed the CRL requirement that 40 percent of all affordable units be available at affordable housing cost to, and occupied by, very low-income households.
An estimated 1,500 housing units will be produced in the Project Area over the life of the
Redevelopment Plan. The Agency estimates that 375 units in the Project Area will be affordable
to very low, low and moderate-income households.3

Zone 1 Affordable Housing Policy

To facilitate the Agency’s compliance with CRL housing production requirements, as well as
meet the increasing need for affordable housing in the City, at least 25 percent of all new
dwelling units developed within the Zone 1 must be available at affordable housing cost to, and
occupied by, persons and families of extremely low, very low- low or moderate-income.4 In order
for affordable rental units to be available to extremely low, very low, and low income households
in Zone 1, the maximum income eligibility for rental housing units will be 50 percent of AMI.
The Agency, based on available funding sources and financial feasibility, will make all efforts to
maximize the affordability within the Affordable Housing Program by serving households who
earn less than 50 percent of AMI.

In order for Affordable Housing in the form of affordable homeownership units to be available to
low and moderate income households, the maximum income eligibility for affordable ownership
housing units will be 100 percent of AMI for owner occupied units, with a goal of achieving an
average of 85 percent of AMI for owner occupied units.

Zone 2 Inclusionary Housing Policy

To facilitate the Agency’s compliance with CRL affordable housing production requirements,
developers of housing within Zone 2 of the Project Area will be required to comply with the
Citywide Inclusionary Housing Ordinance, with the following exceptions:5

- The duration, monitoring, marketing and controls for affordable units will be consistent with
the CRL and Agency policy.
- Inclusionary homeownership units shall be monitored by the Agency and implemented
consistent with the Agency’s Limited Equity Program.

3 The Neighborhood Impact Report (Chapter XVI of this Report on the Plan) uses an estimate from the EIR of
1,585 new housing units in the Project Area. The housing production estimates used in this chapter, the
Implementation Plan (Appendix F) and the tax increment projections (Chapter VII and Appendix E) are based on the
more conservative Alternative 5 in the EIR, which projects 90 fewer units for Zone 2. The Agency may seek to
re-zone portions of Zone 2 at a later date in order to reach the full number of 1,585 housing units in the Project Area.
4 In Zone 1, the definition of “affordable to qualifying households” will mean the following: (1) for rental units in an
affordable housing project, the goal shall be to establish a rent that is affordable to households whose combined
annual gross income for all members does not exceed 50 percent of Area Median Income (AMI), as calculated by the
United States Department of Housing and Urban Development (HUD) for the San Francisco HUD Metro Fair Market
Rent Area (HMFA) and adjusted only for household size, and (2) for owned units in an affordable housing project,
the goal shall be to establish an average maximum purchase price that is affordable to households whose combined
annual gross income for all members does not exceed 85 percent of AMI, assuming an annual payment of all housing
costs of 33 percent of the combined household annual net income, a 5 percent down payment and available financing
consistent with Agency standards.
5 In Zone 2, the definition of “affordable to qualifying households” will be the definition included in the Citywide
Inclusionary Housing Ordinance, as codified in Section 315 of the Planning Code.
• The construction of off-site units as permitted under the Planning Code must be developed within the Project Area.
• In lieu fee payment as described in the Planning Code is only permitted as a means of meeting the inclusionary housing requirement for housing developments of 10 units or less.
• In lieu fees shall be paid to the Agency for use toward the Visitacion Valley Affordable Housing program.
• Larger projects must provide affordable units on site or off-site within the Project Area.

b. Affordable Housing Set Aside

The CRL provides that a portion of the tax increment generated in a redevelopment project area be set aside for the purposes of producing affordable housing.

CRL Housing Set-Aside

The CRL was amended in 1976 and 1984 to require that not less than 20 percent of all tax increment generated from any project area be set aside in an affordable housing fund to be used to increase and improve the community’s supply of housing affordable to persons and families of very low-, low- and moderate-income. Amendments to the CRL in 2001 specify that affordable dwelling units must remain available at affordable housing cost to, and be occupied by, persons and families of very low-, low- or moderate-income for the longest feasible time, but not less than 55 years for rental units, and 45 years for owner-occupied units. In addition, the Agency must target expenditures from the Affordable Housing Fund to non-age restricted housing and to housing affordability based on income needs.

Agency’s Set-Aside Requirement

A component of the Agency’s housing policy has been to commit more tax increment funds for affordable housing than the CRL-required housing set-aside.6 Under the Redevelopment Plan, the Agency is required to use no less than 50 percent of the total tax increment funds that the Mayor and Board of Supervisors allocate to the Agency for its redevelopment activities for the purposes of increasing, improving, and preserving the City’s supply of housing for persons and families of extremely low, very low, low or moderate income.7 The funds set aside for affordable housing will be a significant source of funding available for affordable housing development.

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6 See Board of Supervisors Resolution No. 427-05 (Adopted June 7, 2005) and Agency Resolution No. 134-05 (Adopted August 16, 2005).
7 Tax increment revenue available for the Agency’s Redevelopment Program includes the CRL-required 20 percent housing set-aside and is net of pass through payments to affected taxing entities and Agency administration costs. (Refer to Chapter VII for more detail.)
2. **Projects and Activities**

Pursuant to the Agency’s policy, the Agency may establish a range of housing programs that seek to enhance project design and leverage federal, state and private funding sources to develop high quality, attractive and affordable housing developments serving a diverse population. The funds set aside for the Affordable Housing Program will be used in a flexible manner in order to respond to favorable development opportunities.

The projects and activities of the Affordable Housing Program are described in Table VI-5 below.

3. **Estimated Program Costs**

The Agency cost for the Affordable Housing Program is projected to be $35.1 million (in constant FY 2008/09 dollars). Refer to Chapter VII for further discussion regarding the projection of tax increment to be set aside for affordable housing activities.
### General

Ensure that affordable housing production in the Project Area exceeds CRL mandates by requiring that 25% of all units produced within the Project Area be affordable to, and occupied by, persons or families of extremely low-, very low-, low-, or moderate-income, utilizing the San Francisco Median Income as the point of reference.

Encourage mixed-use development that incorporates mixed-income residential development in the Project Area including the production of approximately 400 affordable housing units.

Promote the improvement, increase, and preservation of affordable housing, both rental and ownership, in the Project Area and surrounding community.

Require the construction of inclusionary housing units on-site, at affordability levels below City maximums.

Commit at least 50% of tax increment revenue to affordable housing programs over the life of the Redevelopment Plan.

Encourage energy and water conservation measures in the development of new housing units.

Conduct local marketing and outreach for affordable rental and home ownership opportunities within the Project Area.

### Rental/Multi-Family Housing

Require that the maximum income eligibility for rental housing be 50% of AMI in order to make these units available to extremely low- through low-income households.

Provide financial assistance to private developers constructing affordable housing in the Project Area. Facilitate the construction of affordable housing projects through land acquisition and disposal to developers.

Focus new development efforts on transit-oriented mixed-income projects.

Provide planning and financial assistance for a range of supportive housing options for the community’s low-income aging population.

Establish occupancy preference prioritizing persons and households of high need for Agency assisted housing opportunities.

Provide assistance for supportive permanent and transitional housing programs for lower and moderate income special needs populations in the community.

Provide planning and financial assistance for the development of lower income family housing with affordable large multi-bedroom units.

### Homeownership Programs

Require that the maximum income eligibility for ownership housing units be 100% of AMI in order to make these units available to low- and moderate-income households, with a goal of achieving an average of affordability level of 85% of AMI for owner occupied units.

Provide technical assistance to low- and moderate-income homeowner households purchasing new ownership units within Project Area.

Facilitate the provision of homeownership opportunities to moderate-income residents with an emphasis on first time homeowners.
Table VI-6
Estimated Net Cost to Agency of Redevelopment Program
In Constant FY 2008/09 Dollars
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Project Area Redevelopment Program&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Program Cost to Agency&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Housing Programs</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Economic Development</strong></td>
<td></td>
</tr>
<tr>
<td>Planning and Predevelopment</td>
<td></td>
</tr>
<tr>
<td>Site Preparation and Development</td>
<td></td>
</tr>
<tr>
<td>Economic Revitalization</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal - Economic Development</strong></td>
<td>$17,400,000</td>
</tr>
<tr>
<td><strong>Community Enhancement</strong></td>
<td></td>
</tr>
<tr>
<td>Public Infrastructure and Facilities</td>
<td></td>
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<tr>
<td>Circulation</td>
<td></td>
</tr>
<tr>
<td>Public Open Space</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal - Community Enhancement</strong></td>
<td>$17,400,000</td>
</tr>
<tr>
<td><strong>Subtotal Non-Housing</strong></td>
<td>$34,800,000</td>
</tr>
<tr>
<td><strong>Affordable Housing Program</strong></td>
<td></td>
</tr>
<tr>
<td>Rental/Multi-Family Housing</td>
<td></td>
</tr>
<tr>
<td>Homeownership Programs</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Housing</strong></td>
<td>$34,800,000</td>
</tr>
<tr>
<td><strong>Total Housing and Non-Housing</strong></td>
<td>$69,500,000</td>
</tr>
</tbody>
</table>

<sup>a</sup> Based on estimates provided by Agency staff. Figures may not add or subtract exactly due to rounding.

<sup>b</sup> Does not include administrative costs.

Source: San Francisco Redevelopment Agency.
VII. Proposed Methods of Financing and Feasibility

A. Introduction

This chapter describes the proposed financing of the Redevelopment Program for the Visitacion Valley Project Area. It estimates total funding requirements, identifies potential resources and methods of financing available to the Agency, projects tax increment and other revenues, and assesses the general financial feasibility of the Redevelopment Program.

This chapter explains the necessity to use tax increment financing as part of the overall financing program to eliminate blighting conditions in the Project Area. Blighting conditions in the Project Area are substantial and pervasive and require tax increment financing to be alleviated. While the Agency and the City will continue to pursue all other potential funding sources, those sources alone will not be sufficient to fund the activities needed to alleviate the blighting conditions in the Project Area without tax increment financing.

1. Chapter Organization

Section B of this chapter includes potential funding sources categorized as primary, secondary, complementary, and unavailable or unlikely sources. Section C describes tax increment financing, as well as the reasons for and benefits of its use. Section D describes the assumptions used for the tax increment projections for the Project Area over the 45 year tax increment collection period. Section E describes the tax increment projections and the amount available for the Non-Housing and Housing portions of the Redevelopment Program. Section F explains the financial feasibility of the Redevelopment Program.

2. Stimulation of Private Investment

A major goal of the Redevelopment Program is to stimulate private investment in the Project Area. Public investment in the form of tax increment financing will be used to leverage private investment.

Private investment is anticipated to include new construction and the rehabilitation of commercial and mixed-use buildings within the Project Area. Over time, such investment could be significant. However, private investment in the Project Area will depend upon the remediation of several sites contaminated by hazardous materials, the improvement of public facilities and infrastructure, the elimination of blighting conditions, and the establishment of a positive climate for private participation. Given the extent of blighting conditions and the need for improved public facilities and infrastructure, effective implementation of the Redevelopment Program provides the most reasonable opportunity for stimulating private investment in the area.
3. **Delivering Public Benefits**

The Redevelopment Program will also deliver several public benefits to the Project Area. First, it will expand and improve parks and open space in the area, making these facilities easily accessible to Visitacion Valley residents. Second, it will foster economic development in the Project Area, particularly focusing on the creation of jobs for local residents. The Redevelopment Program itself will foster job creation through public and private investment in the clean up of contaminated sites, infrastructure upgrades, and new construction. Additionally, increased economic activity will likely be a catalyst for permanent new jobs in the area. Lastly, it will increase the supply of affordable housing in the area, as the Agency is committed to investing at least 50 percent of the tax increment revenues available for redevelopment activities on its affordable housing program.

4. **Estimated Agency Funding Requirements for the Redevelopment Program**

Implementation of the Redevelopment Program will require substantial funding. The estimated net cost to the Agency, as described in Chapter VI, totals approximately $69.5 million in constant FY 2008/09 dollars. The estimated cost of the non-housing component of the Redevelopment Program is $34.8 million in constant FY 2008/09 dollars. The Agency will also contribute significant funds to affordable housing projects and activities from the tax increment generated by the Project Area. As further described in Sections C, D, and E of this chapter, the Agency’s Housing Set-Aside for affordable housing will satisfy the CRL-required set-aside of 20 percent of gross tax increment for housing affordable to households of very-low, low and moderate-incomes. Under the Redevelopment Plan and Agency policy, the Agency will use 50 percent of the tax increment revenue available for the Redevelopment Program for affordable housing over the term of the Redevelopment Plan. The estimated funding for the Agency’s Affordable Housing Program is $34.8 million in constant FY 2008/09 dollars. These estimates include items to be funded after subtracting other funding sources.

Public revenue sources are insufficient to cover the cost of the projects and activities proposed by the Agency to alleviate blight and revitalize the Project Area. Thus, a funding gap or shortfall exists for which no sources of financing (other than tax increment financing) are available or sufficient. Tax increment financing continues to be the most reliable source of long term funding available to the Agency and is the only source of financing that will generate sufficient revenue to meet the funding gap.

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1 The terms FY 2008/09 dollars and constant FY 2008/09 dollars are used to indicate the present value of future dollars discounted back to FY 2008/09. Refer to discussion on present value assumptions in Section D.2 of this chapter for further information.

2 Estimate does not include Agency administration costs related to the Non-Housing Program.
B. Potential Funding Sources

The proposed Redevelopment Plan authorizes the Agency to finance the Redevelopment Program using all available funding sources, including local, state and federal sources. The Agency will make every effort to obtain alternative funding sources as a means to accelerate the Redevelopment Program. However, tax increment financing is the most reliable source of long term funding available to the Agency. It is the only source that will generate substantial revenue to meet the projected funding needs of the Redevelopment Program for the Project Area.

This section describes a wide range of alternative funding sources that might be available to assist in financing the Redevelopment Program. It summarizes each potential source and evaluates the likelihood that the source could generate revenues for use in the Project Area. Some sources described below may generate more funds than estimated, while others may generate less. On balance, the estimates of alternative revenues provide an initial assessment of funding availability to determine the need for tax increment revenue to fill the funding gap in the Redevelopment Program costs. The funding sources are grouped by secondary and complementary sources of funding. Funding sources considered to be unavailable or unlikely are also described. Table VII-1 summarizes secondary, complementary, and unlikely/unavailable sources of funding.

Primary sources are the most likely to be available to provide funding for the Redevelopment Program, while secondary sources are less likely to be available. Complementary sources would not provide direct funding for the Redevelopment Program; however, they could be used for economic development, business support and expansion, neighborhood improvements, and community enhancement, which would enhance the effectiveness of the Redevelopment Program.

1. Primary Funding Source

Tax increment financing will be the primary source of funding for the Redevelopment Program in the Visitacion Valley Redevelopment Project Area. Section C below describes tax increment as a funding source in more detail. The Agency hopes to utilize tax increment to leverage secondary sources of funding.

2. Secondary Funding Sources

a. Transportation for Livable Communities (TLC)

The Transportation for Livable Communities (TLC) program offers three types of financial assistance: planning grants, capital grants and the Housing Incentive Program. Planning grants are awarded to help sponsors refine and elaborate on promising project concepts, such as design guidelines for Main Street Programs and implementation plans. Capital grants directly support construction activities such as streetscape improvements, transit villages and pedestrian plazas. Funding for capital grants is through federal SAFETEA-LU funds (Refer to Subsection Z.i below). The Housing Incentive Program awards grants to cities and counties building high-density housing within one-third mile of a major transit station or corridor with peak period service intervals of 15 minutes or less. Projects must be at least 25 units per acre. Additional grants are available if affordable units are included. The San Francisco Metropolitan Transportation Commission (MTC) obtains and administers TLC funds.
# Table VII-1
Funding Sources Other than Primary Source (Tax Increment)
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Secondary Sources</th>
<th>Complementary Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation for Livable Communities (TLC)</td>
<td>Business Improvement District (BID)</td>
</tr>
<tr>
<td>Fuel Tax</td>
<td>Assessment Districts</td>
</tr>
<tr>
<td>Technical Assistance Program</td>
<td>Mello-Roos Community Facilities District (CFD)</td>
</tr>
<tr>
<td>Brownfield Economic Development Initiative (BEDI)</td>
<td>Small Business Revolving Loan Fund</td>
</tr>
<tr>
<td>EPA Brownfields Program</td>
<td>New Market Tax Credits and Low Income Housing Tax Credits</td>
</tr>
<tr>
<td>Citywide Affordable Housing Fund</td>
<td>Enterprise Zone Tax Benefits</td>
</tr>
<tr>
<td>Housing Enabled by Local Partnership program (HELP)</td>
<td>Local Initiatives Support Corporation (LISC)</td>
</tr>
<tr>
<td>Safe, Accountable, Flexible, and Efficient Transportation Equality Act: A Legacy for Users (SAFETEA-LU)</td>
<td>Housing Opportunities for Persons with AIDS (HOPWA) Program</td>
</tr>
<tr>
<td>Transportation Development Act (TDA)</td>
<td>California Organized Investment Network (COIN)</td>
</tr>
<tr>
<td>Transportation Fund for Clean Air (TFCA)</td>
<td>The Bay Area Family of Funds</td>
</tr>
<tr>
<td>Measure 2 Transit Funding</td>
<td>Small Business Administration (SBA)</td>
</tr>
<tr>
<td>Public Works Grants</td>
<td>Rule 20A Program</td>
</tr>
<tr>
<td>Infrastructure State Revolving Funds (ISRF)</td>
<td>Access to Artistic Excellence</td>
</tr>
<tr>
<td>Public Library Fund (PLF)</td>
<td>State-Local Partnership Program (SLPP)</td>
</tr>
<tr>
<td>San Francisco Branch Library Improvement Program (Proposition A)</td>
<td>Private Donations</td>
</tr>
<tr>
<td>Transportation Sales Tax Reauthorization and Expenditure Plan (Proposition K)</td>
<td>Unlikely/Unavailable Sources</td>
</tr>
<tr>
<td>Proposition 40, California Clean Water, Clean Air, Safe Neighborhood Park, and Coastal Protection Act of 2002</td>
<td>Unlikely/Unavailable Sources</td>
</tr>
<tr>
<td>San Francisco Bay Trail Grants</td>
<td>City of San Francisco General Fund</td>
</tr>
<tr>
<td>San Francisco Bay Area Conservancy Program (Bay Program)</td>
<td>Community Development Block Grants</td>
</tr>
<tr>
<td>Development Impact Fees</td>
<td>HOME Funds</td>
</tr>
<tr>
<td>Developer and Property Owner Participation</td>
<td>Mills Act</td>
</tr>
<tr>
<td>Interest Income</td>
<td>Lease Revenues</td>
</tr>
</tbody>
</table>
In 2000, the San Francisco Planning Department, in partnership with the Visitacion Valley Planning Alliance, San Francisco Municipal Railway (MUNI), and the San Francisco Planning and Urban Research Association (SPUR) applied for and received a TLC grant to facilitate a community-wide workshop and planning process for the future of the Schlage Lock site. This community-based process occurred between February and March 2002 and yielded the Visitacion Valley—Schlage Lock Strategic Concept Plan.

In addition, in August 2007 the City earmarked $3.8 million in grants from the TLC program for streetscape improvements on Leland Avenue between Bayshore Boulevard and Rutland Street. These improvements will include pedestrian lighting, new street trees and landscaping, site furnishings, pedestrian safety, and public art. Streetscape improvements are expected to begin in Summer 2009 and be complete by Fall 2010.

b. **Fuel Tax**

The State of California imposes taxes on several types of fuel. Approximately one third of the fuel tax revenues are distributed to local jurisdictions on a formula based on population and other factors. These revenues may be used for street maintenance, roadway improvements and construction activities throughout the City and County. The City’s revenue estimates for FY 2006/07 included approximately $13.6 million in gas tax revenues, which are distributed between the Department of Public Works (DPW) and the County Transportation Authority (CTA) programs.³

c. **Technical Assistance Program**

The Technical Assistance program, sponsored by the U.S. Economic Development Administration (EDA), promotes economic development to alleviate underemployment in distressed areas. It provides funds through grants or other cooperative agreements to fund feasibility studies and other projects leading to local economic development. The program assists in the long-range economic development of areas with severe unemployment and low-income families, and aids in the development of public facilities and private enterprise to help create permanent jobs. Projects funded through this program help to solve economic development problems, respond to economic development opportunities, and expand organizational capacity for economic development. Many local technical assistance projects are used to determine the economic feasibility of various local development projects involving industrial, commercial and other activities. The technical assistance program could be a potential source of funding for economic development activities.

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d. **Brownfield Economic Development Initiative (BEDI)**

The Brownfield Economic Development Initiative (BEDI) is a federal grant designed to help local governments redevelop brownfields. Brownfields are defined as abandoned, idled, or underutilized properties, including industrial and commercial facilities where expansion or redevelopment is complicated by the possible presence of environmental contamination. A BEDI grant award from the Department of Housing and Urban Development (HUD) must be linked with a new Section 108-guaranteed loan commitment secured by the City’s CDBG funds. Both Section 108 loan guarantee proceeds and BEDI grant funds are initially made available by HUD to local government agencies eligible for assistance under HUD’s Community Development Block Grant (CDBG) program. A local government may re-loan the Section 108 loan proceeds and provide BEDI funds to a business or other public entity eligible to carry out a specific approved brownfields economic development project, or the public entity may carry out the eligible project itself.

In either case, BEDI grant funds and the Section 108 proceeds must be used to support the same eligible BEDI project. This funding could assist in the remediation of sites, making them economically viable to develop. Thus, they are a potential source of revenue for economic development activities in Zone 1.

e. **EPA Brownfields Program**

The EPA administers the Brownfields Cleanup Revolving Loan Fund (BCRLF). The purpose of the BCRLF program is providing financial assistance for the remediation of brownfields. Provided by the Environmental Protection Agency (EPA), it enables state and local governments to make low interest loans to carry out cleanup activities on properties that have an actual release or substantial threat of release of a hazardous substance that threatens public health or welfare. In previous years, the program has funded projects up to $1 million. The BCRLF program could assist funding site preparation and development activities.

The Agency has been invited to join the California Department of Toxic Substances Control (DTSC) and the City of Los Angeles (Los Angeles) in a coalition called California’s Urban Reuse for Brownfields (CURB), for the purpose of submitting an application for a Revolving Loan Fund grant through the UDEPA Brownfield Program. The application will request $3 million in federal funds to establish revolving loan funds (RLF) administered by DTSC, to assist the Agency and Los Angeles in funding the environmental cleanup of up to 15 brownfield sites in San Francisco and Los Angeles over the next five years. RLF funds would be used to make loans and grants, fund loan guarantees and cover certain administrative costs of CURB members.

Visitacion Valley is one of two neighborhoods in San Francisco (along with Bayview Hunters Point) that may receive CURB funds. These funds can be used to clean up parcels impacted by solvents from abandoned manufacturing facilities (including the Schlage Lock buildings), gas stations, and other commercial activities. The program is particularly interested in cleaning up sites adjacent to residential neighborhoods affected by conflicts between industrial and residential uses. The City has a pending application for funding from the CURB program for cleanup activities in Visitacion Valley.
f. **Citywide Affordable Housing Fund**

The Redevelopment Agency has a policy goal of using 50 percent of the Agency’s tax increment funds available for the Redevelopment Program for the development of affordable housing. Since 1990, over $288 million in Agency funds have aided the creation or preservation of more than 9,000 housing units for low- and moderate-income families and individuals throughout San Francisco. Funds generated by development within redevelopment Project Areas are invested in affordable housing developments citywide, both within and outside of redevelopment areas.

The funds are distributed as grants and loans and used as aid in all stages of development. Agency assisted housing units are wide ranging and include family apartments, SRO residential hotels, special needs/supportive housing, emergency shelters, transitional facilities, and rental and home ownership opportunities—both new construction and rehabilitation.

