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# Housing Above Retail

CREATING INCENTIVES FOR THE REPLACEMENT OF SINGLE-STORY RETAIL SITES WITH MIXED-USE PROJECTS: A SPUR REPORT

An opportunity exists to realize a walkable, accessible, diverse, and more-affordable city by replacing large underutilized retail sites sprinkled throughout San Francisco’s neighborhoods with well-designed mixed-use developments that combine neighborhood shopping with homes above.

In total, large underutilized retail sites equal nearly 100 acres of land—and in a city where suitable land for new housing is increasingly scarce they offer a tremendous opportunity. With a modest inclusion of housing (assuming 45 units per acre), upward of 4,500 new units of housing could be built citywide.

These sites, which include large grocery stores, bank branches, strip malls, and other large retailers, were typically developed 20 to 50 years ago on a suburban model: expansive surface parking lots surrounding a single-story retail building. These developments occupy our scarce land resources, and some are unsightly or unsafe and foster loitering—especially in the parking lots. If done right, redevelopment of these sites can result in better neighborhoods and thousands of sorely needed new housing units.

Right now there are many barriers to mixed-use development in San Francisco that make owners and retailers reluctant. This paper looks at both the neighborhoods’ and retailers’ perspectives on redeveloping such sites, discusses the barriers, and lays out incentives that would encourage retailers to move toward this traditional urban format. These ideas can be immediately integrated into neighborhood plans, and become a zoning overlay for all such sites around the city. Our focus is on grocery stores, but the new zoning could also be applied to other single-story sites, such as bank branches.

## Neighborhood Perspective

Careful reuse of an outdated store site can result in substantial benefits to surrounding neighborhoods. A new mixed-use project can add a great “sense of place” to neighborhoods. A new project can:

- Improve the streetscape by widening sidewalks, enhancing street lighting, and providing new plazas, street trees, and outdoor seating
- Mitigate nuisance problems common around perimeters of large surface parking lots
- Add new public open space and amenities
- Provide architecturally attractive structures in place of suburban-style retail boxes
- Enhance local shopping choices by providing an expanded grocery store

From the community members’ point of view, proposals for new higher-density, mixed-use development can raise concerns about design and appropriate scale, and parking and traffic impacts. The challenge is to identify strong planning and design measures to address these concerns and ensure that this kind of site reuse will have broad benefits to local communities. Neighborhood residents are often leery of new development, but having an expanded and improved grocery store is a great benefit for the neighborhood.

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The Infill Issue

## Storeowners' Perspectives

Retailers have strong feelings about what works and what doesn't work with the design of their stores. The complexities of mixed-use projects with housing over retail makes developing a plan that works for retail, housing, and neighborhood amenities a difficult—but achievable—design challenge.

If the goal is to convince storeowners to build housing, there are important barriers that must be understood. In some cases the City can help storeowners overcome the barrier, in other cases we just have to recognize there will have to be strong incentives to get storeowners to move into a format they're not comfortable with:

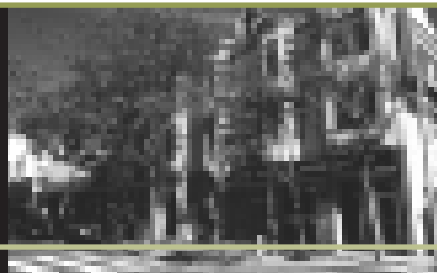
- Control of land and buildings is sometimes a complicated web between multiple retailers with existing leases, and the timing of a project needs to be coordinated

use project as the retailer loses sales, profits, and the risk that its customer base may shift allegiance to another retailer.

- Construction costs for retailers in mixed-use projects are higher. This means the developer will have to borrow more money and take greater risk. A developer will only do this if there's likely to be more profit than just staying a grocery store. The retail store footprint and layout in mixed-use projects is complicated by circulation and building requirements.
- There can be conflicts between housing and retail uses, such as customers parking in residents' parking spaces, and odors and noise (especially from early morning deliveries and trash pickups). These and other related problems are likely to make developers concerned about managing the units, and make the retailer concerned about legal issues.



A new mixed-use project can add a great "sense of place" to neighborhoods.



among several retail leases, which may not be feasible. Similarly, ownership of land and buildings in one shopping center may be divided, with different landlords having different motivations that may require extensive coordination and accommodation.

- Some landowners may not be interested in the investment, risk, or perceived problems associated with mixed-use projects and may be unwilling to sell the property to someone who is. If they already have a successful store on their property, they may not be interested in selling or making changes.
- Some of the design features that are important to retailers are different than what an urban designer might consider important. For example, retailers generally want larger store sizes, good visibility, clear signage, ample and visible parking, good circulation and a safe, welcoming shopping environment.
- Because so many people go grocery shopping in bulk and use cars to carry groceries, most retailers have found that easy parking is a big attraction for customers. One promotional technique used in the standard suburban shopping format—store set behind parking—is to "advertise" the available parking to potential customers. Most grocery stores, especially national chains, are extremely nervous about "hiding" parking in a garage.
- A successful retailer is reluctant to close for the extensive period of time required to create a mixed-

Most developers are either experts at housing or at retail. Very few know how to do both. The City needs to find ways to entice owners and retailers to redevelop their sites with housing on top of stores (or build new stores in this way), even given all of these barriers. We need to make the opportunity so attractive to them that they are willing to take on a new retailing and architectural format.

Retail practices are changing in cities, and mixed-use projects can be an attractive strategy for large retailers such as grocery stores. Stores can get what they need—visibility, parking, and security—and local communities can get better urban design and neighborhood-serving retail.

## Good Urban Design

For any of this to work, it's critical that the urban design and architecture be done right. In addition to including housing on upper floors, the new development should provide parking below grade (or otherwise out of sight) and public amenities—such as widened sidewalks and plazas—along with retail activity at street level. The revitalized sites should be pedestrian-friendly and contextual retail centers. Ideally, these renovations and the increased retail activity they engender should encourage improvements and revitalization of adjacent neighborhood shopping streets.

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The urban design issues are more challenging with larger sites. In order to make this mixed-use format work, heights of at least fifty feet will almost always be necessary. At the same time, grocery stores need to have a good-sized footprint to have room for goods. (See sidebar on p. 6 for more ideas on this point.)

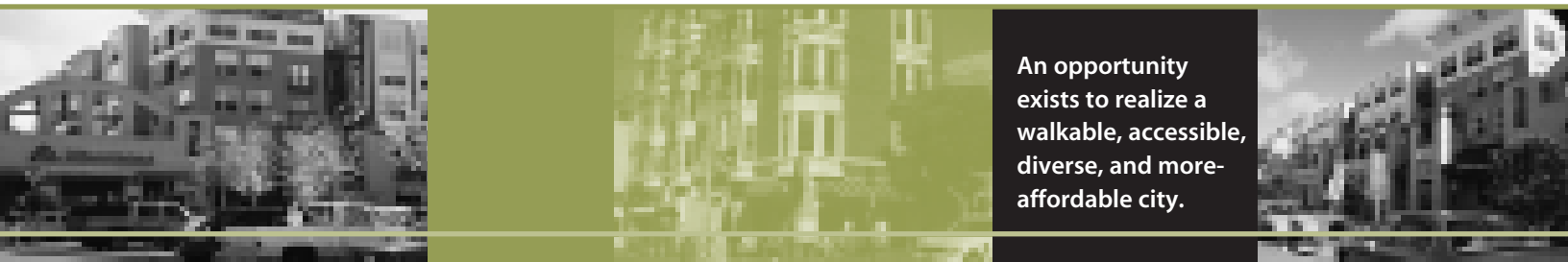
## Models

In cities up and down the west coast—notably in Portland, Seattle, and Vancouver—large retailers are partnering with cities to redevelop sites like these with a more active mix of uses, including substantial housing. Recently, San Francisco has begun to take advantage of the opportunity such sites offer. For example, the Petrini Place project at Fulton and Masonic includes an Albertsons supermarket, several other stores, and 135 moderately priced condominium units. Two new