Due to CRL requirements and the limited availability of affordable housing funds as well as the citywide need for housing, existing funds in the Citywide Affordable Housing Fund could not be the sole source of financing for affordable housing in the Project Area.

g. **Housing Enabled by Local Partnership program (HELP)**

The HELP Program, provided by the California Housing Finance Agency (CalHFA), offers loans with a 3 percent interest rate to local government agencies for their locally determined affordable housing activities and priorities. Agencies must use HELP funds to directly produce affordable housing units, but have the flexibility to determine the specific housing activity and use of the funds. The Agency’s affordable housing efforts could be supported by HELP funds to directly produce affordable housing through acquisition, development, rehabilitation or preservation of affordable rental or ownership housing.

h. **Safe, Accountable, Flexible, and Efficient Transportation Equality Act: A Legacy for Users**

On August 10, 2005, the President signed into law the Safe, Accountable, Flexible and Efficient Transportation Equality Act: A Legacy for Users (SAFETEA-LU), which provides funding for highways, highway safety and public transportation over five years (2005 through 2009). SAFETEA-LU addresses the significant transportation challenges in the areas of improving safety, reducing congestion, increasing intermodal connectivity, improving efficiency in freight movement, and timely project delivery. A considerable number of safety, finance, highway, environmental, public transportation, planning, and research programs are funded under the SAFETEA-LU competitive federal aid program including the Congestion Mitigation and Air Quality Improvement Program (CMAQ), Highway Safety Improvement Program, Transportation Infrastructure Finance and Innovation Act Program, Surface Transportation Program (STP), and Transportation and Community and System Preservation Program (TSCP). SAFETEA-LU funds for the Bay Area are administered by the MTC. This funding is allocated through a competitive process.
Surface Transportation Program (STP) – The federal Surface Transportation Program (STP) provides flexible funds to be used on surface transportation projects. At least 10 percent of STP funds must be spent on projects that enhance transportation systems such as scenic beautification, historic preservation, and bicycle and pedestrian facilities. Funds may be used for road improvements; publicly owned intermodal freight transportation projects that address economic, congestion, safety, and environmental issues associated with freight transportation gateways; brownfield remediation; transportation system management and operations; environmental restoration; and pollution abatement to mitigate impacts of transportation projects funded under Title 23. This funding could be used for activities such as remediation of hazardous materials or installing signs at the Leland Avenue/Bayshore Boulevard intersection marking the “gateway” to the community.

Transportation and Community System Preservation Program (TCSP) – The Transportation and Community System Preservation Program (TCSP) provides funding for planning grants, implementation grants and research grants to investigate and address the relationship between transportation and community system preservation. State and local governments as well as metropolitan planning organizations (MPOs) are eligible for discretionary grants to plan and implement strategies that improve the efficiency of the transportation system; reduce environmental impacts of transportation; reduce the need for costly future public infrastructure investments; ensure efficient access to jobs, services and centers of trade; examine development patterns; and identify strategies to encourage private sector development patterns that achieve these goals. TCSP is a potential source of funding for transit and general circulation improvements.

New Starts Grants – The Federal Transit Administration (FTA) has authorized $6.6 billion in funding through 2009 for capital investments in locally planned, implemented, and operated transit projects. Eligible projects include light, rapid, and commuter rail; dedicated busways; and high occupancy vehicle (HOV) lanes. Local governments must match at least 20 percent of the total project cost, with the federal government contributing a maximum of 80 percent. About $600 million of these funds are earmarked to “Small Starts” projects requiring grants smaller than $75 million.

The “Small Starts” program could potentially be an important source of funding for the extension of the Third Street MUNI line to Sunnydale and the new Caltrain Station in Visitacion Valley.

Safe Routes to Schools (SRTS) – The Federal Safe Routes to Schools Program (SRTS) was established in 2005 as a part of SAFETEA-LU. It encourages the establishment of safe environments for pedestrian and bicyclists within a two-mile radius of schools. During the first cycle of funding, the program awarded $45 million to 98 projects, out of a total of 459 applications. Caltrans has also administered a State-level Safe Routes to Schools (SR2S) program since 2000. SR2S awards approximately $50 million annually in grants up to $450,000 per project, requiring a 10 local percent match. Either or both of these programs could provide funding for pedestrian improvements along Leland Avenue, between Rutland Street and Cora Street.
i. Transportation Development Act (TDA)

Transportation Development Act (TDA) funds are generated statewide through a one-quarter cent tax on retail sales in each county. TDA funds may be used for transit projects, special transit projects for disabled persons, and bicycle and pedestrian purposes. The City and County of San Francisco may not use TDA funds for street and road construction and maintenance (due to statutory restrictions on counties with populations greater than 500,000). The City receives an annual TDA apportionment, and the MTC determines the ways in which the funds are spent. Activities funded by TDA generally include regional and municipal transit programs, bikeway improvements and other programs designed to reduce automobile usage. In FY 2005/06, the City’s apportionment totaled $39.3 million. TDA funds are a potential source of funds for improvements designed to reduce automobile usage, such as pedestrian and bicycle networks.4

j. Transportation Fund for Clean Air (TFCA)

The Bay Area Air Quality Management District (BAAQMD) manages the Transportation Fund for Clean Air (TFCA) Regional Fund. The TFCA program awards grants for transportation projects that reduce motor vehicle emissions. Approximately $25.5 million was available for distribution in the Bay Area by the BAAQMD for FY 2006/07. Eligible projects include the purchase of low emission, alternative fuel vehicles with a gross vehicle weight of 10,000 pounds or more, including school buses and transit buses; shuttle and feeder bus service to train stations; ridesharing programs; bicycle facility improvements; arterial management projects that improve the flow of traffic on major roadways; transit information projects; and smart growth and traffic calming projects. TFCA grants could assist with circulation issues and incompatible uses, but are typically small grants.

k. Measure 2 Transit Funding

Regional Measure 2 is projected to raise $125 million each year to ease congestion in the Transbay bridge corridors and enhance the convenience and reliability of the Bay Area’s public transit system. Administered by the MTC, the revenue is generated by a $1 toll increase, effective July 1, 2004, on the region’s seven state-owned toll bridges, not including the Golden Gate Bridge. Although a significant portion of this money is aimed at large regional projects such as the first leg of the planned BART extension to Silicon Valley, redevelopment of San Francisco’s Transbay Terminal, and the seismic retrofit of the Transbay BART tube, approximately 38 percent of total annual Measure 2 funds are dedicated to provide critically needed operating funds for rail, express and local bus and ferry service. This potential funding source could be used for promoting public transportation and enhancing access to employment for the residents of Visitacion Valley.

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4 An additional two cent local sales tax is collected by the state and distributed to the City and other local agencies such as the County Transportation Authority (CTA). Significant funding is not anticipated from this source.
I. **Public Works Grants**

Federal Public Works grants provide investment to support the construction or rehabilitation of essential public infrastructure and development facilities necessary to generate private sector jobs and investment. Projects must also contribute to the long-term economic development of the area by creating or retaining permanent jobs and raising income levels. Sponsored by the EDA, eligible activities include infrastructure development such as water and sewer facilities, industrial access roads, rail spurs, port improvements, skill-training facilities, technology-related infrastructure, as well as demolition, renovation and construction of publicly-owned buildings. This grant could contribute to the improvement of public facilities that help attract, retain or enhance local employment.

**m. Infrastructure State Revolving Funds (ISRF)**

The Infrastructure State Revolving Fund (ISRF) is low cost financing from the California Infrastructure and Economic Development Bank (IBANK) to public agencies for a wide variety of infrastructure projects with loan terms of up to 30 years to be repaid with local tax revenues. The interest rate is fixed for the term of financing and is set at 67 percent of tax-exempt “A” rated bonds with a weighted average life similar to IBANK financing. Eligible applicants include cities, counties, special districts, assessment districts, joint powers authorities and redevelopment agencies.

Eligible projects include city streets, county highways, state highways, drainage, water supply and flood control, educational facilities, environmental mitigation measures, parks and recreational features, port facilities, public transit, sewage collection and treatment, solid waste collection and disposal, water treatment distribution, defense conversion, public safety facilities, and power and communication facilities. However, these funds would need to be repaid out of tax increment revenues and are not a direct source of funding.

**n. Public Library Fund (PLF)**

The Public Library Fund (PLF) provides direct state aid to California public libraries for basic public library service. It is intended to embody the state’s interest in the general diffusion of information and knowledge through free public libraries, encourage lifelong learning, supplement the system of free public education, help libraries serve as sources of information and inspiration to all persons, and furnish a resource for continuing education. Funding is based on the population of the library’s service area. Libraries must formally apply for this funding, and this funding could support the improvement of public library facilities.

**o. San Francisco Branch Library Improvement Program (Proposition A)**

San Francisco voters passed Proposition A in November 2000. The fund is designed to renovate 19 branches of the San Francisco Public Library system, replace four leased facilities with city-owned branches and construct a new facility in Mission Bay. The Library Commission awarded the Visitacion Valley Branch Library $11,342,000 in Proposition A funds in Summer 2007.
p. **Transportation Sales Tax Reauthorization and Expenditure Plan (Proposition K)**

Proposition K, the Transportation Sales Tax Reauthorization and Expenditure Plan, was approved by San Francisco voters in 2003 and instituted a half-cent sales tax to be used for major transit projects, new streets and traffic signals, bicycle and pedestrian projects, paratransit, maintenance of streets and traffic signals, and transit maintenance and rehabilitation. The City has earmarked $300,000 in Proposition K funds towards streetscape improvements along Leland Avenue as a part of the Transportation for Livable Communities (TLC) program (described in Subsection Z.a. above), which will also receive another $3.8 million in grants.

q. **Proposition 40, California Clean Water, Clean Air, Safe Neighborhood Park, and Coastal Protection Act of 2002**

Proposition 40, the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (2002 Resources Bond) provides funding for several types of projects, two of which are historic preservation and open space. Historic preservation programs are administered by the California Cultural and Historical Endowment in the California State Library Office, and open space programs are administered by California Department of Parks and Recreation. Funding is dedicated to preserving historic and cultural resources. Proposition 40 also provides funds for local assistance grants for open space. The relevant bond act programs for open space are:

- **Roberti-Z’Berg-Harris (RZH) Urbanized Area Grant Program** is targeted at urgent park and recreation needs in heavily populated communities with economically disadvantaged areas, and it requires a local match of three-sevenths of the state grant amount. Eligible activities include acquisition, development/rehabilitation, special major maintenance of park and recreation lands, and innovative recreation programs.

- **State Urban Parks and Healthy Communities Grant Program** provides grants for the acquisition and development of properties for active recreational purposes, and requires a local match of one-third of the state grant amount or one-quarter of the total project amount. Eligible projects include acquisition and/or development of property for active recreational purposes such as athletic fields, swimming pools and permanent play structures.

r. **San Francisco Bay Trail Grants**

Directed by the Association of Bay Area Governments (ABAG), the San Francisco Bay Trail is a planned recreational corridor that will encircle the San Francisco and San Pablo Bays. It is a continuous 400 mile network of bicycle and hiking trails that provides access to recreational opportunities and wildlife viewing. The San Francisco Bay Trail Project was created as a nonprofit organization in 1990 dedicated to the planning, promotion, and implementation of the Bay Trail. Among its activities, the Bay Trail Project provides grants for trail construction and maintenance. This grant could assist in funding community efforts to extend the Leland Avenue–McLaren Park greenway through Zone 1 to the Caltrain Station.
s.  **San Francisco Bay Area Conservancy Program (Bay Program)**

Administered by the Coastal Conservancy, the San Francisco Bay Area Conservancy Program (Bay Program) provides grants to help achieve the following Bay Program goals: (1) protect, restore and enhance natural habitats and other regional open space resources throughout the nine Bay Area counties; (2) improve public access to the Bay, its surrounding hills and the coast through completion of bay, coast and ridge trails that are a part of the regional trail system; (3) promote projects that provide open space accessible to urban populations for recreation and education purposes. This program is funded through two voter approved bond funds: Proposition 40 and Proposition 50. The Coastal Conservancy is expected to spend $40 million from Proposition 40 and $20 million from Proposition 50 in the San Francisco Bay region.

The Bay Program may fund property acquisition and project planning, design, and construction. Research, assessments and environmental education activities will only be considered when tied to on-the-ground projects. Proposition 40 funds may be used for projects implementing Bay Program goals mentioned above. This funding source could be used in providing Visitacion Valley residents access to open space and improving access to the waterfront.

t.  **Development Impact Fees**

The City charges development impact fees on new private development within San Francisco to mitigate specific consequences of new growth. Impact fees are used to increase levels of service for future residents and businesses that are needed as a result of new or increased demand on existing services and facilities. Different requirements exist for each fee, and some are only applicable to certain areas of San Francisco.

Under applicable state laws regarding the imposition of development impact fees, such fees can be imposed on a new private development only to the extent that a direct nexus or relationship exists between the need for public facilities caused by such new development and the level of fees imposed. Since many of the public improvements described in Chapter VI are needed to serve existing Visitacion Valley residents and businesses and alleviate existing deficiencies, development impact fees will cover only the portion of the cost of needed public improvements attributable to new development.

Through the Visitacion Valley Community Facilities Impact Fee and Fund, the City currently levies a fee of $4.58 per square foot on new residential development in the neighborhood. Revenues from this fee are intended to mitigate the impacts of new development on local community facilities such as libraries, streets, playgrounds, recreational facilities, and community centers. Based on current projections, the impact fee could generate almost $6 million from the redevelopment of Zone 1.
u. **Developer and Property Owner Participation**

In addition to development impact fees, developer and property owner participation has been used as a means for funding redevelopment activities in many communities. For example, funds may be advanced to a city or agency in the form of a negotiated fee or grant, or a loan for public improvements that is repaid during the course of project implementation from tax increment revenues. Some agencies have development agreements with developers, by which developers contribute funding for specific improvements, such as infrastructure and street improvements. Property owners provide repayment on low interest loans or are required to provide private funds to match agency rehabilitation grants. Although the Agency is interested in pursuing such funding opportunities, such participation is speculative and cannot be relied on entirely. It would not be prudent for the Agency to base a long-term project on the ability of prospective developers to advance funds for redevelopment activities.

v. **Interest Income**

Some income will accrue to the Agency from the investment of tax increment revenues and tax increment bond proceeds. Income from this source could be made available for a variety of redevelopment activities. However, much, if not all, of the interest income will likely be offset by the need for the Agency to pay interest on indebtedness, including Agency issued bonds. Actual income from this source would also be influenced by the amount of money available for investment, term of the investment, and achievable interest rates.

3. **Complementary Funding Sources**

a. **Business Improvement District (BID)**

A business improvement district (BID) is a special type of assessment district that generates revenue to support enhanced services. Two types of BID mechanisms exist under state law: (1) Business Improvement Areas (BIAs), and (2) Property Based Improvement Districts (PBIDs). BIAs have been used widely in the state and provide for an additional fee to annual business licensing charges. However, due to the limited income generated through the business license fee, BIAs have typically had a relatively narrow scope of services.

In 1994, the Property and Business Improvement District Law provided for an assessment of commercial property, paving the way for a new generation of PBIDs to eventually replace the existing BIAs. The creation of a PBID requires petition support from businesses that would pay more than 50 percent of the annual fees to be collected in the proposed area. A PBID has a cap on assessments and a five-year maximum life. PBIDs require the creation of an advisory committee of property and business owners. The City has also passed an ordinance to facilitate the creation of these assessment districts.
PBID funds are most effective when leveraged with CDBG and redevelopment funds. Eligible activities include enhanced services such as maintenance, sidewalk cleaning, security, marketing and economic development. PBIDs can fund these activities as well as public improvements such as acquisition and maintenance of parking facilities, benches, trash receptacles, street lighting, decoration and public plazas. A PBID is a potential funding source for community enhancements along Leland Avenue and/or Bayshore Boulevard. However, a PBID would be difficult to initiate and maintain without supplementary funding from tax increment.

b. **Assessment Districts**

Assessment Districts enable a city to levy additional taxes on property within designated areas in order to finance improvements directly benefiting those areas. Bonds are issued to finance local improvements such as streets, sidewalks and parking facilities. Typically, an assessment district is formed to undertake a particular public improvement, and bonds are issued under one of two major assessment acts: the Improvement Act of 1911 and the Improvement Bond Act of 1915. Upon the issuance of bonds, the district has the power to assess all property owners included in the district in order to repay the borrowed funds.

An assessment district can be established as its own jurisdiction, or it can be included under a city’s taxing system, assuming that the improvement is located entirely within a city’s jurisdiction. Assessment districts are not limited by Proposition 13 and Proposition 4, and have the advantage of placing the costs of public facilities directly on the benefited property owners. However, Proposition 218, a 1996 state constitutional amendment, enacted more restrictive requirements for adopting an assessment district and limited the improvements and activities that can be financed through an assessment district.

Since the passage of Proposition 218, assessment districts can no longer levy property-related fees to pay for general governmental services or for other services – such as libraries, police, fire, etc. – that are not immediately available to the property owner.

c. **Mello-Roos Community Facilities District (CFD)**

In addition to assessment districts, the Mello-Roos Community Facilities Act of 1982 authorizes the formation of a Community Facilities District (CFD) to be used to finance capital improvement projects by issuing bonds and to pay for ongoing operations and maintenance of certain facilities. It is similar to an assessment district, but is authorized under separate legislation with different regulations.

A CFD may be established in conjunction with a redevelopment project to undertake new public projects of joint benefit. Several project areas in San Francisco have employed CFDs as funding source for redevelopment activities, including Mission Bay North and South Redevelopment Project Areas. A CFD can levy special taxes and issue bonds to finance these improvements. The formation of a CFD would require Agency approval and would require the affirmative vote of two thirds of the property owners (weighted vote based on acres owned).
Typically, Mello-Roos districts are very difficult to form in urbanized areas such as Visitacion Valley, given the two-thirds voter approval requirement for formation. However, a CFD could be formed for Zone 1 given that the Schlage Lock facility will likely be under single ownership.

d. **Small Business Revolving Loan Fund**

Sponsored by the EDA and administered locally, the Small Business Revolving Loan Fund can be used in designated census tracts to provide low interest loans to businesses in disadvantaged neighborhoods. The loan fund can be used for a variety of assistance, such as working capital, machinery and equipment, leasehold improvements, and façade improvements benefiting disadvantaged neighborhoods. Interest accrued from the fund can be used for marketing, technical assistance and administrative costs. This program may be a possible source of funding for property improvements on Leland Avenue and Bayshore Boulevard or for other economic development programs.

e. **Tax Credits**

- **The New Markets Tax Credits (NMTC) Program** permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). A substantial amount of the qualified equity investment must be used by the CDE to provide investments in low income communities. Qualified CDEs apply to the Community Development Financial Institutions (CDFI) Fund for an award of New Markets Tax Credits. The CDE seeks taxpayers to make qualifying equity investments in the CDE.

A CDE that receives a NMTC award is required to use the qualifying equity investments to make Qualified Low-Income Community Investments in Qualified Active Low-Income Businesses (QALICBs) located in low income communities. The taxpayers are eligible to claim a tax credit equal to 5 percent of its equity investment in the CDE for each of the first three years and a 6 percent credit for each of the following four years.

Examples of NMTC eligible investments include loans, equity investments, capital to businesses, and purchase of certain loans made by other CDEs; financial counseling and related services to businesses; and equity investment, loans and counseling to other CDEs. Investments may also be made in community development projects, such as community health centers and charter schools. The process for the allocation of tax credits is competitive and best used as a complementary funding source for assisting local business and community development.
The Low Income Housing Tax Credit (LIHTC) Program was created by Congress in 1986 to allow investors to contribute equity to affordable housing projects in exchange for tax relief. The California Tax Credit Allocation Committee (CTCAC) administers two types of tax credits: a competitive program that allows developers to “sell” up to 9 percent of eligible costs for new construction and rehabilitation in tax credits, and a non-competitive program funding 4 percent of eligible project costs (mostly for acquisition and minor rehabilitation) through tax credits to investors. Affordable units in projects receiving federal tax credits in California must remain affordable to households at or below 60 percent of area median income (AMI) for 55 years and rent in these units is restricted to 30 percent or less of total household income. Additionally, the State of California has its own tax credit program since 1987 for funding of projects that currently receive or have previously received federal tax credits. The federal program allocated approximately $74 million to California in 2007, while the state program has $92 million available for eligible affordable housing projects.

f. Loans Administered by the Mayor’s Office of Community Development (MOCD)

Many San Francisco small business owners are eligible to apply for loans administered by the Mayor's Office of Community Development. Applications are evaluated based on the applicant’s business plan, financial soundness, credit history, demonstrated capability, and ability to repay the loan. Programs include the Micro-enterprise Loan Program, the Small Business Loan Program, and the Section 108 Loan Program. Loans are required to create one full-time job for every $35,000 borrowed, and at least 51% of new jobs created must be filled by or made available to lower-income San Francisco residents.

MOCD loan applications must be sponsored by a City-funded Economic Development Organization, which provides small businesses with technical assistance, training, and loan packaging services. Eligible organizations include the Mission Economic Development Association, San Francisco Renaissance, Urban Solutions, the Southeast Asian Community Center, Women’s Initiative for Self Employment, the Small Business Development Center, Bayview Small Business Resource Center, Northeast Community Federal Credit Union, and the LGBT Community Center. More information can be found at www.sfgov.org/mocd.

g. Enterprise Zone Tax Benefits

California’s Enterprise Zone (EZ) program seeks to assist economically distressed areas by providing businesses with tax incentives to stimulate investment and promote job creation. Incentives include hiring credits, carry-forward of net operating loss, and tax credits on qualified machinery and parts. More information can be found at the web site of the California Association of Enterprise Zones at www.caez.org. The city of San Francisco offers a payroll tax credit to businesses locating and operating in an Enterprise Zone. To qualify, the employee must be newly hired and a San Francisco resident. The tax credit covers the entire payroll tax for that employee in the first year, and a depreciating percentage of the payroll tax thereafter, for up to ten years. Further information is available at www.sfgov.org.
h. Local Initiatives Support Corporation (LISC)

Local Initiatives Support Corporation (LISC) has been working to build stronger communities across the United States by providing local community based organizations with financing and technical expertise to revitalize distressed neighborhoods. LISC is the largest community development intermediary in the country and has been certified as a Community Development Entity (CDE). It has a long history of successfully raising capital, including its recent NMTC award.

LISC currently funds the Neighborhood Marketplace Initiative in Leland Avenue and Bayshore Boulevard and there could be other opportunities to leverage additional funds for expansion of existing programs.

i. Housing Opportunities for Persons with AIDS (HOPWA) Program

The Redevelopment Agency administers the federal HOPWA Program for San Francisco, Marin, and San Mateo counties. Under this program, the U.S. Department of Housing and Urban Development (HUD) provides funds for a wide range of housing-related capital development and service activities for people with HIV/AIDS. Since 1992, over $33 million in capital funds and $98 million in supportive service funds has assisted the creation of more than 400 housing units in San Francisco.

The HOPWA Program aims to increase the size of the permanently affordable housing stock, expand housing opportunities to meet the needs of the City's HIV/AIDS residents, provide appropriate housing-linked supportive services, and assist non-profit housing developers and service providers in increasing their skills and ability to create HIV/AIDS housing and related supportive services. One HOPWA-assisted housing project currently exists in the Project Area and additional HOPWA funds may be directed at that project in the future.

j. California Organized Investment Network (COIN)

California Organized Investment Network (COIN) facilitates the offering of a comprehensive array of investment products responsive to capital needs of low income and/or rural communities. COIN envisions no limit on the type or nature of capital investment that insurance companies may provide to eligible proposals. Broadly categorized, COIN-facilitated investment products may be versions of debt, equity or credit enhancement. To be eligible, proposals must satisfy each of the three guiding investment principles: (1) provide safe, sound and solvent investments offering an acceptable financial return; (2) provide investments in or benefiting low income and rural people or communities either directly or through intermediaries; and (3) add value to capital products and programs currently available.

COIN administers the program by certifying Community Development Financial Institutions (CDFIs) that wish to receive qualified investments, and by certifying tax credits for investors. Program activities must have either an affordable housing or economic development benefit. Affordable housing benefits include affordable rental housing, affordable ownership housing, or mixed income and/or mixed use development. COIN could be used to complement economic development and housing programs.
k. The Bay Area Family of Funds

The Community Capital Investment Initiative (CCII) is a regional effort developed by the Bay Area Council to build healthy and self-reliant communities; create and recycle wealth for residents, community organizations and institutions; reduce poverty; increase household income; produce high quality jobs; increase the number of community-serving and region-serving businesses; expand affordable housing and homeownership among current residents; create new and improved services and amenities; avoid displacement; and mitigate adverse community impacts. Through capital investment by the Bay Area Family of Funds described below, CCII facilitates keystone developments such as commercial retail, mixed-use, and industrial facilities in 46 target neighborhoods.

The Bay Area Family of Funds consists of three funds: (1) Bay Area Smart Growth Fund (2) Bay Area Equity Fund; and (3) California Environmental Redevelopment Fund (CERF). The Bay Area Equity Fund is a $75 million venture capital fund that invests in companies that can create quality jobs in the targeted Bay Area neighborhoods, which include Visitacion Valley. Since 2004, the Fund has invested $37.8 million in 18 companies, creating 746 new jobs in the Bay Area. CERF is a $34 million statewide fund that has invested $13.7 million in six deals in the Bay Area since 2003. It could be a particularly valuable source of funding for remediation efforts in sites contaminated by toxic and hazardous materials, such as the Schlage Lock facility.

Each fund requires double bottom line returns of long-term market returns for investors and significant social returns and environment benefits for communities. The Project Area might benefit from investments for Smart Growth projects as well as from CERF funding, but only developments with market rate returns would be funded under the program.

l. Small Business Administration (SBA)

A number of federal Small Business Administration (SBA) funding programs are available, ranging from small business loans, special loans and equity investment programs. All financing options are tailored to small business needs. Loans programs include Basic 7(1) Loan Guaranty, Certified Development Company (CDC), and Microloan and Loan Prequalification. Special loan programs include the Export Working Capital Program that provides short-term working capital to exporters, and International Trade Loan. SBA’s investment program consists of privately owned and managed investment firms that provide venture capital and start-up financing to small businesses. Generally, technical assistance is provided, but grants and loans are also available. This funding source could help strengthen the economic base of the business community.

m. Rule 20A Program

The Rule 20A Program provides funding for the undergrounding of overhead electrical wires as well as other utilities. Projects are typically in areas of communities that are used most by the general public, and must be legislated by the nominating city for conversion to underground utilities. The work is carried out by Pacific Gas & Electric (PG&E) and paid for by the benefited customers through future electric rates. PG&E requires an 85 percent concurrence from the property owners in the area. These funds could be used to assist community efforts to underground power lines along Leland Avenue.
n. **Access to Artistic Excellence**

The Access to Artistic Excellence program, created by National Endowment for the Arts (NEA), fosters and preserves excellence in the arts and provides access to the arts for all Americans. One applicable program category is the Design Stewardship category, which funds projects that protect, share or celebrate Americans’ collective design heritage. These include, among others, historic preservation activities; the exhibition and publication of historical design; and education and outreach that bring established design practices to American communities, such as conferences, symposia, and other gatherings that promote the heritage and conservation of design. In redevelopment terms, this program allows the grant to be spent on redevelopment activities, design fees, and community planning, but will not fund construction, purchase or renovation of facilities.

o. **State-Local Partnership Program (SLPP)**

The State-Local Partnership Program (SLPP) currently funds county arts agencies in 51 out of 58 counties. County governments annually approve resolutions of support for the county arts agency’s application to the state for funding.

p. **Private Donations**

Private donations by individuals, civic booster organizations or corporate sponsors could make a small, but recognizable contribution to the implementation of the Redevelopment Program. Donations could be used to fund all or part of minor streetscape improvements such as benches, entrance signage, directional signs, bicycle racks, historic signage or landscaping. Examples of significant private donations in or near the Project Area include Haas Fund grants (described below) and a $300,000 grant from the Columbia Foundation to the Trust for Public Land to build the Hans Schiller Plaza within the Visitacion Valley Greenway. Additionally, local non-profit groups such as the Visitacion Valley Community Development Corporation (VVCDC) receive private funding for their activities in the area. The San Francisco Foundation has also made several small grants ($15,000 to $30,000) for projects within Visitacion Valley, such as the Greenway and the Visitacion Valley Community Center.

Through its Neighborhoods Program, the Evelyn and Walter Haas, Jr. Fund makes grants to projects addressing issues such as neighborhood organizing and planning, transit-oriented community development, and youth violence prevention. The program focuses its grant making in three Bay Area neighborhoods, including Visitacion Valley. The Haas Fund has made grants to the Local Initiative Support Corporation (LISC) for the Leland/Bayshore Commercial Revitalization community planning process as well as economic development and affordable housing efforts by the Visitacion Valley Community Development Corporation.

In terms of the total funding needs of the Redevelopment Program, however, private donations may be expected to provide only a small part of the needed implementation funding.
4. **Funding Sources Considered to be Unavailable or Unlikely for Redevelopment Purposes**

As permitted by law, the Agency can utilize local, state, and/or federal government funds, and also funds from private sector sources. A variety of other sources to fund redevelopment activities in the Project Area were considered. However, to a large extent existing resources for improvement projects have been maximized. Other sources have been found to be clearly infeasible or have little potential to generate measurable revenues. Tax increment is the primary source, and often the only source, of revenue for the Agency’s Redevelopment Programs.

a. **City of San Francisco General Fund**

The general fiscal condition of the City of San Francisco makes any ongoing direct financial support of redevelopment activities difficult. State and federal governments have continued to reduce funding and shifted costs and program responsibility to cities and counties. Cities have a limited ability to raise revenues that might offset new costs or replace lost revenue. In addition to funding essential functions such as police and fire services, street maintenance, MUNI operations, and existing open space in Visitacion Valley, the City anticipates major capital expenditures to address the demands on, and needs of, City facilities. As a result, no reliance can be made on the City General Fund as a major source of redevelopment funding.

b. **Community Development Block Grants**

Community Development Block Grants (CDBG) are allocated by HUD to fund activities such as public works; rehabilitation loans and grants; land acquisition, demolition, and relocation for redevelopment; public services; and affordable housing, social services and projects for the elderly or disabled. In San Francisco, CDBG funds are administered by the Mayor’s Office of Community Development for citywide uses. CDBG-funded projects and activities must principally benefit low and moderate-income persons, aid in the prevention or elimination of blight, or address an urgent need. CDBG funds have provided a limited source of revenue for many redevelopment activities in California. In the past, the City and Agency have used some CDBG funding for redevelopment activities, but the funds have been very limited.

In recent years, most of the CDBG funds have been used to construct and rehabilitate housing, and provide needed services and facilities, such as day care, to low income residents. Given the competing needs in the City, very few CDBG funds are available for public improvements. Given these factors, coupled with federal budget constraints, CDBG funds cannot be counted upon as a source of revenue for redevelopment projects and activities other than City-sponsored affordable housing.

Section 108 is the loan guarantee provision of the CDBG program sponsored by HUD. The objective of the loan funding is to provide communities with a source of financing for economic development, housing rehabilitation, public facilities, and large scale physical development projects. All projects and activities must either principally benefit low and moderate income persons, aid in the elimination or prevention of slums and blight, or meet urgent needs of the community. The maximum repayment period for Section 108 loan is 20 years.
Primarily this program can be relied upon for economic development and rehabilitation efforts. It does not generate new funds; rather it is a loan fund secured by CDBG or other dedicated revenues, such as tax increment revenues.

The City of San Francisco serves as the Section 108 entity.

c. HOME Funds

The federal HOME Program provides formula grants to states and localities that communities use, often in conjunction with local nonprofit organizations, to fund affordable housing activities. HOME funds are awarded annually by HUD to participating jurisdictions. States are automatically eligible and receive funding each year. Local jurisdictions eligible for at least $500,000 under the formula ($335,000 in years when Congress appropriates less than $1.5 billion for HOME) can receive an allocation. HOME assisted housing must comply with certain income and affordability restrictions. This grant funding is dedicated to affordable housing. The City’s annual award is small in comparison to the citywide need for funding. Therefore, this source of funding is unlikely to provide funding for Visitacion Valley.

d. Mills Act

Authorized by the State in 1976, the Mills Act allows an owner of an eligible historic property to enter into a ten-year contract with a participating city to rehabilitate the building in exchange for a reduction in local property taxes. Owner occupied single-family residences or income producing commercial properties may qualify for the Mills Act program. However, eligible properties must be listed on the National Register of Historic Places, be located in a National Register or local historic district, or be listed on a state, county or city official register.

e. Lease Revenues

Broad authority exists to issue revenue bonds secured by sources other than tax increment, such as tenant leases on publicly owned facilities. Lease revenue bonds secured by lease revenues from development are not anticipated to be a source of the debt financing for the Agency’s Redevelopment Program.

C. Tax Increment Financing: The Primary Source of Funding

1. Overview

The primary source of financing for the Redevelopment Program will be tax increment revenue generated by the increase in property values within the Project Area. Based on the assumptions outlined in this chapter, the tax increment revenues generated over the tax increment collection period of the Redevelopment Plan are projected to be sufficient to meet the Redevelopment Program costs for both housing and non-housing activities that cannot reasonably be financed from other sources.
a.  Project Time and Fiscal Limits

The CRL imposes specific time and fiscal limits on particular redevelopment activities, which are summarized below. The Project Area’s financial and time limits will affect the amount of tax increment revenue the Agency can receive as follows:

- **Time Limit to Incur Debt**
  The Agency’s ability to enter into new bonded indebtedness is limited to 20 years from the Plan adoption.

- **Time Limit to Implement Redevelopment Program**
  The Agency must complete all project activities within 30 years after adoption of the Plan. This is also referred to as the limit for plan effectiveness.

- **Time Limit to Receive Tax Increment and Repay Debt**
  The Agency can collect tax increment for 45 years to repay debt. Thus, the Agency has 25 years to repay bonds issued in year 20, the last year for issuance of debt. The Agency can continue to repay debt for 15 years after it has completed all project activities.

- **Limit on Amount of Outstanding Bonded Indebtedness**
  The Plan must include a limit on the total amount of outstanding bonded indebtedness secured by tax increment revenue. The Agency intends to limit the amount of outstanding bonded indebtedness that can be outstanding at any given time to $200 million. This figure is based on the estimated bonding capacity in year 20 of the Redevelopment Plan, incorporating current tax increment projections and a buffer factor to insure that the limit does not prevent bonding on greater than projected tax increment.

2.  Using Tax Increment Revenue to Eliminate Blighting Conditions

The general purpose of redevelopment is the elimination of blighting conditions. The completion of a redevelopment program results in a project area that is physically enhanced and economically stronger due to the elimination of blighting conditions.

Chapters IV and V present evidence of substantial and pervasive blighting conditions in the Project Area, which the Redevelopment Program (as described in Chapter VI) is specifically designed to alleviate. The use of tax increment revenue is the most appropriate means of providing sufficient funding for the Redevelopment Program.

3.  Stabilizing and Enhancing the Property Tax Base

In many communities, redevelopment projects have led to the stabilization of property tax rolls and tax receipts for taxing entities within project areas. As a result, these communities have avoided declines in tax revenues due to erosion of property values. In most redevelopment project areas, the investment of public redevelopment funds to leverage private investment has resulted in substantial increases in property values over time due to rehabilitation, new construction, improved infrastructure and public facilities, and property appreciation.
4. Establishing a Base Year in the Project Area

The first major step in the implementation of a tax increment financing program, establishing the base year for assessed value of a project area, occurs at the time of redevelopment plan adoption. The base year for the Project Area will be the fiscal year in which the Redevelopment Plan is approved (FY 2008/09). The total value of taxable property within the Project Area’s boundaries is determined at the time of the plan adoption. The tax roll used is formally called the base year assessment roll, and more commonly referred to as the frozen base or base assessed value. It is the baseline from which changes in assessed value resulting from redevelopment of the Project Area in future years are measured. Future property taxes generated from increases over the base assessed value are referred to as incremental taxes or tax increment revenues.5

5 The Preliminary Report used FY 2007/08 as the base year for the Project Area. However, as the Agency will adopt the Redevelopment Plan in FY 2008/09, the base year for the Plan will be FY 2008/09. Chapter XVIII of this Report on the Plan includes the Supplementary Report, which analyzes the effects of the change in base year.

5 Distribution of Property Taxes During Project Implementation

Following the Redevelopment Plan adoption, all of the entities that levy taxes in the Project Area will continue to receive all property tax revenues derived from the Project Area’s base year assessed value. The taxing entities will also receive a portion of the property tax revenues generated from the increases in assessed value in the Project Area over the base year assessed value. These additional payments are called pass-through payments.

The following entities levy taxes in the Project Area:6

- City and County of San Francisco,
- San Francisco Unified School District (SFUSD),
- San Francisco Community College District,
- Bay Area Rapid Transit District (BART), and
- Bay Area Air Quality Management District.

The taxing entities will receive a portion of the property tax revenues generated from the increases in assessed value over the Project Area base year assessed value, in the form of a statutory pass-through payment, established for new project areas since 1994. (Refer to Section D.5 for further explanation of statutory pass-through payments.)

Increased property tax revenues above the base year assessed value and after payment of obligations are allocated to the Agency to be used to fund the costs of implementing the Redevelopment Program. The Agency may pay for the project on an ongoing (pay as you go) basis, or it may borrow funds (issue bonds) to be repaid by future tax increment revenues.

6 As of the time of preparation of this Report on the Plan, the Agency did not have the 33828 Report from the San Francisco County Assessor’s Office for FY 2008/09, which includes a list of taxing entities in the Project Area. However, taxing entities are generally consistent throughout the City and County of San Francisco, and this list reflects the taxing entities in the FY 2007/08 33328 Report for the Project Area as well the taxing entities in nearby project areas.
6. **Tax Increment Financing**

The Redevelopment Plan provides for the Agency to receive tax increment revenues as defined in CRL Section 33670. Therefore, the method of financing commonly referred to as “tax increment financing” is available to the Agency for purposes of implementing the Redevelopment Plan.

7. **Distribution of Property Taxes After Project Completion**

When a redevelopment project is completed and loans or other indebtedness have been repaid, all property taxes flow back to the respective taxing entities. These taxing entities will benefit from increases in property tax revenues resulting from a revitalized and redeveloped project area. In many communities, such increases are substantial. In fact, over time, taxing entities can recoup revenues following project completion sufficient to make up for the property tax revenues that were allocated to tax increment during the redevelopment implementation period.

This recovery would occur because the increases in assessed valuation from revitalization of the project area are greater as a result of redevelopment than the assessed valuation increases that would have occurred without redevelopment. Thus, payments to the affected taxing entities in a redevelopment area can exceed the property taxes that the taxing entities would reasonably expect to receive from a slow-growing assessed valuation roll without redevelopment.

D. **Assumptions Used in Tax Increment Projections**

The tax increment projections in this report are intended only as estimates based on the best available information as of the publication of this report. Actual tax increments may be higher or lower than those projected in the financial model used for this report. Refer to the tables in Appendix E for detailed projections of potential tax increment revenues for the Project Area.

1. **Base Year Assessed Value**

The base year for the Project Area is proposed to be FY 2008/09, assuming the Redevelopment Plan adoption’s effective date is on or before August 20, 2009. The Agency had originally intended to use FY 2007/08 as the base year, using the official FY 2007/08 assessed value, as published in the 33328 Report. However, as the Agency was not able to achieve this base year, it will use FY 2008/09. The Supplementary Report included as Chapter XVIII of this Report on the Plan describes the effects of the change in base year. It will be transmitted to all taxing entities 14 days prior to the public hearing on the adoption of the Plan by the Board of Supervisors, as required by CRL Section 33328.5.

This Report on the Plan uses the FY 2008/09 assessed value of the Project Area based on County Assessor-Recorder’s records. The estimated FY 2008/09 assessed value used for tax increment projections is $52,732,967.
2. **Present Value Assumptions**

The analysis below provides estimates of tax increment revenues in both future value (nominal) dollars and present value (constant FY 2008/09) dollars. The purchasing power of nominal dollars would decline because of inflation and/or the cost of borrowing. Therefore, it is important to convert the annual amounts to the equivalent value in constant FY 2008/09 dollars before making a direct comparison between potential revenues and Redevelopment Program costs.

The present value in constant FY 2008/09 dollars was calculated by discounting future tax increment revenues by an annual rate of 6 percent. This discount rate is considered approximately equal to the average cost of funds for the City and the Agency. It accounts for the cost of inflation, as well as the cost of borrowing money (e.g., issuing tax allocation bonds), to approximate the present value of future dollars. The Agency expects to pledge approximately half of its tax increment to the issuance and repayment of debt and use the remaining tax increment on a pay as you go basis. This proportion of pay as you go is higher than in some other project areas, and thus the discount rate is 0.5 percentage point lower than what current interest rates would otherwise suggest (6.5 percent).

3. **Growth Assumptions**

Tax increment revenues are projected by applying the effective property tax rate, assumed at 1 percent, to the estimated increased assessed value over the frozen base. Tax increment revenues are generated from the growth in assessed value above the frozen base. Growth in assessed property values in the Project Area is based upon the three factors below:

- **Annual 2 Percent Inflation Rate**—The annual inflation rate is assumed at 2 percent per year for properties that remain in the same ownership. This is the maximum annual increase that is allowed by the California State Constitution as a result of Proposition 13 in the absence of certain events that can trigger a reassessment, such as a sale or construction of new improvements. This 2 percent inflation factor is applied to the assessed value of secured property.

- **Reassessment Adjustment**—An annual reassessment adjustment represents the increases in assessed value following property reassessment, which is triggered by: (1) the transfer (sale) of real property, (2) upgrading of real property improvements due to rehabilitation or additions to existing buildings, or (3) the reassessments of new development to market value once construction is completed.

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7 As the discount rate rises, the present value figure decreases. A higher discount rate would reflect a more conservative estimate of the anticipated value of future tax revenues.

8 Other assumptions about annual inflation are used for unsecured property and the State Board of Equalization Assessed Roll.
The transfer of the Schlage Lock parcels from Ingersoll-Rand to UPC will result in a downward reassessment of the value of those parcels due to the high costs of environmental remediation and insurance associated with the development of Zone 1. As those parcels account for a large percentage of the total assessed value for the Project Area, it is likely the assessed value will fall below the base year value of $52,732,967 for two or three years, until new developments trigger further reassessments, as discussed below. During those years when total assessed value for the Project Area is lower than the base year assessed value, the Agency will not be able to collect tax increment.

The tax increment model conservatively assumes no reassessment adjustments through the completion of new development in Zones 1 and 2 in FY 2027/28. After FY 2027/08, reassessment adjustment is assumed at 0.5 percent per year.

- **New Development**—An adjustment for new development is based on estimates of growth that will occur with new construction and redevelopment of properties. The development assumptions in the tax increment model are consistent with those used in the EIR, which evaluates the environmental impacts of the Redevelopment Project and proposed zoning changes. Most new development is assumed to occur in Zone 1. The tax increment model uses a conservative estimate of new developments in Zone 2, as outlined in Alternative 5 of the EIR, which projects 90 fewer units in Zone 2 than those allowed under the “Proposed Project” in the EIR. Appendix E includes the development schedule showing projected development value by year.

4. **Agency Tax Increment Obligations**

Incremental property tax revenues are projected by applying the property tax rate, assumed at 1 percent, to the increased assessed value over the frozen base. The Agency must use the tax increment revenues to fulfill the following obligations:

- **County Retention Fee for Property Tax Administration**—Counties can deduct fees for the administration of tax increment revenues. The projections in this report do not include this potential deduction, as the County has not opted to receive the County Property Tax Administrative Fee for the Agency’s existing redevelopment projects.

- **Housing Set-Aside for Affordable Housing Program**—Section 33334.2 of the CRL requires that 20 percent of the gross tax increment revenues from the Project Area be used for increasing and/or improving the community’s supply of affordable housing. In other words, at least 20 cents out of each tax increment dollar generated every year during the life of the Project Area must be channeled into the Housing Fund to finance the Agency’s affordable housing program. In addition, the City and County of San Francisco has a policy goal to use 50 percent of tax increment revenues available for the Redevelopment Program for affordable housing, far exceeding the statewide requirements.

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9 The projections are based on 1 percent of assessed value, the base tax rate applied to properties statewide. For debt above the 1 percent base tax rate attributable to local voter indebtedness that was issued prior to January 1, 1989, the Agency may collect tax increment on this override debt above the 1 percent base tax rate.
• **Statutory Pass-Through Payments**—Within the Project Area, each taxing entity deriving property tax revenue is guaranteed an annual pass-through payment from the Agency. The CRL provides standard formulas for the calculation of pass-through payments for plans adopted after 1993. Each entity receives a payment in proportion to its property tax levy within the Project Area at the time of plan adoption. The pass-through payments constitute the State Legislature’s determination of the payments necessary to alleviate any financial burden of a redevelopment program to affected taxing entities. CRL Section 33607.5(f)(1)(B) states that statutory pass-through payments are the only payments that are required to be made by a redevelopment agency to affected taxing entities during the term of a redevelopment plan. (Refer to Section D.5 below for further details on these payments.)

• **Additional Payments to Basic Aid Entities**—Basic aid school entities receive annual payments from an agency in addition to their standard pass-through payments. No schools in the City are basic aid districts at this time, and none are likely to become so in the foreseeable future.10

• **Agency Administration**—Non-reimbursable Agency administrative costs for projects and activities in the Project Area are projected at 15 percent of incremental tax revenues. Agency administrative costs include the administration of the Housing Program, project management, contract compliance, and CEQA mitigation monitoring.

After the Agency satisfies the above obligations, the remaining tax increment revenues along with the 20 percent Housing Set-Aside are available to the Agency to fund the Redevelopment Program described in Chapter VI of this Report. Graph VII-1 illustrates the distribution of tax increment revenues.

### 5. Calculation of Pass-Through Payments

As required by the CRL, each taxing entity will receive its proportionate share of pass-through payments from the Project Area, calculated for three tiers.11 The CRL mandated pass-through is calculated based on the difference between the assessed value in the particular year for which the pass-through payment is being calculated and the assessed value of the relevant pass-through base year. The incremental assessed value is multiplied by the property tax levy for each entity, times a mandated set of tiered pass-through payment factors. Over the life of a redevelopment project, each entity will receive its proportionate share of three tiers of pass-through payments:

- **Tier One**
  The tier one pass-through begins in year one of tax increment collection and continues through the 45-year tax increment collection period. It is equal to 20 percent of the gross tax increment from assessed value growth above the base year assessed value. Under the CRL, the City can elect to receive the tier one pass-through (its proportionate share of 20 percent of gross tax increment). However, it cannot participate in the tier two and tier three pass-throughs. This decision to elect is made before the adoption of the Redevelopment Plan. This report assumes that the City will elect to receive its share of the pass-through, although the City has the option to forego these pass-through payments.

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10 Basic aid school entities are school districts that receive sufficient property taxes to fund operation of the district, and receive no state subventions other than per pupil payments.

11 The pass-through payments will be paid over the projected 45 year tax increment collection period of the Project Area.
Graph VII-1
Distribution of Tax Increment Revenues
In Constant FY 2007/08 Dollars (Present Value)
Visitacion Valley Redevelopment Project Area

- Pass-Through Payments 20% ($22.0 Million)
- Agency Administration 15% ($16.1 Million)
- Tax Increment Proposed for Affordable Housing 33% ($34.8 Million)
- Tax Increment Available for Non-Housing Projects 32% ($34.8 Million)
• **Tier Two**
The tier two pass-through begins in year 11 of tax increment collection, is added to the tier one payment, and continues through the 45-year tax increment collection period. It is equal to 16.8 percent of the gross tax increment received by the Agency from assessed value growth above the tier two base year value, equal to the assessed value in the tenth year of tax increment collection.

• **Tier Three**
The tier three pass-through begins in year 31 of tax increment collection, is added to tier one and two payments, and continues through the 45-year tax increment collection period. It is equal to 11.2 percent of the gross tax increment received by the Agency from assessed value growth above the tier three base year value, equal to the assessed value in the thirtieth year of tax increment collection.

Based on its share of property taxes generated from the Project Area, unadjusted for contributions to the Educational Revenue Augmentation Fund (ERAF), the City and County of San Francisco is projected to receive approximately $85.7 million (or $19.4 million in constant FY 2008/09 dollars) in pass-through payments over the tax increment collection period of the Project Area (See Appendix E for projected pass-through payments, as well as the distribution of the tax revenues to each entity.)

This report utilizes the property tax levies not adjusted for ERAF for the purpose of calculating pass-through payments, although state law does not clearly indicate whether ERAF adjusted or unadjusted property tax levies should be used.

### E. Tax Increment Projections

The tax increment projections are intended only as estimates for financial feasibility purposes. Actual tax increment revenues may be higher or lower. The development projections shown in Appendix E Tables E-4A, E-4B and E-4C are not intended to predict future development, but rather to provide a reasonable estimate on an average annualized basis of potential tax increment growth based on the increase in assessed value resulting from new development. These projections are based on the best available information and analysis techniques, and actual tax increment generated in each year will likely vary.

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12 County fiscal officers are required to make contributions to the Educational Revenue Augmentation Fund (ERAF) on behalf of certain taxing entities within their jurisdiction. In order to make these payments, a controller may adjust the levies of taxing entities so that their share of the total property tax decreases and the remainder of property tax is forwarded to ERAF. Not all entities must contribute a share of their property tax to ERAF in this way; for example, school districts and taxing entities whose boundaries extend across multiple counties are not affected. According to the County Controller’s Office, in the City and County of San Francisco, the ERAF contribution is approximately 25 percent of the total property tax. The City and County’s General Fund share of property tax in the Project Area is approximately 75 percent when adjusted for ERAF and approximately 90 percent when not adjusted for ERAF. Based on discussions with the Controller’s office, the Agency’s pass-through obligation is calculated based on levies for each entity unadjusted for ERAF (totals to the basic 1 percent property tax levy).
Table VII-2 summarizes the total tax increment revenues available to the Agency over the 45 year tax increment collection period in nominal dollars and constant FY 2008/09 dollars. Tax increment revenues will accrue over time, with limited revenues in the early years of implementation that will grow as the assessed value of the Project Area increases. For detail on tax increment projections, refer to Appendix E.

1. **Tax Increment Available for Redevelopment Program**

The Project Area is projected to generate $476.2 million in nominal dollars ($107.6 million in constant FY 2008/09 dollars) in incremental tax revenues over the 45-year tax increment collection period. The County Controller is not projected to charge for the administration of property tax related to the Project Area, pursuant to its current practice. After the Agency pays $98.4 million in nominal dollars ($22.0 million in constant FY 2008/09 dollars) in pass-through obligations, and after deducting projected Agency administration costs, the Agency is projected to receive $306.3 million in nominal dollars ($69.5 million in constant dollars) for the Redevelopment Program. Appendix Tables E-2A and E-2B in Appendix E provide tax increment projections for the Project Area.

As required by the CRL, the Agency will deposit 20 percent of gross tax increment revenues from the Project Area into the Affordable Housing Fund over the 45-year tax increment collection period, equal to about $95.2 million in nominal dollars ($21.5 million in constant FY 2008/09 dollars).

A component of the Agency’s housing policy has been to commit tax increment funds to affordable housing in addition to the CRL-required housing set-aside. Under the Redevelopment Plan, the Agency must use 50 percent of the tax increment revenue available for the Redevelopment Program for affordable housing. This requirement will provide additional funds to supplement the CRL-required 20 percent set-aside. The 20 percent housing set-aside and the additional tax increment to be used for affordable housing totals $153.2 million in nominal dollars (equivalent to $34.8 million in FY 2008/09 dollars). These funds will be a significant source of funding for affordable housing development. The Agency will focus these funds on affordable housing development in the Project Area.

The remaining 50 percent of net tax increment will dedicated to the Agency’s Non-Housing Redevelopment Program projects and activities as described in Chapter VI, projected at $153.2 million in nominal dollars ($34.8 million in constant FY 2008/09 dollars). Tables VII-3 and VII-4 show the tax increment available for the Agency’s housing and non-housing programs, on an annual basis in nominal dollars and constant FY 2008/09 dollars.
Table VII-2  
Summary of Projected Tax Increment Revenues  
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Tax Increment Over the 45 Year Collection Period</th>
<th>Nominal Dollars</th>
<th>Constant Dollars*</th>
</tr>
</thead>
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<tr>
<td>Incremental Tax Revenues</td>
<td>$476,200,000</td>
<td>$107,600,000</td>
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<tr>
<td>Less: County Property Tax Administration</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Net Taxes Remitted to Agency</td>
<td>$476,200,000</td>
<td>$107,600,000</td>
</tr>
<tr>
<td>Less: Pass-Through Payments to Taxing Entities</td>
<td>$98,400,000</td>
<td>$22,000,000</td>
</tr>
<tr>
<td>Less: Agency Administration</td>
<td>$71,400,000</td>
<td>$16,100,000</td>
</tr>
<tr>
<td>Tax Increment for Housing and Non-Housing Projects</td>
<td>$306,300,000</td>
<td>$69,500,000</td>
</tr>
<tr>
<td>Less: Tax Increment Proposed for Affordable Housingb</td>
<td>$153,200,000</td>
<td>$34,800,000</td>
</tr>
</tbody>
</table>

Net Available for Non-Housing Projects  
$153,200,000  
$34,800,000

Note: Amounts may not precisely match, due to rounding.

a. Equal to net present value of future revenue stream discounted at 6% per year, assuming Agency would issue bonds during the life of the redevelopment project.
b. Set by the Board of Supervisors at 50% of tax increment available for the Redevelopment Program, and includes the CRL minimum housing set-aside of approximately $21.7 million in constant FY 2007/08 ($96.4 million in nominal dollars).

Table VII-3
Summary of Annual Projected Tax Increment Revenue
In Nominal Dollars (Future Value)
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Year (N)</th>
<th>Fiscal Year</th>
<th>TI Available for Housing Programs</th>
<th>TI Available for Non-Housing Programs</th>
<th>Total</th>
</tr>
</thead>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>2008/09</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>1</td>
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<td>$0</td>
</tr>
<tr>
<td>2</td>
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<td>3</td>
<td>2011/12</td>
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<td>$8,297</td>
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<td>2012/13</td>
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<td>$289,377</td>
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<tr>
<td>5</td>
<td>2013/14</td>
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<td>$576,354</td>
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<tr>
<td>6</td>
<td>2014/15</td>
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<td>$966,130</td>
<td>$1,932,260</td>
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<td>2015/16</td>
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<td>$5,496,961</td>
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<tr>
<td>15</td>
<td>2023/24</td>
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<td>$2,828,792</td>
<td>$5,675,584</td>
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<td>2031/32</td>
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<tr>
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<td>2038/39</td>
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<td>$8,379,073</td>
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<td>$8,593,209</td>
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<tr>
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<td>2041/42</td>
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<tr>
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<td>2042/43</td>
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<tr>
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<td>$11,012,893</td>
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<td>2050/51</td>
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<tr>
<td>Total</td>
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<td>$153,152,723</td>
<td>$153,152,723</td>
<td>$306,305,446</td>
</tr>
</tbody>
</table>
### Table VII-4

**Summary of Annual Projected Tax Increment Revenue**

**In Constant FY 2008/09 Dollars (Present Value)**

**Visitacion Valley Redevelopment Project Area**

<table>
<thead>
<tr>
<th>Year (N)</th>
<th>Fiscal Year</th>
<th>TI Available for Housing Programs</th>
<th>TI Available for Non-Housing Programs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>2008 /09</td>
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<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>1</td>
<td>2009 /10</td>
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<tr>
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<td>2010 /11</td>
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<td><strong>$69,512,614</strong></td>
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F. Financial Feasibility of the Redevelopment Program

This section demonstrates why tax increment revenue made possible through the Redevelopment Plan will be a necessary part of the overall financing program to eliminate blighting conditions in the Project Area. Together with other public and private revenue sources, tax increment revenues will be a critical funding component in helping the City to meet the costs required to implement the Redevelopment Program. To evaluate the Redevelopment Program feasibility, the following analysis compares estimated costs to the Agency with the projected tax increment revenues. The net cost to the Agency to complete the proposed Redevelopment Program (including administration costs) is projected to be $85.7 million in constant FY 2008/09 dollars.

The Agency is projected to receive about $85.7 million (in constant FY 2008/09 dollars) in tax increment revenue for the Redevelopment Program. In constant FY 2008/09 dollars, the Agency is expected to require about $34.8 million for affordable housing activities, $34.8 million for non-housing activities, and $16.1 million for Agency administration. Thus, the Agency is expected to have sufficient funds to support its Redevelopment Program, but no surplus is budgeted, as shown in Table VII-5.

<table>
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<th>Tax Increment Available to Agency</th>
<th>$85.7 million</th>
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<tr>
<td>Less: Agency Administration</td>
<td>$16.1 million</td>
</tr>
<tr>
<td>Less: Agency Affordable Housing Program</td>
<td>$34.8 million</td>
</tr>
<tr>
<td>Less: Agency Non-Housing Program</td>
<td>$34.8 million</td>
</tr>
<tr>
<td><strong>FUNDING SURPLUS</strong></td>
<td><strong>None Budgeted</strong></td>
</tr>
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</table>

a. Present value of future tax increment revenues projected to be available for implementation of the Redevelopment Program (includes housing and non-housing programs and Agency administration costs). See Appendix E for details.

b. Includes $21.5 million housing set aside and $13.3 million in additional tax increment for affordable housing.

c. Numbers may not add or subtract exactly due to rounding.

Although the estimated project costs and the projected revenues will vary over time from those set forth in the estimates and projections presented in this chapter, it is reasonable to conclude that the Redevelopment Program will be financially feasible.
VIII. Five Year Implementation Plan

The Implementation Plan is a guide that incorporates an agency’s goals, objectives and potential programs over a five year implementation plan period, while providing flexibility so the agency may adjust to changing circumstances and new opportunities. The Implementation Plan describes how the Agency is planning to implement the goals and objectives outlined in the Redevelopment Plan in a focused way during the next five years in order to maximize the ability of the existing funds to eliminate blight and revitalize the Project Area. The Agency will greatly enhance its ability to revitalize the Project Area by strategically targeting the use of its limited funds. In addition, the Implementation Plan provides a mechanism for the Agency to monitor its progress meeting its affordable housing obligations as required by CRL.

The first Five Year Implementation Plan for the Project Area is provided in Appendix F.

A. Statutory Requirement

This chapter satisfies CRL Section 33352(c), which requires that a redevelopment agency adopting or amending a redevelopment plan prepare and adopt a five year implementation plan for the redevelopment project area or added area.

Section 33352(c) states:

> Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

> (c) An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031.

B. Analysis

The Implementation Plan supplements the description of the overall Redevelopment Program, as described in Chapter VI. The purpose of the Implementation Plan is to describe:

- Specific goals and objectives of the Agency for the Project Area;
- Specific projects proposed by the Agency, including a program of both non-housing and affordable housing actions and expenditures proposed to be made within the next five years; and
- How the agency’s proposed objectives, projects and expenditures will improve or alleviate the blighting conditions in the Project Area (as described in Section 33031), and implement the affordable housing requirements (as described in Sections 33334.2, 33334.4, 33334.6, 33413).
IX. Method or Plan for Relocation

The Agency does not anticipate undertaking activities or providing assistance to activities that will result in the displacement of occupants. (Refer to Section B.1 below for limitations and prohibitions on the use of eminent domain.) If Agency acquisition or redevelopment of property with Agency assistance were to result in displacement of occupants, the Agency will comply with applicable relocation requirements.

A. Statutory Requirements

California law stipulates that the report to the legislative body include a relocation plan. Section 33352(f) of the CRL requires that the report to the legislative body contain:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

(f) A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low- and moderate-income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement.

B. Analysis

1. Prohibitions and Limitations on Use of Eminent Domain

The Agency may acquire property in the Project Area for the purpose of effecting redevelopment, however the Redevelopment Plan includes many prohibitions and limitations on the use of eminent domain, as excerpted from Section 4.3 of the Redevelopment Plan:

The Agency may exercise the power of eminent domain in the Project Area only as a tool of last resort, if the Agency complies with state law including, but not limited to the requirement that: the Agency first make a good faith effort to acquire property by negotiation, instead of by condemnation or eminent domain; the Agency pay just compensation based upon fair market value; and the Agency adopt at a public hearing by a vote of not less than two-thirds of all members of the Agency Commission, a resolution of necessity finding that acquisition of such property through eminent domain is in the public interest, and necessary to carry out the Redevelopment Plan.

In addition, the use of eminent domain shall be subject to the following limitations and prohibitions:

- The Agency shall not use eminent domain to acquire publicly owned property.
- The Agency shall not use eminent domain to acquire Project Area property outside of Zone 1, as defined on Map 2.
- Eminent domain proceedings, if used in the Project Area, must be commenced within twelve (12) years from the Adoption of this Redevelopment Plan. This time limitation may be extended only by amendment of this Redevelopment Plan, adopted and approved by the Agency Commission and the Board of Supervisors, following a community process.
- The Agency shall not acquire, through the use of eminent domain, property that contains legally occupied dwelling units.
- The Agency shall not acquire real property in the Project Area to be retained by an owner pursuant to an Owner Participation Agreement or other agreement, unless the owner fails to perform under that agreement and as a result the Agency exercises its rights under such agreement or prosecutes a condemnation or eminent domain action.
- The Agency shall use eminent domain on a parcel only as a last resort after the property owner has failed, after reasonable notice, to correct one or more of the following property conditions:
  - The property contains a building in which it is unsafe or unhealthy for persons to live or work as determined by the Department of Building Inspection, after failure to comply with an order of abatement of such conditions pursuant to the Building Code.
  - The property contains uses that pose a threat to the public’s safety and welfare as formally determined through major citations or other significant regulatory action taken by or on behalf of the appropriate City agencies or departments, including, but not limited to the San Francisco Police Department, San Francisco Fire Department, San Francisco City Attorney’s Office, San Francisco District Attorney’s Office, San Francisco Department of Public Health, San Francisco Department of Building Inspection, and San Francisco Planning Department.
  - A parcel that is vacant, or contains a vacant or substantially vacant (approximately 75% or more of the rentable area) building(s) and the owner has no active plans for a new use or development.
  - The property contains significant soil and/or groundwater contamination that has not received effective or complete environmental remediation and the property owner has failed to comply with regulatory hazardous materials remediation orders.
2. Relocation of Displaced Persons, Businesses and Others in Project Area

The Agency does not anticipate that the Redevelopment Program will lead to the displacement of residents or businesses in the Project Area. However, Section 8.1 of the Redevelopment Plan includes policies to assist resident and business owners in case some displacement were to occur as a result of environmental remediation and development within Zones 1 and 2:

It is a stated goal of this Redevelopment Plan to avoid displacing any residential units or existing businesses. However the CRL requires redevelopment plans to institute policies regarding relocation and state law requires the preparation of a relocation plan as soon as possible after the initiation of negotiations and before proceeding with any phase of a project or an activity that will result in displacement. In implementing other goals of the Redevelopment Plan, such as actions to facilitate environmental remediation and development within Zone 1, assistance to business development within Zone 2 and/or the production or rehabilitation of affordable housing anywhere within the Project Area, may require the implementation of the policies below.

- **Assistance in Finding other Locations**

  The Relocation Plan prepared by or at the direction of the Agency for the relocation of families or single persons to be displaced by a project shall provide that no persons or families of low- and moderate-income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by such displaced person or family at rents comparable to those at the time of their displacement. Such housing unit shall be a standard dwelling that is suitable to the needs of such displaced persons or families and must be decent, safe, sanitary, and contain at least the same number of bedrooms and other living areas as the dwelling unit destroyed or removed by the Agency. The Agency shall not displace such person or family until such housing unit is available and ready for occupancy.

  The Agency shall, pursuant to a Relocation Plan, assist or cause to be assisted all eligible persons (including individuals and families), business concerns and others, if any, displaced from the Project Area by redevelopment activities undertaken or assisted by the Agency, in finding other locations and facilities, and, where possible, shall relocate businesses to a location of similar size within the Project Area. In order to implement this Redevelopment Plan with a minimum of hardship to eligible persons, business concerns and others, if any, displaced by the implementation of this Redevelopment Plan, the Agency shall assist such persons, business concerns and others in finding new locations in accordance with Community Redevelopment Law, California Relocation Assistance Law and other applicable law.

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• **Relocation Payments**
  
  The Agency shall make or cause to be made relocation payments to persons (including individuals and families), business concerns and others displaced by implementation of this Redevelopment Plan as may be required by law. The Agency shall make such relocation payments pursuant to the relocation assistance requirements of Government Code sections 7260 et seq. and regulations adopted by the State of California, as well as Agency rules and regulations adopted pursuant thereto. In the event that the Agency uses federal funding to implement this Redevelopment Plan, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and regulations adopted there under, as amended, shall be applied, if such federal requirements provide for greater benefits than are available under California law. The Agency may make such other payments as it determines to be appropriate and for which funds are available.

• **Business Tenant Preference**
  
  The Agency shall extend reasonable preferences to persons who are engaged in business within the Project Area to participate in the redevelopment of the Project Area, or to re-enter into business within the redeveloped Project Area, if they otherwise meet the requirements of this Redevelopment Plan. In order to extend reasonable preferences to businesses to reenter into business within the redeveloped Project Area, the Agency has promulgated rules for the Business Occupant Re-Entry Policy within the redeveloped Project Area.

3. **Relocation Plan**

  The Relocation Plan includes a provision that “Although the Agency does not anticipate that redevelopment activity will result in any displacement of persons or businesses, the Agency is required by law to develop and adopt a relocation plan for all adopted redevelopment plans.”

  The Agency’s Relocation Plan is included in Appendix G.

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4. Business Occupant Re-Entry Policy

The Agency may acquire property in the Project Area for effective redevelopment provided that it is not zoned as residential property. The Agency may acquire non-residential properties in the Project Area, although no specific acquisitions are anticipated at this time. In the event that non-residential property would be acquired, the Agency will set forth rules governing business occupant re-entry into the Project Area. These rules specify that persons doing business in buildings in the Project Area when they are leased or acquired by the Agency will be eligible for a business certificate, allowing them reasonable preference to re-enter the Project Area if they are otherwise in accordance with the Amended Plan.4

The Business Occupant Re-Entry Policy is included in Appendix G.

5. Owner Participation Rules

The Agency will set forth rules governing owner participation in the Project Area redevelopment activities. The Draft Rules for Owner Participation provide that a qualified owner-participant:

    Shall be given a reasonable opportunity to participate in redevelopment by: (A) retaining all or a portion of their properties and using, developing or improving such property for use in accordance with the Redevelopment Plan; (B) acquiring adjacent or other properties within the Project Area and developing or improving such property for use in accordance with the Redevelopment Plan; or (C) selling their properties to the Redevelopment Agency of the City and County of San Francisco (“Agency”) and purchasing other properties in the Project Area.5

Appendix G includes the Rules for Owner Participation.

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X. Analysis of Preliminary Plan

This chapter analyzes the Preliminary Plan for the Visitacion Valley Redevelopment Project Area.

A. Statutory Requirements

CRL Section 33352(g) states:

> Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:
> (g) An analysis of the preliminary plan.

B. Analysis

In November 2001, Supervisor Sophie Maxwell organized community workshops that led to the creation of the Visitacion Valley—Schlage Lock Strategic Concept Plan for Schlage Lock facility and the adjoining Bayshore Railyard properties. This former industrial area lies within Zone 1 of the Project Area, and is also referred to as the “Concept Plan Sub-area.” The Board of Supervisors designated the Visitacion Valley Redevelopment Survey Area in 2005, building on the previous community-based efforts to create a concept plan to reuse the vacant and contaminated Schlage Lock manufacturing facility and to revitalize the Leland Avenue commercial corridor.

In November 2006, the Planning Commission approved the Preliminary Plan for the proposed Visitacion Valley Redevelopment Project, a 46-acre, 120-parcel area that includes the industrial parcels within Zone 1 and the residential and commercial units along Leland Avenue.

The Preliminary Plan for the Visitacion Valley Redevelopment Project, adopted by the Planning Commission in November 2006, is a general statement of land uses, layout of principal streets, population densities, building intensities, and standards proposed as the basis for redevelopment of the Project Area.

The general land uses proposed as part of redevelopment include the following uses and such other uses that are consistent with the City and County of San Francisco General Plan:

- Residential uses, particularly medium-density housing with a mix of affordable and market-rate dwelling units;
- Commercial uses, particularly neighborhood-serving retail, including a grocery store;
- Cultural, institutional, and educational uses, particularly libraries, educational and community facilities; and
- Open space uses, particularly landscaped and hardscaped parks and plazas.
Other general provisions of the Preliminary Plan include the following:\(^1\)

- New streets in the formerly industrial properties designed to complement the existing block pattern and maximize the role of streets as public spaces and multiuse rights-of-way;
- Existing streets within the Project Area remaining primarily as they are, but street designs potentially modified to better accommodate pedestrian and vehicular (including transit and cyclists) circulation;
- Population density applicable to the Schlage Lock site targeted for a range of 60 dwelling units per gross acre to 80 dwelling units per gross acre for buildings close to transit facilities;
- Building intensity allowing for building heights of up to five to eight stories close to transit facilities; and
- Development standards for new development that will consider the community’s redevelopment goals, surrounding physical environment, site topography, and existing urban development context.

The Agency has worked in close cooperation with the 18-member Citizens Advisory Committee (CAC) created by Mayor Gavin Newsom to help oversee and guide the process of adopting the Visitacion Valley Redevelopment Plan for the area designated by the Preliminary Plan.

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XI. Report and Recommendations of the Planning Commission

The Report on the Redevelopment Plan must include report and recommendations of the Planning Commission.

A. Statutory Requirements

CRL Section 33352(h) and (j) state:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

(h) The report and recommendations of the planning commission.


The following sections of the CRL describe the purpose and requirements for review of a redevelopment plan by the Planning Commission:

33346. Before the redevelopment plan of each project area is submitted to the legislative body, it shall be submitted to the planning commission for its report and recommendation concerning the redevelopment plan and its conformity to the general plan adopted by the planning commission or the legislative body. The planning commission may recommend for or against the approval of the redevelopment plan.

33347. Within 30 days after a redevelopment plan is submitted to it for consideration, the planning commission shall make and file its report and recommendation with the agency. If the planning commission does not report upon the redevelopment plan within 30 days after its submission by the agency, the planning commission shall be deemed to have waived its report and recommendations concerning the plan and the agency may thereafter approve the plan without the report and recommendations of the planning commission.

B. Analysis

The Agency anticipates referring the Redevelopment Plan to the Planning Commission in December 2008 or early 2009 for its report and recommendation. Within 30 days of the Redevelopment Plan’s submission, the Planning Commission is expected to consider the Redevelopment Plan’s conformance with the General Plan, pursuant to CRL Section 65402.

The San Francisco General Plan, particularly the Housing Element, Transportation Element, Urban Design Element, and the Downtown Area Plan, contain policies applicable to the Project Area. The land uses and developments envisioned within the Redevelopment Plan are consistent with these policies.

After the Planning Commission’s action, the Agency will prepare an addendum to this Report on the Redevelopment Plan that includes a summary of the Planning Commission’s actions and any resolutions adopted (i.e., the report and recommendations of the Planning Commission).
XII. Consultations with the Community

The Agency has provided extensive opportunities for the public to participate and comment during the Visitacion Valley Redevelopment Plan adoption process.

A. Statutory Requirements

Section 33385 of the CRL requires the legislative body to form a Project Area Committee (PAC) for a proposed plan or plan amendment in either of the following situations:

1) A substantial number of low-income persons or moderate-income persons, or both, reside within the project area, and the redevelopment plan as adopted will contain authority for the agency to acquire, by eminent domain, property on which any persons reside.

2) The redevelopment plan as adopted contains one or more public projects that will displace a substantial number of low-income persons or moderate-income persons, or both.

The Redevelopment Commission approved Resolution 129-2006 on September 19, 2006 stating that the Visitacion Valley Project Area does not require a PAC because the Redevelopment Plan contains no proposals to exercise eminent domain over properties on which persons reside and does not include a public project that will displace residents. However, the mayor of San Francisco established a Citizens Advisory Committee (CAC) to advise the Redevelopment Agency and the City in their consideration of a Redevelopment Plan for the Project Area. The responsibilities of the CAC include reviewing policy documents and evaluating the need for and potential effectiveness of the Redevelopment Program.

B. CAC Formation and Responsibilities

In 2006, the mayor established the 18-member CAC, which includes residential property owners, business owners and community activists. Since that time, the CAC has met monthly to review and discuss the Agency’s progress, receive information from consultants and provide guidance throughout the process.1

Section 33385.5 of the CRL requires the Agency to submit to the PAC copies of the Redevelopment Plan at least 30 days prior to the hearing by the legislative body. This requirement does not apply to the Visitacion Valley Project Area, as it is not required to have a PAC. However, the Agency did submit the Redevelopment Plan to the CAC 30 days prior to the hearing of the Redevelopment Commission. The CAC may prepare a report outlining its recommendations and submit it to the Redevelopment Commission.

1 The CAC membership has fluctuated over the past two years and currently consists of 14 members.
C. Analysis

The Agency has received and will continue to receive public input regarding the proposed Redevelopment Plan through active involvement of the Citizens Advisory Committee (CAC) and public hearings described in this section. Pages II-7 through II-10 of this Report describe the community planning process that led to the formation of the Visitacion Valley Survey Area and has guided the goals and objectives of the Redevelopment Program.

1. Visitacion Valley Citizens Advisory Committee

In November 2006, Mayor Gavin Newsom established the Visitacion Valley Citizens Advisory Committee (CAC), made up of 18 members, including residential property owners, business owners and community activists. The CAC meets on the second Tuesday of each month and its main responsibilities include reviewing policy documents, helping to determine how redevelopment can be an effective tool to alleviate blighting conditions in Visitacion Valley, and providing advice in the formulation of a redevelopment program. To date, the CAC has reviewed and provided input on documents including the Existing Conditions Report, the Preliminary Report, drafts of the Redevelopment Plan, drafts of the Design for Development document, the Five Year Implementation Plan, tax increment projections, and the Draft Environmental Impact Report.

The CAC advises on a wide range of issues pertaining to the Visitacion Valley Redevelopment Plan, including:

- Land use
- Economic development
- Housing
- Urban design
- Transportation
- Open space
- Community resources

In March 2007, the CAC voted unanimously to endorse the goals and objectives of the Redevelopment Program. On October 14, 2008, the CAC voted unanimously to recommend the approval of the Redevelopment Plan.

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2 The agendas and minutes of all CAC meetings are included in Appendix I.
2. **Design Framework Public Process**

Between August 2006 and August 2007, the Agency and the San Francisco Planning Department organized a series of five public workshops attended by neighborhood residents, business owners, interested members of the public, and CAC members to formulate the Visitacion Valley Schlage Lock Design for Development that will guide the build out of Zone 1. This iterative process built on the 2002 Strategic Concept Plan to ensure that the redevelopment of Zone 1 met the community’s aspirations for the Visitacion Valley neighborhood.

- **August 28, 2006: Toward a Framework Plan**
  The goal of the workshop was to establish an optimal framework for the neighborhood with the Schlage Lock site at its center. After a presentation and analysis of site opportunities and challenges, attendee break-out groups discussed the best strategy to successfully translate the previously developed Concept Plan into a working framework plan for the site. This workshop resulted in refining framework plan concepts.

- **October 14, 2006: Preliminary Urban Design**
  Two alternate framework plans were described and the community attendees selected a preferred framework plan. Participants discussed an overview of the type and distribution of land uses on the site (residential, commercial, open space, etc.), potential building types, building height, and the number of residential units that could be comfortably accommodated on the site, supported by necessary public infrastructure. In addition, a variety of urban design issues were presented and discussed. These community discussions helped to formulate a preliminary urban design plan.

- **January 6, 2007: Urban Design**
  Based on comments received at the first two workshops, a preferred plan was presented at the third public workshop. The preferred plan concept included three neighborhood parks and the preservation of the Schlage Lock old administrative office building on Blanken Street. Break-out working groups also provided comments on and preferences for the programming and design of the three proposed open spaces.

- **May 5, 2007: Sustainable Site Design and Buildings**
  This workshop focused on a sustainability strategy and framework to establish green, sustainable development. In addition, height distribution across the site was reviewed and discussed in an open-forum discussion. This workshop provided a final overview of the vision for the site and the overall master plan developed over the course of the workshop series.

- **August 4, 2007: Building Form and Design Character**
  The fifth and final workshop focused on the design plan and new zoning for the Schlage Lock site, with a special examination of building heights across the site per community request. Breakout activities focused on evaluation of design character, specifically on the topics of building facades, retail design, roof design, and sustainability.
3. Public Hearings

In addition to the public participation provided through the CAC, the Agency Commission and the Board of Supervisors will also consult and obtain the advice of property owners and occupants, the Planning Commission and community members on the adoption of the Redevelopment Plan at their respective public hearings on the Redevelopment Plan. Per CRL Section 33349, the Agency will send a first class mailing containing the required notice of its public hearing to the last known assessee (the “property owner”) of each parcel of land and to all tenants and business owners (occupants) within the Project Area. This notice explains the purpose of the public hearings and contains other pertinent information, such as the meeting dates, times and locations. The Agency hearing is expected to be held in December 2008. The hearing of the Board of Supervisors is anticipated to be held in early 2009.
XIII. Environmental Review

The Agency and the Planning Commission have prepared the Draft Environmental Impact Report (Draft EIR) for the Redevelopment Plan. The Final Environmental Impact Report (Final EIR), including responses to all comments and responses on the Draft EIR, in early 2009. The Environmental Impact Report provides the environmental documentation required by the CRL and the California Environmental Quality Act (CEQA) for the Redevelopment Plan, and is incorporated by this reference into this Report on the Redevelopment Plan.

A. Statutory Requirements

Section 33352(k) of the CRL requires that this Report include the report required by Section 21151 of the Public Resources Code, i.e., the Environmental Impact Report (EIR).

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

(k) the report required by Section 21151 of the Public Resources Code.

CA Public Resources Code 21151:

(a) All local agencies shall prepare, or cause to be prepared by contract, and certify the completion of, an environmental impact report on any project that they intend to carry out or approve which may have a significant effect on the environment. When a report is required by Section 65402 of the Government Code, the environmental impact report may be submitted as a part of that report.

(b) For purposes of this section, any significant effect on the environment shall be limited to substantial, or potentially substantial, adverse changes in physical conditions which exist within the area as defined in Section 21060.5.

(c) If a nonelected decision-making body of a local lead agency certifies an environmental impact report, approves a negative declaration or mitigated negative declaration, or determines that a project is not subject to this division, that certification, approval, or determination may be appealed to the agency's elected decision-making body, if any.

B. Analysis

The EIR is intended to serve as a public disclosure document. It identifies and describes environmental impacts associated with the Redevelopment Plan that are expected to be significant and describes mitigation measures that could minimize or eliminate significant adverse impacts. The EIR also identifies and evaluates a range of reasonable alternatives to the Redevelopment Plan.
On January 31, 2007 the City and County of San Francisco and the San Francisco Redevelopment Agency filed a Notice of Preparation for the Visitacion Valley Redevelopment Plan. A 30-day public comment period followed, and the Agency published the Draft EIR (DEIR, SCH No. 2007022049) in June 2008. The document was distributed to all affected taxing entities, the Planning Commission and other entities as required by law.

The 45-day public review period for the DEIR occurred between early June 2008 and July 21, 2008. The Planning Department held a public hearing on the DEIR on June 26, 2008 and the Agency held a public hearing on July 1, 2008. Written comments on the DEIR and the responses to the comments will be included in the Final EIR.

In early 2009, both the Planning Commission and Agency Commission will consider certifying the Final EIR as accurate, complete and in compliance with CEQA. Certification of the Final EIR must occur prior to final action on the Redevelopment Plan. Certification of the Final EIR does not constitute approval of the Redevelopment Plan. The separate Final EIR document serves as the principal background reference for environmental impact and mitigation information for the decision-makers during deliberations pertaining to the Redevelopment Plan.

Chapter XVI of this Report includes the “Neighborhood Impact Report,” a summary of the neighborhood impacts of the redevelopment activities associated with the Redevelopment Plan. The Neighborhood Impact Report is based in part on the EIR.
XIV. Analysis of the County Fiscal Officer’s Report

This chapter of the Report on the Redevelopment Plan includes the analysis of the County Fiscal Officer’s Report (33328 Report) for FY 2007/08. Appendix J contains a copy of the County Fiscal Officer’s Report. A summary of consultations with the affected taxing entities is included in Chapter XV of this Report and a record of these consultations is included in Appendix K.

A. Statutory Requirements

Section 33352(n) of the CRL requires:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

An analysis by the agency of the report submitted by the county as required by Section 33328, which shall include a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information, if any, and, at the discretion of the agency, proposed or adopted mitigation measures.

Section 33328 of the CRL requires that:

The county officials charged with the responsibility of allocating taxes under Section 33670 and 33670.5 shall prepare and deliver to the redevelopment agency and each of the taxing entities, a report which shall include the following:

(a) The total assessed valuation of all taxable property within the project area as shown on the base year assessment roll.

(b) The identifications of each taxing entity levying taxes in the project area.

(c) The amount of tax revenue to be derived by each taxing entity from the base year assessment roll from the project area, including state subventions for homeowners, business inventory, and similar subventions.

(d) For each taxing entity, its total ad valorem tax revenues from all property within its boundaries, whether inside or outside the project area.

(e) The estimated first year taxes available to the redevelopment agency, if any, based upon information submitted by the redevelopment agency, broken down by taxing entities.

1 The Agency requested a 33328 Report from the San Francisco County Office of the Controller in November 2007 with the intention of using FY 2007/08 as the base year for adoption of the Visitacion Valley Redevelopment Plan. However, a the Redevelopment Plan was not adopted in FY 2007/08, the Agency will use FY 2008/09 as the new base year. Pursuant to CRL Section 33328.5, the Agency has prepared a supplementary report (presented in Chapter XVIII) of this Report on the Plan, which it will transmit to all taxing entities at least 14 days prior to the hearing on the adoption of the Redevelopment Plan by the Board of Supervisors. The Supplementary Report also includes the analysis presented in this chapter using the FY 2008/09 base assessed value for the Project Area.
(f) The assessed valuation of the project area for the preceding year, or, if requested by the
redevelopment agency, for the preceding five years, except for state assessed property on
the board roll. However, in preparing this information, the requirements of
Section 33670.5 shall be reported by block if the property is divided by blocks, or by any
other geographical area as may be agreed upon by the agency and county officials.

In addition, SB 1206 (Chapter 595, Statutes of 2006) requires the County Fiscal Officer to
prepare an additional report to be provided to the DOF at the same time the County Fiscal
Officer’s Report is prepared. The report to DOF must contain estimates of tax increment and pass
through payments to each school district, county office of education, and community college
district over the duration of the Project Area. It must also contain projections of property tax
revenue allocations to each school district, county office of education, and community college
district over the same time period and assuming the Redevelopment Plan is not adopted.

Section 33328.1(a) of the CRL requires that:

(a) When the county officials charged with the responsibility of allocating taxes pursuant
Sections 33670 and 33670.5 deliver the report required pursuant to Section 33328, they
shall also prepare and deliver to the Department of Finance, in the form and manner
prescribed by the department, a report that includes all of the following:

(1) The information specified in subdivisions (a), (b), and (c) of Section 33328.
(2) A projection of the total amount of tax revenues that may be allocated pursuant to
Sections 33670 and 33670.5 for the duration of the project area.
(3) A projection of the amount of tax revenues that would have been allocated to each
school district, county office of education, and community college district for the
duration of the project area, but for the allocation of tax revenues pursuant to
Sections 33670 and 33670.5.
(4) A projection of the amount of tax revenues that may be allocated to each school
district, county office of education, and community college district pursuant to
Sections 33401, 33607.5, 33607.7, and 33676 for the duration of the project area.

B. Introduction

In June 2005, the San Francisco Board of Supervisors designated the Visitacion Valley
Redevelopment Survey Area in order to build upon previous community-driven processes to
foster the re-use of the Schlage Lock manufacturing facility and the revitalization of the Leland
Avenue/Bayshore Boulevard Commercial District. In July 2006, Mayor Gavin Newsom
established the Visitacion Valley Citizens Advisory Committee in order to maintain the strong
level of community participation through the redevelopment process. The Agency expects to
bring the Redevelopment Plan before the Redevelopment and Planning Commissions and the
Board of Supervisors in early 2009.

On November 5, 2007, the Agency staff transmitted to county officials, affected tax entities, and
the State Board of Equalization (SBE) the statement of Redevelopment Plan preparation, the legal
description and a boundary map, pursuant to CRL Section 33327. The Agency also requested a
The County Fiscal Officer’s Report, issued February 12, 2008, uses the equalized assessment roll of FY 2007/08 as the base year for the Redevelopment Plan. The report meets the requirements of Section 33328.1(b), as it provides tax increment projections for the Project Area and projections of the amount of tax increments to be allocated to the school district, county office of education, and community college district through the duration of the Redevelopment Plan. It also includes projections of property tax revenue without redevelopment. In compliance with the CRL, this information was sent to the State Department of Finance (DOF) on February 12, 2008. Refer to Appendix K for the information required by Section 33328.1(b).

The following analysis of the County Fiscal Officer’s Report is based upon the February 12, 2008 report.

C. Report of the County Fiscal Officer

The Office of the Controller of the City and County of San Francisco issued a report in compliance with Section 33328 of the CRL. The Report of the County Fiscal Officer is included in Appendix J of this Report on the Redevelopment Plan. The information is analyzed below, and has been updated with FY 2008/09 data from the Office of the Assessor-Recorder in order to be incorporated into the tax increment projections contained in Chapter VII, Proposed Method of Financing and Feasibility, and Appendix E, Tax Increment Projections.

D. Total Assessed Value of Property in the Project Area

The base year for the Project Area will be fiscal year FY 2007/08. The FY 2007/08 base assessed value of the Project Area is $45,907,855, as provided in the County Fiscal Officer’s Report.

E. Identification of Affected Taxing Agencies

As shown in the County Fiscal Officer’s Report, the following taxing entities were identified as levying taxes in the Project Area:

- City and County of San Francisco,
- San Francisco Unified School District (SFUSD) General Fund,
- San Francisco Community College District Fund,
- Bay Area Rapid Transit District (BART) General Fund, and
- Bay Area Air Quality Management District.

The County Fiscal Officer’s Report also identified the Educational Revenue Augmentation Fund (ERAF). The ERAF is not a taxing entity, but a fund to which the City and County of San Francisco must contribute.

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2 County Auditor’s Report on the Proposed Plan for the Visitacion Valley Redevelopment Project Area, Office of the Controller, City and County of San Francisco, February 12, 2008, Schedule A.
F. Ad Valorem Tax Revenues Derived by Each Taxing Entity

The total ad valorem tax revenue to be derived by the affected taxing agencies from all properties within the Project Area boundaries for FY 2007/08 is $459,079. This value includes taxation on secured and unsecured property value utilized for the calculation of basic (1%) property tax revenues, exclusive of debt service.

The County Fiscal Officer’s Report provides the tax distribution for each taxing entity. The tax rate for each taxing entity is shown in Table XIV-1. The City and County of San Francisco receives approximately 65 percent of the total basic property tax revenue from the Project Area. The City and County of San Francisco contribute an additional 25 percent to the Educational Revenue Augmentation Fund. The San Francisco Unified School District receives 8 percent of the total basic property tax revenue. The San Francisco Community College District receives 1 percent of revenues, while the Bay Area Air Quality Management District and the Bay Area Rapid Transit District each receive less than 1 percent of basic tax revenue for the Project Area.

Table XIV-1
Base Year (FY 2007/2008) Property Tax Distribution to the Affected Taxing Entities
Visitacion Valley Redevelopment Plan

<table>
<thead>
<tr>
<th>Taxing Entity</th>
<th>Percentage of Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>City and County of San Francisco</td>
<td>64.7%</td>
</tr>
<tr>
<td>City and County of San Francisco contribution to Educational Revenue Augmentation Fund</td>
<td>25.3%</td>
</tr>
<tr>
<td><strong>Subtotal City and County of San Francisco</strong></td>
<td><strong>90.0%</strong></td>
</tr>
<tr>
<td>San Francisco Unified School District General Fund</td>
<td>7.7%</td>
</tr>
<tr>
<td>San Francisco Community College District Fund</td>
<td>1.4%</td>
</tr>
<tr>
<td>Bay Area Rapid Transit District General Fund</td>
<td>0.6%</td>
</tr>
<tr>
<td>Bay Area Air Quality Management District</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Total General Tax Rate</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

*Percentage is the same for both secured and unsecured tax roll.
Source: County Fiscal Officer’s Report, February 12, 2008.

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3 Ibid, Schedule C. This includes $447,299 in general secured base revenue and $11,780 in general unsecured base revenue. It does not include $510,368 in secured debt service revenue and $13,370 in unsecured debt service revenue.

4 As shown on Schedule C from the County Fiscal Officer’s Report, the amount of tax revenue derived by each taxing entity from the FY 2007/08 assessment roll of the Project Area is reported for the $1.00 per $100 tax rate (basic property tax revenues), and for revenues derived from taxing entities levies to repay voter-approved indebtedness.

5 Ibid, Schedule B.
The County Fiscal Officer’s Report includes the total ad valorem tax revenues for each taxing entity from the entire City and County of San Francisco, both inside and outside the Project Area. As shown in Table XIV-2, all of the affected taxing entities receive 0.0369 to 0.0377 percent of their total basic tax revenue from taxation in the Project Area.

Table XIV-2 compares the FY 2007/08 basic property tax revenues from the Project Area to the revenues collected by each of the taxing entities citywide. The respective taxing entities will continue to receive these property tax revenues over the life of the 45 year tax increment receipt period, in addition to statutory pass-through allocations required under CRL Section 33607.5. Please note that the County Fiscal Officer’s Report did not include information about citywide debt service revenues.

G. Estimated First Year Taxes Available to the Redevelopment Agency

The County Fiscal Officer’s Report estimates that the tax increment available to the Redevelopment Agency in the first year of the Redevelopment Plan will be $8,817.6

H. Assessed Valuation of the Project Area from the Preceding Year

The County Fiscal Officer’s Report states that the assessed value for the Project Area in the preceding year (FY 2006/07) was $44,543,824. This value consists of an assessment of $43,364,468 for secured property and $1,179,356 in unsecured property.7

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6 Ibid, Schedule E.
7 Ibid, Schedule F. This does not include California state assessed property on the Board Roll. The distinction between secured and unsecured value relates to whether or not the value can be guaranteed by a lien against the real property. Secured property generally refers to standard ownership of land, buildings and other “immovable” improvements, while unsecured property refers to taxable possessory interest in real property (such as certain use rights on public land) or taxable “movable” items, such as equipment, fixtures, etc.
### Table XIV-2

**FY 2007/08 Base Year, Basic Property Tax Revenue to be Received by Taxing Entities**

**Visitacion Valley Redevelopment Plan**

<table>
<thead>
<tr>
<th>Taxing Entity</th>
<th>Revenues from Basic (1%) Property Taxes from the Entire City and County of San Francisco</th>
<th>Basic Revenues from Property Taxes in the Project Area</th>
<th>Project Area Percentage of City &amp; County Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Secured Roll</td>
<td>Unsecured Roll</td>
<td>Total</td>
</tr>
<tr>
<td>City and County of San Francisco</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund and Special Revenue Funds</td>
<td>$755,707,356</td>
<td>$49,946,715</td>
<td>$805,654,071</td>
</tr>
<tr>
<td>Educational Revenue Augmentation Fund</td>
<td>$289,005,451</td>
<td>$19,558,559</td>
<td>$308,564,010</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$1,044,712,807</td>
<td>$69,505,274</td>
<td>$1,114,218,081</td>
</tr>
<tr>
<td>San Francisco Unified School District</td>
<td>$89,352,175</td>
<td>$5,944,646</td>
<td>$95,296,821</td>
</tr>
<tr>
<td>San Francisco Community College District</td>
<td>$16,763,819</td>
<td>$1,115,305</td>
<td>$17,879,124</td>
</tr>
<tr>
<td>Bay Area Rapid Transit District</td>
<td>$7,341,058</td>
<td>$488,404</td>
<td>$7,829,462</td>
</tr>
<tr>
<td>Bay Area Air Quality Management District</td>
<td>$2,420,283</td>
<td>$161,023</td>
<td>$2,581,306</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,160,590,142</td>
<td>$77,214,652</td>
<td>$1,237,804,794</td>
</tr>
</tbody>
</table>

a. These values do not include debt service revenues.

Source: County Fiscal Officer's Report, February 12, 2008.
XV. Consultations with Taxing Entities

Section 33328 of the CRL requires that prior to public hearing on the Redevelopment Plan adoption, the Agency must consult with each taxing entity that levies taxes, or for which taxes are levied, on property in the Project Area. The Agency must consult on the proposed Redevelopment Plan and the allocation of tax increment revenues. Pursuant to Section 33352(n), if any of the affected taxing entities express written objections or concerns about the proposed Redevelopment Plan as part of these consultations, the Agency must include a response to these concerns, additional information, if any, and, at the discretion of the Agency, proposed or adopted mitigation measures.

A. Statutory Requirements

CRL Section 33352(n) provides the following:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:

(n) (1) An analysis by the agency of the report submitted by the county as required by Section 33328, which shall include a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information, if any, and, at the discretion of the agency, proposed or adopted mitigation measures.

(2) As used in this subdivision:

(A) “Mitigation measures” may include the amendment of the redevelopment plan with respect to the size or location of the project area, time duration, total amount of tax increment to be received by the agency, or the proposed use, size, density, or location of development to be assisted by the agency.

(B) “Mitigation measures” shall not include obligations to make payments to any affected taxing entity.

B. Staff Contacts at the Taxing Entities

The Agency sent a copy of the Preliminary Report to following individuals at the five affected taxing entities on January 9, 2008:

• Edward Harrington, Controller
  City and County of San Francisco
• David Campos, General Counsel
  San Francisco Unified School District
• John Belmont, Controller
  San Francisco Community College District
C. Communications with Taxing Entities

On November 5, 2007, the Agency notified the county officials, taxing agencies, and the SBE of its intent to use FY 2007/08 as the base year for the Redevelopment Plan.

Agency staff contacted the affected taxing agencies by telephone to inform them that the Preliminary Report would be mailed and obtain the name of the appropriate person to whom the Preliminary Report should be sent. On January 9, 2008, copies of the Preliminary Report for the Visitacion Valley Redevelopment Plan were distributed to all affected taxing agencies by certified mail for review and comment. On January 25, 2008, the Agency sent written notification to the taxing agencies notifying them of the February 20, 2008 consultation on the Redevelopment Plan.

Because the Agency will use FY 2008/09 as the base year for the Redevelopment Plan, rather than FY 2007/08, the Agency is required to prepare supplemental information pursuant to CRL Section 33328.5. The information is presented in Chapter XVIII of this Report. The Agency must transmit this information to all taxing entities at least 14 days prior to the hearing on the adoption of the Redevelopment Plan. This Report will be delivered at least 14 days prior to the hearing.

D. Meeting with Taxing Agencies

The Agency held a consultation with affected taxing entities on Wednesday, February 20, 2008 from 2 to 4 PM, at the Agency’s offices, where comments and questions could be recorded and transcribed.

No representatives of the affected taxing entities attended the meeting.

E. Comments Received from Taxing Agencies and Agency Responses

The Agency’s January 9, 2008, letter to the taxing agencies requested comments on the Preliminary Report and notified the agencies of the February 2008 meeting. As of the date of this Report, the Agency has not received any comments from the affected taxing entities.

The taxing agencies will have another opportunity to comment on the Redevelopment Plan at, or prior to, the public hearings of the Agency Commission and Board of Supervisors. Notice of these hearings will be sent certified mail to County officials and affected taxing agencies at least thirty (30) days prior to the hearing of the Agency Commission and the Board of Supervisors. If any written comments are received from the taxing entities, the Agency will reply in writing, and those letters and their responses will be incorporated in an addendum to this Report.
XVI. Neighborhood Impact Report

Section 33352(m) of the CRL requires that the report to the legislative body contain a neighborhood impact report if the redevelopment project contains low or moderate-income housing. The purpose of the neighborhood impact report is to describe in detail the impact of the proposed actions upon the residents of the project area and surrounding areas in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education and property assessments and taxes.

A. Statutory Requirements

Section 33352(m) of the CRL requires that:

Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing the following:

(m) If the project area contains low or moderate income housing, a neighborhood impact report which describes in detail the impact of the project upon the residents of the project area and the surrounding areas, in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population and quality of education, property assessments and taxes, and other matters affecting the physical and social quality of the neighborhood. The neighborhood impact report shall also include all of the following:

(1) The number of dwelling units housing persons and families of low or moderate income expected to be destroyed or removed from the low and moderate income housing market as part of a redevelopment project.

(2) The number of persons and families of low or moderate income expected to be displaced by the project.

(3) The general location of housing to be rehabilitated, developed, or constructed pursuant to Section 33413.

(4) The number of dwelling units housing persons and families of low or moderate income planned for construction or rehabilitation, other than replacement housing.

(5) The projected means of financing the proposed dwelling units for housing persons and families of low and moderate income planned for construction or rehabilitation.

(6) A projected timetable for meeting the plan’s relocation, rehabilitation, and replacement housing objectives.
B. Analysis of Neighborhood Impacts

The following summary of the neighborhood impacts is based in part on the analysis presented in the Draft Environmental Impact Report for the Redevelopment Plan (DEIR). The DEIR assessed the environmental impacts of the Redevelopment Plan, the program of redevelopment projects and activities (referred to in this Report as the Redevelopment Program) made possible by and proposed to be undertaken pursuant to the Redevelopment Plan. Thus, this chapter uses the term “Project” when referring to the Redevelopment Plan and Redevelopment Program, consistent with the DEIR. All neighborhood impacts described in this analysis are from the DEIR, unless otherwise noted.

The intent of the Redevelopment Plan is to provide a means for the Agency to implement a series of programs to foster public and private investment and development in Visitacion Valley. The Redevelopment Program for the Project Area consists of the following categories of redevelopment activities:

- Economic development
  - Planning and predevelopment
  - Site preparation and development
  - Economic revitalization
- Community enhancements
  - Public infrastructure and facilities
  - Circulation improvements
  - Public open space
- Affordable housing
  - Rental/Multifamily Housing Programs
  - Homeownership Programs

For a more detailed description of potential redevelopment activities, please refer to Chapter VI of the Report on the Plan.

The primary impact of redevelopment activities will be to encourage the revitalization of the Project Area by realizing the community’s vision for the Concept Plan Sub-area (Zone 1) and the Leland/Bayshore Commercial District (Zone 2). The Redevelopment Program will revitalize areas that exhibit adverse physical and economic conditions, stimulate private investment in Visitacion Valley, assist in the cleanup and reuse of contaminated former industrial properties, improve housing conditions and infrastructure in residential neighborhoods, and provide tax increment funds for the redevelopment activities that are needed to alleviate blighting conditions.

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1 San Francisco Planning Department, Visitacion Valley Redevelopment Program Draft Environmental Impact Report, June 3, 2008.
The specific impacts of redevelopment activities will be to improve transportation and circulation; preserve and create civic, cultural and educational facilities and amenities as a catalyst for area revitalization; upgrade, modernize and expand public infrastructure; strengthen local businesses in the Project Area through business retention, expansion and attraction; and preserve the neighborhood character of Leland Avenue.

1. Major DEIR Findings

The DEIR has been formulated as a program DEIR, a type of DEIR authorized by Section 15168 of the California Environmental Quality Act (CEQA) Guidelines for use in documenting the environmental implications of community general plans, redevelopment plans and other “programs” that involve a series of interrelated actions taken by a governmental authority that can be characterized as one “Project” to achieve an overall program goal. The approach to prepare the DEIR under the “program DEIR” authority was to describe the anticipated broad-based, Project Area–wide and community-wide impacts of the Redevelopment Plan.

The DEIR analyzed all programs and activities included in the Redevelopment Program at a program level consistent with the state CEQA Guidelines. The DEIR addresses the future aggregate impacts of the Redevelopment Plan and Redevelopment Program as well as more specific activities, such as the redevelopment of Zone 1 and related zoning changes that would have to be made to the City’s Planning Code. The document also includes a detailed description of the “Project’s” consistency with the San Francisco General Plan.

As summarized below and fully in the DEIR, the DEIR analysis and findings identified the following significant and unavoidable impacts resulting from Redevelopment Program implementation: (1) transportation impacts in several intersections within and outside of the Project Area during weekday AM and PM peak hours; (2) transportation impacts on U.S. 101 during AM and PM peak hours; (3) impacts on transit service, such as Muni lines and SamTrans routes operating on Bayshore Boulevard; and (4) long-term regional emissions increases.

In response to the Redevelopment Program in Visitacion Valley as well as several other large-scale development projects in the region, such as Hunters Point Shipyard, Candlestick Point, Executive Park, Cow Palace, and Brisbane Baylands, San Francisco and San Mateo Counties are collaborating on a Bi-County Transportation Study to identify and prioritize transportation infrastructure investments that would address long-term regional congestion and emissions increases. Additionally, while the Redevelopment Program would generate some transportation impacts on the Project Area and its environs, it is likely that it would have an overall positive impact on both a local and regional scale by providing denser and more transit-oriented development than would be provided elsewhere in the Bay Area.
2. **Relocation (None Anticipated)**

The Agency does not anticipate undertaking activities that would result in displacement, nor does the Redevelopment Plan authorize eminent domain over residentially zoned property. Therefore, the Project Area’s residential dwelling units, some of which are occupied by low or moderate-income persons or families, would not be subject to eminent domain. In addition, the Redevelopment Plan includes many other restrictions and limitations on the use of eminent domain.

The Redevelopment Plan’s limitations and restrictions on eminent domain include the following:

- The Agency shall not use eminent domain to acquire publicly owned property.
- The Agency shall not use eminent domain to acquire Project Area property outside of Zone 1, as defined on Map 2 of the Redevelopment Plan.
- Eminent domain proceedings, if used in the Project Area, must be commenced within 12 years from the adoption of this Redevelopment Plan. This time limitation may be extended only by amendment of this Redevelopment Plan, adopted and approved by the Agency Commission and the Board of Supervisors, following a community process.
- The Agency shall not acquire, through the use of eminent domain, property that contains legally occupied dwelling units.
- The Agency shall not acquire real property in the Project Area to be retained by an owner pursuant to an Owner Participation Agreement or other agreement, unless the owner fails to perform under that agreement, and as a result the Agency exercises its rights under such agreement or prosecutes a condemnation or eminent domain action.
- The Agency shall use eminent domain on a parcel only as a last resort after the property owner has failed, after reasonable notice, to correct one or more of the following property conditions:
  - The property contains a building in which it is unsafe or unhealthy for persons to live or work as determined by the Department of Building Inspection, after failure to comply with an order of abatement of such conditions pursuant to the Building Code.
  - The property contains uses that pose a threat to the public’s safety and welfare as formally determined through major citations or other significant regulatory action taken by or on behalf of the appropriate City agencies or departments, including, but not limited to the San Francisco Police Department, San Francisco Fire Department, San Francisco City Attorney’s Office, San Francisco District Attorney’s Office, San Francisco Department of Public Health, San Francisco Department of Building Inspection, and San Francisco Planning Department.
  - A parcel that is vacant, or contains a vacant or substantially vacant (approximately 75 percent or more of the rentable area) building and the owner has no active plans for a new use or development.
  - The property contains significant soil and/or groundwater contamination that has not received effective or complete environmental remediation and the property owner has failed to comply with regulatory hazardous materials remediation orders.

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If any currently unforeseen nonvoluntary or voluntary displacement were to occur as a result of Agency-assisted redevelopment activities, such as conversions of specific sites into higher density multi-use development, potential displacement would be mitigated by relocation assistance. Relocation assistance may include assistance in finding other locations, financial payments, business tenant preference, and other assistance required by the replacement housing provisions of state law.

Residents would not be displaced unless and until suitable relocation housing would be available for occupancy at affordable rents. The Agency would assist residents in finding housing that is decent, safe, sanitary, within their financial means, in reasonably convenient locations, and otherwise suitable to their needs.3

In addition, Section 317 of the Planning Code requires the development of replacement units before permitting the “removal” of sound housing units through demolition, conversion or merger. This requirement will apply to all existing structures in Zone 2, ensuring that any loss of sound residential units would be offset by the development of similarly affordable units.

3. Transportation and Circulation

One of the principal objectives of the community enhancements portion of the Redevelopment Program is to improve transportation and circulation in the Project Area, particularly by providing infrastructure to serve pedestrians and bicyclists and local vehicular access to new developments in Zone 1. The “Project” envisions a seamless connection between new development in Zone 1 and the existing street grid in Zone 2, which would not only improve access to parcels that are currently closed to public use, but also improve connectivity between Visitacion Valley and the adjacent neighborhood of Little Hollywood. The Redevelopment Program would also improve Visitacion Valley’s access to the Caltrain Bayshore Station for pedestrians, thus enhancing the transit orientation of the community.

The “Project” also seeks to further the City’s goal of developing housing affordable to economically diverse households near transit and to capitalize upon recent transit investments, such as the Muni T line and the Caltrain Bayshore Station. These objectives are highly consistent with San Francisco’s Transit-First Policy, adopted by voters in 1998 to amend the City Charter as well as the Housing and Transportation Elements of the City’s General Plan. Specific future development projects within the Project Area would also be subject to General Plan policies.

The DEIR analyzed (a) current conditions plus project impacts, (b) the 2025 cumulative conditions and (c) the 2025 cumulative conditions with regional improvements. The following subsections summarize each analysis.

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a. Existing Conditions Plus Project Impacts on Road System Operation

The DEIR uses a travel demand forecasting model developed by the San Francisco County Transportation Authority (SFCTA) to calculate the impact of the “Project” at buildout on several intersections within and outside the Project Area. The projected mode split is 70 percent auto, 14 percent transit and 16 percent “other” modes. The strong focus on auto use is consistent with current transit usage in the area, but is likely overemphasized given the Redevelopment Program’s emphasis on alternative transportation options (walking and bicycling) and transit-orientated development. Using the SFCTA model to calculate the “Project’s” impact on existing conditions, the DEIR identified the following potentially significant roadway impacts exceeding the acceptable Level of Service (LOS E or F).^{4}

Weekday morning peak hour:

• Bayshore Boulevard/Blanken Avenue (LOS B to LOS F)
• Bayshore Boulevard/Leland Avenue (LOS C to LOS F)
• Bayshore Boulevard/Visitacion Avenue (LOS C to LOS F)
• Bayshore Boulevard/Sunnydale Avenue (LOS C to LOS F)
• Tunnel Avenue/Blanken Avenue (LOS B to LOS F)

Weekday evening peak hour:

• Bayshore Boulevard/Arleta Avenue/San Bruno Avenue (LOS C to LOS F)
• Bayshore Boulevard/Leland Avenue (LOS C to LOS F)

In addition, the following freeway segments would operate at LOS E or F under existing conditions plus “Project” impacts.

Weekday morning peak hour:

• U.S. 101 between I-280 and Third Street/Bayshore Boulevard northbound (LOS D to LOS E)
• U.S. 101 between Sierra Point Parkway and I-380 northbound (LOS D to LOS E)

Additionally, the DEIR estimates that the “Project” will have a significant impact on southbound traffic on Bayshore Boulevard during the morning and evening peak hours due to vehicles accessing streets in Zone 1. Specifically, left-turn pockets at the Bayshore Boulevard/Visitacion Avenue or Bayshore Boulevard/Sunnydale Avenue intersections would not accommodate the maximum southbound left-turn queue length during the morning or evening peak hours and would not accommodate the average queue length in the evening peak hour.

b. **Cumulative Impacts on Road System Operation**

Traffic impacts are determined by comparing Year 2025 Cumulative conditions to the Year 2025 Base Scenario (projected growth in the absence of the redevelopment/rezoning project). Year 2025 Cumulative conditions include background traffic growth plus buildout of Project Area, as well as planned developments in Executive Park, Candlestick Point, Hunters Point Shipyard Phase 2, India Basin Shoreline, Brisbane Baylands Phases 1 and 2, and Daly City Cow Palace. The San Francisco/San Mateo Bi-County Transportation Study (described below) has identified several regional roadway improvements that would likely mitigate some of these impacts.

Assuming buildout under the 2025 Cumulative scenario without the regional roadway improvements, the following intersections operate at LOS E or F (baseline LOS to 2025 Cumulative scenario LOS).

**Weekday morning peak hour:**
- Bayshore Boulevard/Tunnel Avenue (LOS B to LOS E)

**Weekday evening peak hour:**
- Bayshore Boulevard/Blanken Avenue (LOS B to LOS F)
- Bayshore Boulevard/Arleta Avenue/San Bruno Avenue (LOS C to LOS F)
- Bayshore Boulevard/Leland Avenue (LOS C to LOS F)
- Bayshore Boulevard/Visitacion Avenue (LOS B to LOS F)
- Bayshore Boulevard/Sunnydale Avenue (LOS C to LOS F)
- Tunnel Avenue/Blanken Avenue (LOS A to LOS F)
- Alana Way/Beatty Avenue (LOS B to LOS F)

In addition, the following freeway segments would operate at LOS E or F under the 2025 Cumulative scenario.

**Weekday morning peak hour:**
- U.S. 101 between I-280 and Third Street/Bayshore Boulevard northbound (LOS D to LOS F)
- U.S. 101 between I-280 and Third Street/Bayshore Boulevard southbound (LOS E to LOS F)
- U.S. 101 between Sierra Point Parkway and I-380 northbound (LOS D to LOS F)
- U.S. 101 between Sierra Point Parkway and I-380 southbound (LOS F to LOS F)

**Weekday evening peak hour:**
- U.S. 101 between I-280 and Third Street/Bayshore Boulevard northbound (LOS E to LOS F)
- U.S. 101 between I-280 and Third Street/Bayshore Boulevard southbound (LOS D to LOS F)
- U.S. 101 between Sierra Point Parkway and I-380 northbound (LOS F to LOS F)
- U.S. 101 between Sierra Point Parkway and I-380 southbound (LOS E to LOS F)

In addition, the 2025 Cumulative scenario would cause significant impacts on the following local freeway on-ramps, which are projected to operate at LOS E or F.
Weekday morning peak hour:

- U.S. 101 northbound on-ramp from Bayshore Boulevard/Third Street (LOS C to LOS F)
- U.S. 101 southbound on-ramp from Beatty Avenue/Alana Way (LOS F to LOS F)

Weekday evening peak hour:

- U.S. 101 northbound on-ramp from Harney Way (LOS D to LOS F)
- U.S. 101 southbound on-ramp from Beatty Avenue/Alana Way (LOS C to LOS F)

c. Cumulative Impacts on Road System Operation with Regional Improvements

The San Francisco/San Mateo Bi-County Transportation Study organized by the SFCTA in partnership with several agencies from both counties, including the San Francisco Redevelopment Agency, has identified several regional roadway improvements that would mitigate the 2025 cumulative impacts on the road system operation. As described above, the Bi-County Study assumes buildout not just of the Redevelopment Program in Visitacion Valley, but also other projects in both counties that would have regional impacts, such as Hunters Point Shipyard, Candlestick Point, Executive Park, and Brisbane Baylands. The Bi-County Study is an update to a study conducted in 2001 to assess existing infrastructure, project future needs, engage stakeholders, and propose transportation alternatives to meet the needs of San Francisco and San Mateo counties. As existing funding will be insufficient to pay for all needed roadway improvements, the Bi-County Study will also set forth a collaborative strategy for both counties to leverage state and federal funds to meet regional transportation objectives.

The planned improvements that would help to mitigate the “Project’s” impact on regional road operation include an extension of Geneva Avenue from its current terminus at Bayshore Boulevard to a new interchange with U.S. 101, a new U.S. 101 interchange at Geneva Avenue/Harney Way, and widening of Harney Way between U.S. 101 and Jamestown Avenue. Completion of these roadway improvements along with implementation of mitigation measures including the development of a Transportation Management Plan to decrease the number of vehicle trips generated by the “Project” could prevent traffic conditions at all impacted intersections from reaching unacceptable thresholds (LOS E or F), as shown in Table 8.23 of the DEIR. These improvements would also prevent the U.S. 101 northbound ramp from Bayshore Boulevard/Third Street from reaching unacceptable thresholds, as shown in Table 8.24 of the DEIR.

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5 San Francisco County Transportation Authority, Bi-County Transportation Study, www.sfcta.org/bi-county.
d. Impacts on Transit

The “Project” would generate approximately 3,437 new transit trips on a typical weekday, of which 433 would occur during the morning peak hour and 440 would occur during the evening peak hour. Muni runs several lines through the Project Area including light rail (T line) and buses (lines 9, 9X, 9AX, 9BX, and 56). The DEIR finds that these lines currently operate substantially below capacity during weekday morning and evening peak hours and that the “Project” is not expected to significantly impact transit capacity. However, the cumulative impacts on road system operation described above would lead to congestion and delay on Bayshore Boulevard resulting in a significant environmental impact. The regional roadway improvements and mitigation strategies described above would, however, help to reduce the “Project’s” impact on transit.

e. Impacts on Pedestrian and Bicycle Systems

The sidewalks in the Project Area have low to moderate pedestrian volumes and any additional pedestrian trips generated by the “Project” could be readily accommodated. The increase in number of vehicle trips as a result of the development of Zone 1 may potentially have negative impacts on existing pedestrian crossings on Bayshore Boulevard. However, the Redevelopment Program and its various components, such as the Design for Development of Zone 1 and the Leland Avenue Street Design Project outline several pedestrian amenities that would have a positive impact on street traffic in the Project Area. These amenities include connections between Bayshore Boulevard and the new development in Zone 1 and traffic calming measures such as sidewalk extensions, “bulb-outs” and pedestrian-timed traffic lights.

The DEIR finds that the “Project” would have a potentially significant impact on bicycle conditions if a left-turn pocket into Zone 1 were installed on Bayshore Boulevard southbound. This impact could be mitigated by not providing the proposed left turn. The Design for Development also calls for the provision of one bicycle space for every two residential units as well as meeting Planning Code requirements related to bicycle parking and shower and locker facilities for residential and nonresidential development. Thus, the “Project” would likely meet or exceed Planning Code requirements related to bicycle system.

Furthermore, Goals 3 and 4 of the Redevelopment Program described in Chapter VI of the Report on the Plan specifically state that establishing a pedestrian-oriented environment and encouraging alternative forms of transportation such as walking and biking would be among the Agency’s top priorities within the Project Area. Thus, it is likely that the “Project” would improve pedestrian and bicycle conditions in the Project Area.

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8 San Francisco Planning Department, A New Leland Avenue Final Report, June 2006.
f. Summary

In summary, although the “Project” may have a negative impact on local roadways and freeway segments, it would have a positive impact on transportation at a regional scale as it will capitalize on recent transportation improvements such as the Muni T line and the Bayshore Caltrain Station and facilitate transit-oriented development. In order to ensure that it meets regional transportation goals, for example, the “Project” will draw on the findings from the San Francisco/San Mateo Bi-County Transportation Study, which will be released in Spring 2009.

4. Environmental Quality

Redevelopment activities would generally enhance the environmental quality of the Project Area by improving neighborhoods and facilitating cleanup of hazardous materials. Achievement of the basic redevelopment objective of blight elimination, as made possible by the Redevelopment Plan, is, in itself, a positive environmental impact.

The redevelopment of Zone 1 has been approved as one of three pilot projects in San Francisco to qualify for certification by the Leadership in Energy and Environmental Design for Neighborhood Development (LEED-ND) Program of the United States Green Building Council (USGBC), the Congress for New Urbanism and the National Resources Defense Council. LEED-ND is an expansion of the successful LEED certification system that rates buildings according to a number of criteria related to sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality. The pilot program awards points to proposed neighborhood design projects based on criteria such as their walkability and proximity to public transit, on-site renewable energy generation, management of wastewater and solid waste, and the provision of a mix of affordable housing and commercial opportunities.9

The “Project,” as described in the 2002 Concept Plan and the 2008 Design for Development, would receive 58 out of 106 possible points, achieving a Silver “pre-view” certification. The “Project” meets several criteria outlined by the USGBC for LEED-ND certification, such as the redevelopment of brownfields, compact development with a diversity of uses, availability of affordable housing, and adaptive reuse of existing buildings.10 Depending on the implementation of sustainability measures currently planned for the redevelopment of Zone 1, such as green building standards and energy efficiency systems, the “Project” could qualify for a final Gold or Platinum LEED-ND certification, the highest levels awarded by the USGBC.

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a. **Hazardous Materials**

The Project Area and surrounding properties contain numerous sites where hazardous materials are generated, stored, handled, and/or treated, including sites of existing and past industrial uses, gas stations, auto repair enterprises, and other land uses that use, store or dispose of hazardous materials and wastes. The Project Area may also contain other hazards, such as asbestos and PCBs and the risk of explosion from industrial accidents. The City of San Francisco is aware of these potential hazards and has set forth policies and implementation programs relevant to the proposed Redevelopment Program and its relationship to hazardous materials conditions in its General Plan.

Hazardous materials are currently used and handled regularly at numerous sites within the Project Area. These permitted uses are in accordance with current hazardous materials regulation, and release of hazardous materials from these sites is considered low.

Between 1926 and 1999, Schlage Lock used its buildings in Zone 1 for its manufacturing operations using and storing various metals and solvents containing volatile organic compounds (VOCs). As a result, the soil and groundwater under the former Schlage Lock parcels and parcels on the former Southern Pacific Brisbane Rail Yard are highly contaminated and unsuitable for residential or commercial development without remediation. Beginning in the mid-1990s, the California Department of Toxic Substances Control (DTSC) ordered the property owners of the Schlage Lock facility and the Southern Pacific Rail Yard—respectively, Ingersoll-Rand and Universal Paragon Corporation (UPC)—to conduct remedial investigation and cleanup of those parcels.11

In May 2008, Ingersoll-Rand transferred the Schlage Lock property to UPC, who will conduct a two-phase remediation of the parcels in Zone 1 after demolishing the existing structures. Phase I will focus on the parcels north of Visitacion Avenue, which are less contaminated, and is expected to be completed 18 months after the start of demolition. Phase II, which will include active groundwater treatment and soil cleanup in some Schlage Lock parcels and the Rail Yard parcels south of Visitacion Avenue, will be completed 30 months after the start of demolition. A Soil Management Plan will be developed to guide the soil cleanup process and will be updated as needed. Groundwater remediation will employ two primary treatment technologies, in-situ chemical oxidation and enhanced reductive dechlorination, both of which have been employed in similar sites in California and have been accepted by DTSC.12

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Redevelopment Plan–related construction has the potential for exposing construction workers and future site occupants to spills, leaks and other discharges of existing hazardous materials or wastes. In addition, hazardous substances may be stored, generated and/or used in association with new commercial, industrial or other uses within the Project Area. The DEIR recommends mitigation measures that would be expected to reduce the potentially significant health and safety risks associated with potential exposure to hazardous materials to a less-than-significant level.

The following potential sources of hazardous materials are present in the Project Area:

- Identified sites where soil or groundwater has been affected by chemical release(s) from past or present land uses, such as the Schlage Lock and Southern Pacific Rail Yard facilities; and
- Existing permitted uses of hazardous materials, including underground storage tanks (USTs) and permitted handling of hazardous wastes.

The Redevelopment Plan includes objectives and programs to eliminate blighting influences and correct environmental deficiencies in the Project Area. These include remediation of environmental conditions in Zone 1 in order to redevelop it into a mixed use neighborhood. The Redevelopment Plan’s Economic Development Program includes a brownfield cleanup assistance program for commercial and industrial properties. The program will be funded with tax increment revenue and potentially with state and federal funding sources.¹³

For a more detailed description of the hazardous materials database review process, see Chapter 11 of the DEIR. Refer to Chapter V of this Report on the Plan for a description of hazardous waste in the Project Area.

b. Demographic Information

According to the Health Impact Assessment conducted by the City’s Department of Public Health (DPH) for the Executive Park Subarea Plan using 2000 Census tract data, the Visitacion Valley neighborhood has 19,809 residents and 5,213 households, making up 2.6 percent of the City’s population.¹⁴ The majority of Visitacion Valley’s population (54 percent) is Asian/Pacific Islander, 19 percent are African American and 11 percent are White. Hispanic/Latino residents make up 18 percent of the population. Fifty percent of the neighborhood’s population is foreign born. The area has lower socioeconomic indicators than the City, with weighted median household income of $55,000 compared to $59,000 citywide. The unemployment rate is 6.8 percent and 14 percent of the population is below the poverty line, compared with 4.6 percent unemployment and 11.3 percent poverty rate Citywide.


¹⁴ San Francisco Department of Public Health, The Executive Park Subarea Plan Health Impact Assessment Draft for Public Review, August 2007. The neighborhood, as defined by the Health Impact Assessment, is broader than the Project Area and includes Census tracts 0258, 0259, 0263, 0264, 0605, and 0610.
c. Population

The Redevelopment Plan could potentially stimulate population, employment and housing stock growth in the Project Area. The DEIR estimates that implementation of the “Project” could potentially result in as many as 5,896 additional residents and 1,585 new housing units in the Project Area between 2010 and 2025. The DEIR’s base case scenario, by comparison, assumes that redevelopment of the roughly 20-acre Zone 1 would not occur, and estimates the Project Area population in 2025 to be 415. Approximately 79 percent of the residential growth estimated to occur through the “Project” is expected to occur within Zone 1.

The addition of 1,585 housing units within the Project Area between 2010 and 2025 would account for approximately 5.5 percent of the citywide increase in residential development in that period. Such an increase would help to address citywide and regional housing shortfalls as well as assist San Francisco in meeting its fair share housing allocation, as determined by the Association of Bay Area Governments (ABAG).

This anticipated growth would not in and of itself constitute a significant adverse environmental impact, and in many ways is the desired outcome of the Redevelopment Plan. In addition, growth may be less than expected, depending on private market conditions.

d. Land Use and Applicable Land Use Plans and Policies

The Redevelopment Program would provide opportunities for the City to stimulate private investment, enhance its residential character and promote economic development. All activities undertaken by the Agency, including all development activities facilitated by a redevelopment plan, must be consistent with the goals and policies of San Francisco’s General Plan. The General Plan Index, which cross-references the policies related to land use located throughout the General Plan, plays a central planning role in correlating all City land use issues, goals and objectives into one set of development policies.

Certain changes to the General Plan and Planning Code are currently being proposed to accommodate the land use, urban design and revitalization concepts articulated in the Visitacion Valley/Schlage Lock Strategic Concept Plan (Concept Plan). Specifically, parcels in Zone 1 would have to be rezoned from light and heavy industrial into neighborhood commercial shopping and/or commercial transit district to allow for a mix of neighborhood commercial uses and high-density housing oriented towards the Muni T line and the Caltrain Bayshore Station. Land uses in Zone 2 would remain largely unchanged, except for a redesignation of properties on the west side of Bayshore Boulevard to lift unit density restrictions and minimum parking requirements and to permit building heights of up to 55 feet. Each of these land use changes has been discussed with ample participation from the Visitacion Valley community and the Project Area’s Citizens Advisory Committee, and expresses the community’s goal for Zone 1 and the Project Area as a whole.
The “Project” provides opportunities for economic development by retaining and creating new businesses and through new construction and rehabilitation of existing housing. The “Project” also promotes community enhancements through the creation of open space and streetscape programs and through design guidelines. The “Project” would be generally consistent with existing applicable General Plan goals and policies.

**Visitacion Valley/Schlage Lock Strategic Concept Plan**

In 2001, the San Francisco Planning Department, the Office of Supervisor Sophie Maxwell, and the advocacy group Urban Ecology organized a community planning workshop in Visitacion Valley to articulate a vision for the vacant Schlage Lock facility. The resulting Concept Plan expressed the community’s desire to convert the former manufacturing facility into a mixed-use community including affordable housing, retail opportunities and public facilities. The Concept Plan envisions that the 20-acre area, which includes the former Bayshore Railyard, would be incorporated seamlessly into the Visitacion Valley community through continuous street grids, pedestrian and bicycle facilities, and contextual urban design. The Concept Plan Sub-area is referred to in this Report on the Plan as Zone 1.

The 10 Community Goals outlined by the Concept Plan have been incorporated into the “Project” in the form of the goals and objectives of the Redevelopment Program. The Redevelopment Plan is generally consistent with the Concept Plan’s goals and objectives.

The Concept Plan identifies 10 Community goals:

- Ensure a mix of uses
- Bring new stores
- Build affordable housing
- Expand opportunities for local employment
- Create a destination
- Use good design
- Improve Bayshore
- Revitalize the Leland shopping district
- Connect the neighborhood
- Bring new community resources

**Regional Plans**

The Redevelopment Program proposed for the Visitacion Valley Project Area is highly consistent with *A Proposed Land Use Policy Framework for the San Francisco Bay Area*, ABAG’s most recent land use policy document. The regional policy framework calls for the production of housing affordable to a diverse mix of incomes, urban infill and transit-oriented development. The Visitacion Valley Redevelopment Program will help the City meet all of these regional objectives.
In addition, the Redevelopment Program is contemplated under the San Francisco/San Mateo Bi-County Transportation Study, which also addresses the regional transportation impacts of other development and redevelopment initiatives in both counties, such as India Basin Shoreline, Executive Park and Brisbane Baylands. Staff from the City and Redevelopment Agency met with Brisbane planning and engineering staff to coordinate efforts regarding transit, roadway configurations, historic resources, bike planning, and stormwater treatment.

Lastly, the DEIR states that the Redevelopment Program would have to comply with mandates from Regional Air Quality Plans and the California Regional Water Quality Control Board (RWQCB) Water Quality Control Plan.

**Summary of Land Use Changes**

Redevelopment would facilitate an increased rate of development and redevelopment of existing underdeveloped residential, commercial and industrial lands in the Project Area. Increased commercial development would also be expected in the form of both new construction and the rehabilitation and conversion of existing structures. However, given the proximity of some existing and planned land uses, intensification could result in adverse land use impacts as a result of potential new land use conflicts between specific industrial or commercial developments near residential, park or open space uses (e.g., public safety, security, traffic, visual, light, noise, parking, odor, and other conflicts).

Land use changes resulting from the “Project” would be consistent with redevelopment goals to eliminate economic and physical blight within the Project Area; the land use vision, goals and recommendations of the Visitacion Valley community; and citywide goals to increase the housing supply, particularly affordable housing adjacent to transit lines such as the Muni T line and the Bayshore Caltrain Station. The Redevelopment Plan will also initiate community enhancement programs that will improve open space facilities and establish connections between new developments in Zone 1 and other sections of the Visitacion Valley community.

e. **Environmental Justice**

Southeast San Francisco has a disproportionate number of industrial and polluting facilities. San Francisco does not currently have an environmental justice policy, but the Strategic Plan (2003–2006) of the Department of the Environment has an environmental justice program focused on the southeastern portion of the City. The goals of this program include:

- Ensuring that the least harmful alternatives to polluting infrastructures and/or activities are established in San Francisco.
- Mitigating historical environmental and health-related inequities and ensuring the equitable distribution of environmental benefits and burdens.
- Educating and empowering communities to support sustainability and to have a voice in decisions that may affect their environmental well-being.
The Redevelopment Plan includes objectives to eliminate blighting influences and correct environmental deficiencies, such as incompatible land uses and inadequate or deteriorated public improvements, facilities and utilities. In addition, the Economic Development Program of the Redevelopment Plan includes a brownfield cleanup assistance program. Specifically, one of the major goals of the Redevelopment Program is to assist the environmental remediation of the former Schlage Lock and Southern Pacific Brisbane Rail Yard parcels in Zone 1, which will not only allow those properties to become integrated with the rest of the Project Area, but also remove a toxic hazard from the Visitacion Valley community.

The Redevelopment Plan and Design for Development of Zone 1 also relied on the findings of the Department of Public Health’s Eastern Neighborhoods Community Health Impact Assessment (ENCHIA) to formulate its goals and activities. ENCHIA was developed to guide the Eastern Neighborhoods Community Planning process and highlights several factors that are integral to the development of healthy neighborhoods, such as streets that are safe for pedestrians and bicyclists; access to housing and retail; proximity to schools, parks and public spaces; and availability of public transit. The Department of Public Health conducted an analysis of the “Project” and its findings will be used to plan future community uses in the Schlage Office Building, workforce development and community benefits to be considered during the OPA process.

f. **Biology**

The Project Area is fully urbanized and is surrounded by a fully developed urban environment. The Initial Study for the Proposed Visitacion Valley Redevelopment Program (Initial Study) notes that the Project Area does not contain any habitat of rare or endangered plant or animal species nor would the “Project” interfere with the movement of resident or migratory fish or wildlife species. The Project Area is also not located within an adopted Habitat Conservation Plan or Natural Community Conservation Plan area. Lastly, the “Project” would not conflict with any local policies or ordinances protecting biological resources. In fact, the Redevelopment Program includes the introduction of trees and permeable surfaces, particularly within Zone 1, improving the area’s biological resources.

g. **Drainage and Water Quality**

San Francisco operates a combined sewer system, handling sanitary sewage flows, stormwater and industrial wastewater. Almost all sanitary wastewater and stormwater runoff have been diverted to the municipal sewer system, and water is treated by at the Southeast Water Pollution Control Plant (SEWPCP). Potential impacts from the buildout of the Project Area include (1) potential water quality impact due to increased stormwater runoff and (2) increased risk of soil erosion and contaminant spills during project remediation and construction.

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In order to mitigate these “Project” impacts to less than significant, the developer of Zone 1 must comply with San Francisco Public Utilities Commission (SFPUC) guidelines, ensuring that 80 percent of total annual runoff remains onsite or is treated to an acceptable level prior to discharge into the SEWPCP system and that building setbacks include 25 percent of pervious surfaces. Developments within Zone 3 must also comply with SFPUC guidelines. The developer of Zone 1 must also implement design guidelines for minimizing soil erosion and contaminant spills generated by the “Project” such as planted vegetation, scheduling major site development work during the dry season, and developing a program for handling, storage, use, and disposal of fuels and hazardous materials.

In addition to meeting SFPUC guidelines, the Concept Plan envisions that three acres (or 18 percent) of Zone 1 would be landscaped, thus replacing formerly industrial impervious buildings and pavement with surfaces that may improve drainage conditions in the Project Area.

h. Geology

The Project Area is already a developed urban area, and probable future renovation or replacement of existing structures would not change the geological, soil or seismic environment of the area. The Project Area is located in a seismic hazard area, and buildings could be exposed to strong ground shaking. Because all new development will conform to Uniform Building Code and San Francisco Building Code, possible negative impacts due to ground shaking would be reduced to less-than-significant levels.

According to the Initial Study, the California Department of Conservation Division of Mines and Geology identifies no portion of the Project Area as prone to seismic-induced liquefaction or landslides. Because the Redevelopment Plan would replace, improve or otherwise upgrade many of the older buildings in the Project Area, the “Project” would be considered to have a positive impact.

i. Cultural and Historic Resources

The Project Area includes potentially historical resources such as the Office Building, the Sawtooth Building and the Ancillary Building in the Schlage Lock facility as well as a number of structures along Leland Avenue. The infill development emphasis of the Redevelopment Program could encourage building rehabilitation, replacement of dilapidated or underutilized uses with new development, and public improvements such as installation of water and sewer infrastructure and new streets. Such developments could expose these structures to potentially damaging circumstances, including demolition, relocation or substantial alteration to the structure or its immediate surroundings if they do not meet the standards put forth by the Secretary of the Interior’s Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings or Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings.

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17 Ibid.
Where changes to historic structures are not able to meet the guidelines of the Secretary of the Interior’s publications, the DEIR lists a series of mitigation measures to reduce the “Project’s” impact, including the following:  

- Documentation  
- Oral histories  
- Relocation, salvage and/or commemoration of resources  
- Contribution to a historic preservation fund  

Protections to historic structures under Article 10 of the Planning Code would also apply.  

The Redevelopment Plan includes the objective of facilitating “the preservation, rehabilitation, and seismic retrofitting of historic buildings and landmarks.” Specifically, the first goal of the Redevelopment Plan envisions the adaptive reuse of the historic Schlage Office Building as a community center or other public facility. Through the Concept Plan, the Visitacion Valley community expressed its desire to facilitate the adaptive reuse of the Schlage Office Building as a public facility in order to recognize the historic significance of Schlage Lock to the neighborhood and the City.  

The DEIR identifies one Native American habitation site (CA-SFR-35) within or immediately adjacent to the Project Area, as well as two potential archaeological resources: Ralston Shellmound and remains associated with the Union Pacific Silk Manufacturing Company. Projects and activities related to the “Project” may create a significant impact on these resources. However, the DEIR outlines a series of measures to mitigate the impact of the “Project” to less-than-significant levels. Measures include retaining an archaeological consultant and subjecting projects with potentially significant impacts to an archaeological testing program. The DEIR states that the “Project” may also disturb as-yet-unrecorded prehistoric resources, resulting in a potentially significant impact. However, the mitigation measures outlined in the DEIR would reduce such impacts to a less-than-significant level.  

5. **Availability of Community Facilities and Services**  

The DEIR estimates that implementation of the “Project” would result in a population increase of as many as 5,896 residents, which would account for roughly 7.4 percent of the population gain for San Francisco between 2010 and 2025, as projected by ABAG. The increase in resident population would be made possible by the addition of 1,585 housing units in the Project Area. Approximately 79 percent of the expected residential growth would occur within Zone 1.  

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a. Police Service Impacts

The population growth of 5,896 residents in the Project Area will increase the demand for San Francisco Police Department (SFPD) services by generating additional calls for police assistance and the need for more police patrols. However, the SFPD has not identified facilities and/or personnel expansion needs related to the “Project.” Thus, the DEIR finds no significant environmental impact of the “Project” requiring mitigation.

b. Fire Protection and Emergency Medical Service Impacts

The population growth of 5,896 residents in the Project Area will increase the demand for San Francisco Fire Department (SFFD) services by generating additional calls for fire protection and emergency medical services (EMS). However, the SFFD has not identified facilities and/or personnel expansion needs related to the “Project.” Thus, the DEIR finds no significant environmental impact of the “Project” requiring mitigation.

c. Public Library Impacts

The San Francisco Public Library (SFPL) operates the Visitacion Valley Branch Library in a leased building at 45 Leland Avenue in the Project Area. The SFPL purchased the Super Fair Market property at the corner of Leland and Rutland Avenues with funding from the 2000 Proposition A and plans to relocate the Visitacion Valley branch to that site in 2010. The addition of a possible 5,896 new residents under the “Project” would intensify the demand for library services in the Project Area. However, the planning process for the relocation and upgrade of the Visitacion Valley Branch Library accounted for the potential increased demand for library services arising from the neighborhood’s population growth. Thus, the DEIR expects that library impacts would be less than significant.

d. Public Parks Impacts

The San Francisco Recreation and Park Department operates 347 acres of recreational and park facilities in the vicinity of the Project Area, including the 333-acre John McLaren Park. In addition, the neighborhood currently has seven smaller recreation and parks facilities: the Visitacion Valley Community Center, the Visitacion Valley Playground, Hans Schiller Plaza, Kelloch-Velasco Mini-Park, Little Hollywood Park, Visitacion Valley Clubhouse, and the Visitacion Valley Greenway. The Redevelopment Program proposes to create three new parks totaling 2.5 acres: Leland Park (1 acre) between Leland and Visitacion Avenues, Residential Greenway (1 acre) between Visitacion and Sunnydale Avenues, and Blanken Park (0.5 acres) that will include a renovated Schlage Office Building as a community center.
San Francisco’s Planning Code does not have a citywide standard for parks and open space. However, using the impact assessment calculated by Seifel Consulting for the Eastern Neighborhoods Community Planning process, the Recreation and Park Department has calculated that the additional 5,896 residents would generate a deficit of 0.77 acres in the service area, given current provision of recreation and park facilities in the neighborhood.\(^{20}\) Thus, the 2.5 acres of new recreation and park facilities provided in the Redevelopment Program would more than offset the deficit generated by new residential development. Tax increment resources coupled with a Community Facilities and Infrastructure Fee to be assessed on new development in Zone 1 may also generate enough funds to purchase and develop additional parkland as well as upgrade and maintain current recreation facilities. Thus, the impact of the “Project” on the local recreation and park system is likely to be positive.

e. Water Demand Impacts

The new residential and nonresidential development projected to occur in the Project Area as a result of the Redevelopment Program is expected to increase the demand for water use by almost 180,000 gallons per day. The Urban Water Management Plan adopted by the San Francisco Public Utilities Commission accounts for the water demand generated by the “Project” and the associated increase in residents and employees. Thus, the DEIR anticipates that the water demand impacts would be less than significant.\(^{21}\)

f. Wastewater Services

The “Project” anticipates negligible impacts on wastewater processing. The increase in sanitary sewage due to anticipated development facilitated by the “Project” is only expected to increase the wastewater treatment demand of the Project Area by 0.7 percent of the currently available excess capacity of the SEWPCP. Thus, the impact of the “Project” on the SEWPCP’s capacity to comply with RWQCB discharge requirements would be less than significant.\(^{22}\)

g. Solid Waste Impacts

San Francisco is currently aiming to divert 75 percent of its solid waste from the waste stream by 2010. The City diverted 63 percent of waste in 2002, an 11-percent increase from 2001. The ambitious waste diversion program would mitigate increases in solid waste volume that would result from increased population in the Project Area. The “Project” would generate an additional 6,136 tons of solid waste per year above current levels, which would represent an approximate 0.7-percent increase in the City’s solid waste stream.


\(^{22}\) Ibid, p. 15-12.
SF Recycling & Disposal, Inc. has determined that the designated solid waste collector, Sunset Scavenger Company, can accommodate this increase in solid waste production without the need for new or enhanced facilities.23 Additionally, given that the redevelopment of Zone 1 has qualified for the LEED-ND pilot program, it is likely that the “Project” will place a strong focus on reusing and recycling solid waste. Thus, the solid waste impacts would be less than significant.

6. **Effect on School Population and Quality of Education**

The San Francisco Unified School District (SFUSD) is currently not a growth district. The District operates four schools in the immediate vicinity of the Project Area, all of which are currently operating significantly under capacity. The following schools are in the immediate vicinity of the Project Area:

- Visitacion Valley Elementary School (55 Schwerin Street): 386 enrolled students, capacity to serve 550 students;
- El Dorado Elementary School (70 Delta Street): 277 enrolled students, capacity to serve 425 students;
- Visitacion Valley Middle School (450 Raymond Avenue): 356 enrolled students, capacity to serve 864 students; and
- Philip and Sala Burton High School/Leadership Charter High School (400 Mansall Street): 1,669 enrolled students, capacity to serve 2,187 students.

The DEIR applies a factor of 0.7 students per new proposed residential unit. With the 1,585 new housing units proposed for the Project Area, the “Project” could contribute 1,120 new students to the area’s schools. This addition would not surpass the current capacity of schools in the DEIR study area. The SFUSD anticipates that the student population will continue to decrease over the next 10 years, and new or expanded school facilities are not expected to be required. Rather, the SFUSD’s capital facilities program has focused on replacing older schools with new facilities and modernizing other facilities.24 The SFUSD charges school impact fees on new residential and non-residential development that would help to mitigate any unforeseen impact of the “Project” on school enrollment that may lead to overcrowding. Thus, the DEIR finds that school services impacts are anticipated to be less than significant.25

The City College of San Francisco (“City College”) estimates that new housing developed under the “Project” could increase its student population by 700 to 800 students requiring approximately 20,000 square feet of classroom space. The demand for community college education services depends not just on population growth, but also on changing demographics and dynamic economic conditions in the region.

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The 2003 City College of San Francisco Education Master Plan (“City College Plan”) specifically mentions Visitacion Valley and the Schlage Lock site as a site for future facility expansion. The City College Plan indicates an existing interest from the community for the expansion of facilities into Visitacion Valley, based on current needs not just future population growth. The Visitacion Valley Redevelopment Plan and its companion planning documents have provided plans for the adaptive reuse of the historic Schlage Office Building to be used as a community facility targeting community college classes as an anchor use.26

7. Property Assessment and Taxes

The proposed Redevelopment Plan will not cause the property taxes paid by property owners to increase. In general, taxable valuations of property within and adjoining the Project Area should increase as development of that property occurs. New development within the Project Area will be assessed at market value, as determined by the assessor. Regardless of whether property is in the Project Area or not, the assessor may increase property valuations for existing properties at the maximum rate of 2 percent per year allowed under Proposition 13. In cases where property changes hands, the assessor will reassess the added value to property and improvements due to any new development or rehabilitation that occurs.

Taxing Entities Affected

The following entities would be affected by a change in property taxation status within the Project Area:

- San Francisco Community College District
- Bay Area Air Quality Management District
- San Francisco Unified School District
- Bay Area Rapid Transit District
- City and County of San Francisco

As discussed in Chapter VII, if the Redevelopment Plan is adopted, all of the entities that levy taxes in the Project Area will continue to receive all property tax revenues derived from the frozen base year assessed valuation for the Project Area. For the duration of the tax increment collection period, the taxing entities will also receive pass-through payments, (i.e., a portion of the property tax revenues generated from the increases in assessed value over the frozen base). When a redevelopment project is completed and loans or other indebtedness have been repaid, all property taxes flow back to the respective taxing entities. These taxing entities will benefit from increases in property tax revenues resulting from a revitalized and redeveloped Project Area. In many communities, such increases are substantial.

8. **Other Factors Affecting Physical and Social Quality of Neighborhoods**

   **a. Air Quality**

   Added population resulting from the Redevelopment Program will generate more traffic trips; however, the San Francisco Transportation Authority estimates that the increase in vehicle miles traveled are lower in the future than the rate of population growth due to public transportation patterns in the City. The Redevelopment Plan would have to conform to the San Francisco General Plan, which is consistent with the 2000 Clean Air Plan of the Bay Area Air Quality Management District (BAAQMD). Therefore, air quality impacts from added population and resulting transportation patterns in the Project Area would be less than significant.

   The “Project” would likely contribute to an increase in traffic-related regional air pollutant emissions exceeding applicable thresholds of significance for particulate matter (PM\textsubscript{10}). The mitigation measures under the DEIR would reduce the cumulative impacts of PM\textsubscript{10} by 10 to 20 percent. However, as the significance thresholds defined by the BAAQMD would require reductions of up to 60 percent, the long-term regional emissions increases are considered a significant unavoidable impact.

   Air quality can be impaired through demolition and construction activity, particularly remediation activity in Zone 1. The DEIR recommends adoption of several mitigation measures to decrease any such impacts, such as dust control measures by contractors for demolition, remediation, grading, or construction activity in the Project Area. The DEIR also recommends mitigation of emissions by diesel-powered construction equipment such as properly maintaining machinery, suspending excavation during periods of excessive wind, and utilizing alternative fuel construction equipment.

   In addition, Lead Agencies are now urged to track the impact of projects on Greenhouse Gases (GHGs) and global climate change. The DEIR notes that the “Project” would likely increase the immediate area’s GHG emissions through residential and employment growth. However, the regional impact of the “Project” might be positive, as the Redevelopment Plan envisions a dense, transit-oriented, mixed use development, resulting in lower GHG emissions compared to a development with similar residential and employment growth elsewhere in the Bay Area.

   **b. Noise**

   Several specific noise impacts are of concern for neighborhoods. Construction-related noise would be temporary and specific to a particular development site, and would comply with the San Francisco Noise Ordinance, which prohibits construction work between 8 p.m. and 7 a.m. Construction-related noise would be a less-than-significant impact.

   “Project”-related traffic may add more cars to the Project Area roadways, resulting in increased traffic noise. The DEIR estimates that this added noise would increase by more than the 3-decibel threshold above ambient noise levels in several segments along Leland Avenue and Bayshore Boulevard and would therefore constitute a significant impact. However, if planned roadway improvements are implemented by year 2025, the “Project” would only contribute 0 to 1 decibels above threshold levels and the noise impact would be less than significant.
c. **Urban Design and Visual Quality**

Most of the development that will occur as a result of the “Project” will take place within Zone 1, mostly replacing the vacant industrial facilities (manufacturing buildings, warehouses, yards) with new multifamily residential and mixed use residential/commercial buildings. The conceptual and design process for Zone 1 included significant input from the Visitacion Valley community through public workshops and meetings. The CAC has also been actively involved in the review of the Design for Development document that will guide the development within Zone 1 and its reincorporation into the local urban fabric. Thus, it is expected that the development of Zone 1 will meet the community’s vision for urban design and visual quality. The DEIR determines all other urban design and visual impacts to be limited and less than significant.

d. **Shadow and Wind**

The San Francisco Planning Code has requirements for new developments related to their impact on shadow and wind patterns in their immediate vicinity. Section 295 requires studies for buildings greater than 40 feet in order to protect public spaces from shadow during certain hours. The Initial Study noted that new developments in the Project Area would be subject to Planning Code standards and thus do not require additional study or mitigation. Similarly, Sections 148, 249.1(a)(3), 243(c)(8), and 263.11(c) regulate developments in order to ensure specific comfort criteria at the ground level. The Initial Study finds that the “Project” would have no impact on shadow or wind patterns requiring further study or mitigation.27

9. **Summary of Impacts**

Overall, the Redevelopment Plan will have a beneficial impact upon the residents, property owners and businesses in the Project Area. Rehabilitating and preserving the residential neighborhoods, alleviating blighting conditions and removing barriers to development will accomplish this. Implementation of the Redevelopment Plan will bring about coordinated growth and development, making the Project Area more attractive, which in turn should stimulate reinvestment. More importantly, the Redevelopment Plan will eliminate blighting influences that deter and negatively impact the Project Area as a whole.

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C. Relocation and Low and Moderate-Income Housing

1. Housing Units to Be Destroyed or Removed

The Agency does not anticipate undertaking activities or providing assistance to activities that will result in the displacement of residents. As discussed in Section A.1 above, the Redevelopment Plan includes many restrictions and limitations on the use of eminent domain, including a prohibition on the use of eminent domain to acquire property that contains legally occupied dwelling units in the Project Area. The plan also limits the use of eminent domain to properties within Zone 1 of the Project Area. Furthermore, any use of eminent domain in the Project Area would occur only after specific conditions and negotiation procedures were met, as outlined in the Redevelopment Plan Section 4.3 and in California state law.

Should future Agency activities result in the removal of buildings occupied by persons or families of low and moderate incomes from voluntary acquisition or through eminent domain, the Agency will be required to construct, develop or rehabilitate or cause the construction, development or rehabilitation of low and moderate-income dwelling units.²⁸

Each replacement unit must include at least the same number of bedrooms as the units that were removed. However the units may be replaced with fewer units if an equal or greater number of bedrooms are provided. For example, four two-bedroom units may be replaced with two four-bedroom units. These replacement housing units must be constructed within four years of the destruction or removal of the original unit and must be of the same size (number of bedrooms) or larger. They must also be available at affordable housing cost to and occupied by persons in the same or a lower income category (very low, low or moderate) as the persons displaced from those destroyed or removed units. The units must remain affordable for the longest feasible time, but not less than 55 years for rental units and 45 years for owner-occupied units, as set forth in the CRL Section 33334.3.

2. Displacement

The Agency does not anticipate undertaking activities or providing assistance to activities that will result in the displacement of occupants. If Agency acquisition or redevelopment of property with Agency assistance were to result in displacement of occupants, the Agency will comply with applicable relocation requirements.

The Redevelopment Plan states that it will “avoid displacing any residential units or existing businesses.”²⁹ However, the Agency may acquire property in the Project Area for the purpose of effecting redevelopment, in which case, it has set forth policies to assist residents and business owners in relocating as well as granting preference to existing business to remain and participate in the redevelopment of the Project Area.

²⁸ Section 4.3 of the Redevelopment Plan prohibits the use of eminent domain authority over property in the Project Area that contains legally occupied dwelling units or that are located outside of Zone 1.
3. **Number and Location of Replacement Housing Units**

The Redevelopment Plan is designed to encourage new development and rehabilitation to address the existing conditions in the Project Area. The Redevelopment Plan would allow for an estimated 1,585 units to be built in the Project Area, almost 80 percent of which would occur within Zone 1.\(^{30}\)

If the Agency were to assist in development that would result in removal of housing units, the Agency would require the developer to provide relocation benefits. If the Agency were to undertake any activities requiring or causing the destruction or removal of housing units from the low and moderate-income housing market, the Agency would provide replacement housing before the destruction or removal of the housing units, pursuant to Section 33413 of the CRL and develop a replacement housing plan pursuant to Section 33413.5.

4. **Number and Location of Low and Moderate-Income Housing Units Planned Other than Replacement Housing**

The Redevelopment Plan includes an affordable housing program for the creation of affordable housing on infill and other opportunity sites in the Project Area. Specific actions for implementation of the affordable housing program will be in accordance with the CRL, the Housing Element of the City’s General Plan and the Consolidated Housing Plan. The affordable housing program will include various types of multifamily housing, both rental and ownership.

The Agency may dedicate citywide affordable housing funds to the production of affordable housing in the Project Area. The affordable housing program will guide the Agency’s affordable housing efforts. According to Section 6.2.2 of the Redevelopment Plan, at least 25 percent of all new and substantially renovated units to be developed within the Project Area would be available to and occupied by persons and families of extremely low, very low, low, or moderate income. Of this 25 percent, 40 percent (or 10 percent of the total) would be affordable to and occupied by households of extremely low or very low income. Because area median income (AMI) in the Visitacion Valley is lower than the citywide median, the affordability target will be set at 50 percent of AMI for rental housing and 100 percent of AMI for affordable owner-occupied housing, with a goal of achieving an average of 80 percent AMI for owner-occupied units.

5. **Financing Method for Replacement Housing Requirements**

The Agency is not obligated to provide replacement housing for projects developed solely by the private sector. If the Agency were to provide financial assistance to a project that resulted in the removal of housing units, the Agency will employ, as necessary, the method outlined in this Report to meet relocation and replacement housing requirements and other obligations under the CRL.

\(^{30}\) The tax increment projections used in Chapter VII of this Report more conservatively assume that 1,345 residential units will be built in the Project Area, more than 80 percent of which would be in Zone 1.
The Agency shall, over the term of the 45-year tax increment collection period, use no less than 50 percent of the tax increment available for the Redevelopment Program for the purposes of increasing, improving and preserving the City’s supply of housing for persons and families of extremely low, very low, low, or moderate income. This source of funding would also be utilized for replacement housing should the Agency be required to create such housing.

6. **Timetable for Provision of Relocation and Replacement Housing**

Relocation and replacement housing have not been identified as a specific project to implement the Redevelopment Plan because the Agency does not anticipate acquiring any property or removing any housing in the Project Area that has existing occupants. However, if relocation or replacement housing were necessary, the Agency would provide relocation and replacement housing pursuant to Section 33410 through 33418 of the CRL. This would include taking the necessary steps to cause the construction, rehabilitation, development, and availability of such housing in accordance with the time limits prescribed by law.

The relocation and replacement housing plan(s) prepared by the Agency for a particular development activity would contain schedules to ensure housing is available in accordance with the requirements of the CRL and the State Relocation Guidelines.

D. **Summary**

The Redevelopment Plan has been created by the Agency in conjunction with the CAC, based on the findings and recommendations of the Concept Plan, the Leland/Bayshore Commercial District Revitalization Plan and meetings with the CAC and members of the Visitacion Valley community. The objectives and programs of the Redevelopment Plan are designed to stimulate revitalization in the Project Area and guide future development. The Redevelopment Plan places special emphasis on blight elimination, affordable housing development and retention, improved transportation access, infill development, and a strengthened economic base. Significant tax increment resources will be devoted to affordable housing and to the provision and maintenance of public open space.

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31 Tax increment revenue available for the Agency’s Redevelopment Program is the amount of tax increment funds allocated by the Mayor and Board of Supervisors to the Agency for its redevelopment activities. It includes the CRL-required 20 percent housing set-aside and is net of pass-through payments to affected taxing entities and Agency administration costs.
XVII. Necessity for Redevelopment

A. Introduction

This chapter summarizes the extent of physical and economic conditions in the Project Area and explains why private enterprise and governmental action, working alone or together, cannot reasonably be expected to reverse the blighting conditions without redevelopment.

B. Extent of Physical and Economic Blighting Conditions

The physical and economic blighting conditions in the Project Area are so prevalent and substantial that they cannot reasonably be expected to be reversed without redevelopment assistance. The documentation of physical and economic blighting conditions in Chapters IV and V and the photographs contained in Appendix C demonstrate that substantial blight is prevalent throughout the Project Area.

The Project Area suffers from two of the four conditions of physical blight as defined by the CRL: (1) the presence of unsafe and unhealthy buildings and (2) conditions that hinder the viable use or capacity of buildings or lots. As described in Chapter IV, 72 percent of all buildings in the Project Area suffer from very extensive or extensive deficiencies, including serious dilapidation and deterioration. Many buildings in the Project Area exhibit signs of long-term neglect and building code violations. Most buildings in the area are vulnerable to serious seismic damage or geological hazards due to their age, construction type, or state of repair. In addition, the design of several buildings is substandard, defective, or obsolete given the present general plan, zoning or other development standards, preventing or substantially hindering their viable use. Deficient public infrastructure, including curbs, sidewalks, streets, and sewer utilities, also contributes to physical blight in the Project Area.

The Project Area also suffers from three of the seven statutorily defined conditions of economic blight: (1) impaired property values due to hazardous wastes, (2) economic indicators of distressed buildings, and (3) a high crime rate. Impaired property values due to the presence of hazardous wastes constitutes the most significant economic blighting factor in the Project Area, as approximately half of the area exhibits indications of hazardous materials contamination. Economic indicators of distressed buildings include vacant businesses and abandoned buildings as well as low lease rates, which typically are 50 to 75 percent of the rates charged in comparable commercial areas in the city. Lastly, economic activity in the Project Area is also negatively impacted by high crime rates, including crimes that pose a serious threat to public safety and welfare.

The Schlage Lock and Bayshore Railyard facilities that make up Zone 1 suffer from the most extensive blighting conditions in the Project Area. The buildings within Zone 1 exhibit significant signs of dilapidation and neglect, and their former industrial uses have become largely obsolete given local land market trends and community goals.
The severe contamination of the soil and groundwater in Zone 1 impairs the value of the properties and has been a major deterrent to private investment. It has also impeded realization of the community’s vision to have the site become a focal point of the neighborhood through the development of new housing, retail and public amenities. In addition, the blighting conditions within Zone 1 likely have a negative impact on property values and economic activity throughout Visitacion Valley.

As further described in Section C below, these blighting conditions have caused a reduction of, or lack of, proper utilization of the Project Area and constitute a serious physical and economic burden on the community that cannot be reversed or alleviated without the assistance of Agency through the authority of the CRL.

C. Significant Burden on the Community

Chapters IV and V document that blighting conditions are a burden on the community and Project Area properties are not being used to the same potential as properties in other parts of the city. The reduction of, or lack of, proper utilization of the Project Area constitutes a serious physical and economic burden on the community in at least the following respects:

- Prevents adequate supply of affordable and other housing;
- Deprives property and business owners of a competitive return on their investments;
- Hinders the enhancement of the physical environment;
- Prevents the development of the land and hinders the viable usefulness of the buildings and land;
- Deprives residents of San Francisco and surrounding areas of employment opportunities;
- Deprives the City, the County, the education districts, and other affected taxing entities of an expanding tax base;
- Hinders the development of a stronger economic base for the community through the revitalization of the Leland Avenue/Bayshore Boulevard commercial district; and
- Prevents the reintegration of the former Schlage Lock facility into the fabric of the Visitacion Valley community and the City of San Francisco as a whole.

The Visitacion Valley community has been intimately involved during the entire process of designation of the Project Area. In addition to the Citizens’ Advisory Committee (CAC) established by the Mayor in July 2006, other community efforts to revitalize the Schlage Lock site and the Leland Avenue/Bayshore Boulevard commercial district have been underway for several years.

In 2002, the community developed the Visitacion Valley—Schlage Lock Strategic Concept Plan for the Schlage Lock site outlining a vision for the vacant facility as the center of the neighborhood. Another community workshop process in 2004 highlighted the need to revitalize the Leland/Bayshore commercial district. Chapter II describes these community-based processes in more detail. The findings from these processes inform the work of this report.
D. Inability of Private Enterprise or Government to Alleviate Blight

Neither the private nor the public sector can provide the financial support needed to fund the costs of the Redevelopment Program.

1. Limitations of Private Enterprise

Without redevelopment, many of the Redevelopment Program costs would have to be borne solely by the private sector. Chapter VII presents a discussion of possible sources of private sector funds for redevelopment. By themselves, these sources would not be able to provide the resources necessary to eliminate blighting conditions and revitalize the area.

The private sector’s ability to alleviate blight is limited by the following factors:

- The remediation of parcels contaminated with toxic or hazardous waste is costly and a financial disincentive to reinvestment or development.
- The high crime rate is a deterrent to business located and locating in the area.
- Inadequate and deficient infrastructure such as street deficiencies and inadequate circulation hinder private sector development.
- The industrial portions of the Project Area are characterized by older buildings (such as the former Schlage Lock facility and the Bayshore Railyard) that no longer meet user demand for industrial space and limit a private investor’s ability to invest in properties while achieving a reasonable rate of return.
- The generally poor condition of retail areas on Leland Avenue and Bayshore Boulevard, including serious façade deficiencies, high crime rates, low lease rates and high vacancy rates deter businesses from locating or starting up in the commercial corridor.

One clear indication of the inability of private enterprise to alleviate blight in the Project Area without redevelopment assistance is the fact that the Schlage Lock facility has remained vacant since industrial activity was discontinued in 1999. Since then, the site that had once been a central part of the neighborhood has become a blighting factor in the area, and the private sector shows no indication that it would be able to overcome the serious environmental contamination, dilapidation of buildings, and inadequate infrastructure without prohibitively high capital investment. Private funds will be an important piece in the redevelopment of the Project Area, but it will likely not be enough to alleviate blighting conditions and meet community goals for the area while achieving a reasonable rate of return.

2. Limitations of Other Governmental Action

The alleviation of blighting conditions in the Project Area is not feasible by governmental action alone because governmental action is limited by the lack of a reliable flow of federal, state or local financial resources available to fund a comprehensive revitalization program, as discussed in Chapter VII. Federal and state funding sources have become increasingly limited in recent years.
Many of the projects necessary to revitalize the Project Area, as outlined in Chapter VI, will require significant capital investments. This is particularly true for the remediation of parcels within Zone 1, the provision of a significant stock of affordable housing units, and installation and upgrades of local public infrastructure. These are all improvements that community members have outlined as being crucial for the revitalization of the neighborhood, yet it is unlikely that City and County, state, or federal funds would be sufficient.

Redevelopment assistance in the form of tax increment revenue is the last-resort gap filler that is essential to fund the alleviation of blighting conditions and an effective revitalization effort for the Project Area. As described in Chapter VII, all other feasible sources of non-tax increment revenue will be applied toward Redevelopment Program costs. However, the costs of alleviating blighting conditions in the Project Area are significant, and the projects and activities of the Redevelopment Program could not be undertaken without redevelopment assistance.

E. Reasons Why Tax Increment Financing Is Necessary

Redevelopment is a necessary financing tool that will be used to support the Redevelopment Program costs as described in Chapter VI of this report. Chapter VII demonstrates the general economic feasibility of the Redevelopment Project and the reason for including the provision for the division of taxes pursuant to Section 33670 in the Redevelopment Plan, as required by the CRL.

As discussed in Chapter VII, the costs of alleviating documented blighting conditions substantially exceed available funding from public and private sources. Tax increment financing is the only source available to fill the substantial gap between the costs of the Redevelopment Program and other public and private revenue sources.

Without redevelopment assistance, neither the private sector alone, the public sector alone, nor the private and public sectors working together, can financially support the substantial costs of the Redevelopment Program. Because these projects and activities are critical to the revitalization of the Project Area, tax increment financing is needed to assist in funding these projects. Tax increment financing is the critical funding source that the Agency will use to implement the Redevelopment Program.
XVIII. Supplementary Report

A. Introduction

The Agency intends to use a different fiscal year for the Project Area base assessed value than the one it had originally planned to use. In November 2007, the Agency notified the State Board of Equalization, county officials and affected taxing entities of its intent to use FY 2007/08 assessed value as the base value for the Project Area. However, the Agency was not able to achieve this base year and now proposes to use FY 2008/09 as the base year. The CRL requires agencies using a different equalized assessment roll than the one originally intended to analyze the effect of the use of the different rolls. An agency must include the analysis in a supplementary report or in the report to the legislative body. The Agency has incorporated the required information into this Chapter of the Report on the Plan, which will be transmitted to the affected taxing entities at least 14 days prior the public hearing on the Redevelopment Plan in accordance with CRL.

B. CRL Requirements

CRL Section 33328.5 describes the requirements related to a change in the base year:

(a) If a redevelopment agency proposes to use the equalized assessment roll for the year following the equalized assessment roll which the redevelopment agency advised it would use pursuant to Section 33328, the redevelopment agency shall, prior to the adoption of the redevelopment plan using that different equalized assessment roll, either notify the county officials, taxing agencies, and the State Board of Equalization of the change in the equalized assessment roll that it proposes to use for the allocation of taxes pursuant to Section 33670 or prepare a report containing the information specified in subdivisions (a), (b), (c), (d), (e), and (f) of Section 33328.

(b) Upon receipt of a notice pursuant to subdivision (a), the county officials charged with the responsibility of allocating taxes under Section 33670 and 33670.5 shall prepare and deliver to the redevelopment agency a report containing the information specified in subdivisions (a), (b), (c), (d), (e), and (f) of Section 33328. The report shall be prepared and delivered within the time periods specified in Section 33328 for reports prepared pursuant to that section. If a redevelopment agency gives the notice specified in subdivision (a), the redevelopment plan specified in the notice shall not be adopted until the time period for delivery of the report has expired.

(c) At least 14 days prior to the public hearing on the redevelopment plan for which the redevelopment agency proposes to use a different equalized assessment roll, the redevelopment agency shall prepare and deliver to each taxing agency a supplementary report analyzing the effect of the use of the different equalized assessment roll which shall include those subjects required by subdivisions (b), (e), and (n) of Section 33352. In lieu of a supplementary report, a redevelopment agency may include in the report required to be prepared pursuant to Section 33352, the information required to be included in the supplementary report.
(d) A redevelopment agency shall not be required to prepare a subsequent preliminary report specified in Section 33344.5, unless the report prepared pursuant to subdivision (b) states that the total assessed value in the project area is less than the total assessed value in the project area contained in the original report prepared pursuant to Section 33328, in which case a new preliminary report shall be prepared.

(e) The use of a different assessment roll pursuant to this section shall meet the requirements of Section 16 of Article XVI of the California Constitution.

(f) This section shall only apply to redevelopment plans adopted on or after January 1, 1993. The Legislature finds and declares that the enactment of this section shall not be deemed to invalidate or limit the adoption of redevelopment plans pursuant to a different procedure prior to January 1, 1993.

C. CRL 33328.5(a) Report

CRL Section 33328.5(a) requires the Agency to prepare a report containing the information specified in subdivisions (a), (b), (c), (d), (e), and (f) of Section 33328. This section serves as the Section 33328.5 Report.

Total Assessed Valuation [33328(a)]

The total assessed valuation of all taxable property within the project area for FY 2008/09 is $52,732,967.

Affected Taxing Agencies [33328(b)]

The affected taxing agencies levying taxes in the project area are:

• City and County of San Francisco
• San Francisco Community College District Fund
• San Francisco Unified School District (SFUSD) General Fund
• Bay Area Air Quality Management District
• Bay Area Rapid Transit District General Fund

Tax Revenue [33328(c)]

The amount of tax revenue to be derived by each taxing entity from the base year assessment roll from the project area, including state subventions for homeowners, business inventory, and similar subventions is contained in Table XVIII-1.
Table XVIII-1
Amount of Taxes Derived by the Taxing Agencies from the Project Area in FY 2008/09
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Taxing Agency</th>
<th>Property Tax Revenues from the Project Area&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>City/County SF</td>
<td>$341,106</td>
</tr>
<tr>
<td>ERAF</td>
<td>$133,573</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$474,679</strong></td>
</tr>
<tr>
<td>SF Community College</td>
<td>$7,617</td>
</tr>
<tr>
<td>SFUSD</td>
<td>$40,598</td>
</tr>
<tr>
<td>Bay Area Air Quality</td>
<td>$1,100</td>
</tr>
<tr>
<td>Bay Area Rapid Transit</td>
<td>$3,336</td>
</tr>
<tr>
<td><strong>Project Area Total</strong></td>
<td><strong>$52,650</strong></td>
</tr>
</tbody>
</table>

<sup>a</sup> Includes 1% tax distribution for secured and unsecured rolls, does not include amounts for debt service.

Source: FY 2007/08 County Fiscal Officer’s Report, FY 2008/09 County Assessor-Recorder’s data and Seifel Consulting Inc.

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Ad Valorem Tax Revenue Derived by Each Taxing Entity [33328 (d)]

Each taxing entity’s total ad valorem tax revenues from all property within its boundaries, whether inside or outside the project area is included in Table XVIII-2.

Estimated First Year Taxes Available to the Agency [33328 (e)]

The estimated first year property taxes available to the Agency are zero dollars.

Assessed Valuation of the Project Area for Preceding Year [33328 (f)]

The assessed value for the Project Area in the preceding year (FY 2007/08) was $45,907,855.
### Table XVIII-2
FY 2008/09 Base Year, Basic Property Tax Revenue to be Received by Taxing Entities
Visitacion Valley Redevelopment Project Area

<table>
<thead>
<tr>
<th>Taxing Entity</th>
<th>Revenues from Basic (1%) Property Taxes from the Entire City and County of San Francisco</th>
<th>Basic Revenues from Property Taxes in the Project Area</th>
<th>Project Area Percentage of City &amp; County Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Secured Roll</td>
<td>Unsecured Roll</td>
<td>Total</td>
</tr>
<tr>
<td>City and County of San Francisco</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund and Special Revenue Funds</td>
<td>$892,531,095</td>
<td>$62,098,119</td>
<td>$954,629,214</td>
</tr>
<tr>
<td>Educational Revenue Augmentation Fund</td>
<td>$349,504,899</td>
<td>$24,316,908</td>
<td>$373,821,808</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$1,242,035,994</td>
<td>$86,415,028</td>
<td>$1,328,451,022</td>
</tr>
<tr>
<td>San Francisco Unified School District</td>
<td>$106,228,829</td>
<td>$7,390,903</td>
<td>$113,619,732</td>
</tr>
<tr>
<td>San Francisco Community College District</td>
<td>$19,930,135</td>
<td>$1,386,645</td>
<td>$21,316,780</td>
</tr>
<tr>
<td>Bay Area Rapid Transit District</td>
<td>$8,727,621</td>
<td>$607,227</td>
<td>$9,334,848</td>
</tr>
<tr>
<td>Bay Area Air Quality Management District</td>
<td>$2,877,421</td>
<td>$200,197</td>
<td>$3,077,619</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,379,800,000</td>
<td>$96,000,000</td>
<td>$1,475,800,000</td>
</tr>
</tbody>
</table>

a. These values do not include debt service revenues.

Source: County Fiscal Officer's Report, February 12, 2008; Correspondence with Office of the Controller, November 13, 2008; Seifel Consulting Inc.
D. CRL 33328.5(c) Information on Effect of the Change in Base Year

In November 2007, the Agency notified the county officials, taxing agencies and State Board of Equalization of its intent to utilize FY 2007/08 as the base year. In response, the County Auditor prepared the County Fiscal Officer’s Report (33328 Report), which was transmitted to the Agency on February 12, 2008.

However, as the Redevelopment Plan was not adopted in time to use FY 2007/08 as the base year, the Agency intends to establish FY 2008/09 as the base year for the purpose of calculating tax increment. In compliance with CRL Section 33328.5, the Agency has prepared the information required in the 33328 Report and included in this Chapter of the Report on the Redevelopment Plan. The Agency intends to transmit this Report to all taxing entities at least 14 days prior to the public hearing on the Redevelopment Plan adoption. This Supplemental Report further analyzes the effect of the change in assessment rolls.

The base value of the Project Area in FY 2007/08 was $45,907,855. The total assessed value of the Project Area in FY 2008/09 is $52,732,967. Since the base year value did not decline from FY 2007/08 to FY 2008/09, the Agency is not required to revise the financial feasibility analysis contained in the Preliminary Report.

The analysis below summarizes the effect of the change in base year assessment roll from FY 2007/08 to FY 2008/09 on Subdivisions (b), (e), and (n) of CRL Section 33352, which are as follows:

- Subdivision (b): description of physical and economic conditions in the Project Area that causes it to be blighted, contained in Chapters IV and V;
- Subdivision (e): proposed method of financing the Project Area, included as Chapter VII; and
- Subdivision (n): analysis of the base year report and summary of consultations with affected taxing agencies, included in Chapters XIV and XV.

1. Effect of the Change in Base Year on Blighting Conditions

The blight documentation required by CRL Section 33352(b) is not altered by the change in base year. The base year value increased from FY 2007/08 to FY 2008/09. However, the documentation of physical and economic blight within the Project Area is not affected as a result of the change in base year from FY 2007/08 to FY 2008/09 because depreciated or stagnant assessed valuation was not a factor of blight documented in the Preliminary Report. The elimination of blighting conditions will occur through the implementation of the Redevelopment Program’s projects and activities (as presented in Chapter VI), which are basically the same projects and activities presented in the Preliminary Report. (A few activities have been added to reflect input from the Citizens Advisory Committee.)
2. Effect of the Change in Base Year on the Proposed Method of Financing

The method of financing and economic feasibility of the Redevelopment Plan, as required by CRL 33352(e) and presented in Chapter VII, will not be negatively affected as a result of the change in base year from FY 2007/08 to FY 2008/09.

The projected development that was contemplated in the Preliminary Report remains the same in the Report on the Plan. The reduction in assessed value in the Project Area due to the downward reassessment of the Schlage Lock parcels after their transfer from Ingersoll-Rand to the Universal Paragon Corporation will likely delay the Agency’s ability to collect tax increment in the Project Area until FY 2010/11 and may decrease overall tax increment collection over the life of the Redevelopment Plan. However, the tax increment projections are over a 45 year period, and given the expected fluctuation in the economy, the change in base year value is not expected to result in a measurable change over the life of the Plan.

3. Effect of the Change in Base Year on the Analysis of the Base Year Report and Summary of Consultations with Affected Taxing Agencies

The analysis of the County Fiscal Officer’s Report is presented in Chapter XIV. The following analysis primarily addresses the effects of the change in base year from FY 2007/08 to FY 2008/09 on the analysis of the County Fiscal Officer’s Report and the impacts upon the affected taxing entities.

a. Effect of the Change in Base Year on the Analysis of the Base Year Report

This analysis corresponds to the components of the County Fiscal Officer’s Report as required by CRL Section 33328.

Total Assessed Valuation

The total FY 2008/09 base year assessed value for the Project Area is $52,732,967 compared to the FY 2007/08 value of $45,907,855.

Identification of Affected Taxing Agencies

The taxing agencies receiving ad valorem property tax revenues from the Project Area are the same as those listed in the FY 2007/08 33328 Report.

Amount of Taxes Derived by the Taxing Agencies from the Project Area

Based upon the changes to the affected taxing entities distribution of property taxes as shown in the Table XVIII-1 below, the effect of the change in base year is minimal. The respective taxing entities will continue to receive their base year property tax revenues over the life of the Redevelopment Plan, in addition to statutory pass through allocations required under CRL Section 33607.5. The property tax revenue to all taxing agencies will increase proportionally with the increase in assessed value in the Project Area from FY 2007/08 to FY 2008/09.
Table XVIII-3
Effect of the Change in Base Year on Amount of Taxes Derived by the Taxing Agencies from the Project Area
Visitacion Valley Redevelopment Plan

<table>
<thead>
<tr>
<th>Taxing Agency</th>
<th>Property Tax Revenues from the Project Area FY 2007/08 Base Year</th>
<th>Property Tax Revenues from the Project Area FY 2008/09 Base Year</th>
<th>Change in Property Tax Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>City/County SF</td>
<td>$296,957</td>
<td>$341,106</td>
<td>$44,149</td>
</tr>
<tr>
<td>ERAF</td>
<td>$116,285</td>
<td>$133,573</td>
<td>$17,288</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$413,243</td>
<td>$474,679</td>
<td>$61,437</td>
</tr>
<tr>
<td>SF Community College</td>
<td>$6,631</td>
<td>$7,617</td>
<td>$986</td>
</tr>
<tr>
<td>SFUSD</td>
<td>$35,344</td>
<td>$40,598</td>
<td>$5,255</td>
</tr>
<tr>
<td>Bay Area Air Quality</td>
<td>$957</td>
<td>$1,100</td>
<td>$142</td>
</tr>
<tr>
<td>Bay Area Rapid Transit</td>
<td>$2,904</td>
<td>$3,336</td>
<td>$432</td>
</tr>
<tr>
<td>Project Area Total</td>
<td>$45,836</td>
<td>$52,650</td>
<td>$6,814</td>
</tr>
</tbody>
</table>

a. Includes 1% tax distribution for secured and unsecured rolls, does not include amounts for debt service.

Source: FY 2007/08 County Fiscal Officer’s Report, FY 2008/09 County Assessor-Recorder's data and Seifel Consulting Inc.

b. **Total Amount of Taxes to Be Derived by the Taxing Agencies Inside and Outside of the Project Area**

The revenues proposed to be generated from the Project Area represent 0.035 percent of the total revenues collected by each of the taxing agencies for FY 2008/09 compared to 0.037 percent in FY 2007/08 as calculated in the County Fiscal Officer’s Report. Therefore, the change in the base year will have minimal impact on each of the taxing entities, as the Project Area’s revenues as a percentage of the total revenues remain virtually the same. The respective taxing entities will continue to receive the base year property tax revenues over the 45 year tax increment collection period, in addition to statutory pass through allocations required under CRL Section 33607.5.

c. **Estimated First Year Taxes to be Derived from the Project Area Available to the Redevelopment Agency**

Based upon the information contained within the FY 2007/08 33328 Report and the FY 2008/09 County Assessor’s data, the estimated first year property taxes available to the Agency are zero dollars. Because the decrease in total assessed value in the Project Area due to the downward reassessment of the Schlage Lock parcels after the transfer from Ingersoll-Rand to UPC, it is likely that the assessed value in the Project Area will be lower than the FY 2008/09 base value for two or three years. Thus, the Agency may only be able to start collecting tax increment from the Project Area in FY 2010/11, when redevelopment of Zone 1 and new developments in Zone 2 begin to increase total assessed value in the Project Area above the base.

d. **The Assessed Valuation of the Project Area from the Preceding Year**

The County Fiscal Officer’s Report states that the assessed value for the Project Area in the preceding year (FY 2007/08) was $45,907,855. This value consists of an assessment of $43,559,280 for secured property and $1,170,600 in unsecured property.