urban designers, City staff, and others to examine these issues and develop solutions that encourage owners to consider redevelopment of their properties and make it desirable for neighbors to welcome these proposals. We propose that new zoning controls and design guidelines be developed that aim at creating incentives for owners and lessees to pursue well-designed mixed-use projects, so that when these sites undergo renovation, the opportunity for new housing is not missed. (For more detailed zoning proposals see the Appendix on SPUR’s website, [www.spur.org](http://www.spur.org).)

## Our Proposal

We have tried to think through good urban design, neighborhood character, and enticements for storeowners to move to a mixed-use format. What follows are the changes we propose to both the planning and zoning



An opportunity exists to realize a walkable, accessible, diverse, and more-affordable city.

In the past, grocery stores and other retail businesses in the city were often built on the single-story suburban model. But the opportunity exists to build several levels of housing on

projects are being built soon: housing above Faletti’s Market at Fell and Baker, and housing above a grocery store at 450 Rhode Island.

## Zoning Issues

San Francisco’s current zoning does not generally encourage mixed-use redevelopment of these sites. For example:

- Except on steeply sloping sites such as Petrini Place, the 40-foot height limit that prevails in neighborhood shopping areas outside the core of the city is too low to accommodate a large ground floor retail story with a tall ceiling, as well as three stories of housing generally required to make a viable project.
- Limits on housing density create undue restrictions on the number of units that can be built, regardless of the prevailing character of the neighborhood.
- Conditional-use requirements for mixed-use projects mean time, cost and unpredictability in redeveloping these sites. At the same time, we have no mixed-use design guidelines that provide architects, planners, and neighbors with design standards that ensure new projects improve neighborhoods at the same time that they increase housing choices.

In response to these barriers and to address potential neighborhood concerns, the Housing Action Coalition and SPUR hosted charettes on July 23, 2003 and February 10, 2004 with architects, developers, retailers,

codes that would encourage housing over retail. The new zoning controls and design guidelines would apply to any large (one-half acre or larger) site in existing Neighborhood Commercial (NC) zoning districts (except NC-1 districts) whenever:

- the site contains a single-story retail building (or is vacant) and the owner proposes an increase of 20 percent or more of the site’s retail square footage, or
  - the owner voluntarily chooses to pursue a mixed-use project with at least two square feet of housing for every square foot of retail space
- If a proposed project does, in fact, include housing by at least a 2:1 (housing:retail) ratio, we suggest the following significant incentives and changes to existing zoning:
- **Allow up to 10 more feet of height in 40-foot-height-limit areas if needed to accommodate a ground floor with high ceilings with three floors of housing above.** Large retail uses generally need about 20 feet of floor-to-floor clearance at the ground floor. Three levels of housing (at ten feet each) are needed to make projects feasible and attractive.
  - **Use height and bulk controls to shape the building envelope instead of restricting the number of units.** The developer should be given the flexibility to develop as many or as few units as needed within that envelope.

- **Allow somewhat more parking as-of-right for large stores.** Allowing more parking is a great advantage to storeowners, though it must be married with good urban design. We also suggest removing the minimum requirement so the market can determine how many spaces are needed based on location, removing the requirement for independently accessible spaces, and encouraging car-sharing.
- **Allow more flexibility in signage.** For example, if the store today has a marquee sign visible from multiple directions, agree to equal visibility or grandfathering the size of existing signage.
- **Allow the project to move forward without the need for conditional-use authorization if the project is a grocery store, or no other individual retailer other than a grocery store is more than 6,000 square feet and is not a**

applicants requesting a conditional use for a non-residential project should be asked to indicate that they have studied in a good-faith effort the development of a mixed-use project and have concluded that a mixed-use project is not architecturally and/or economically feasible. In making such a showing the applicant should not be required to disclose any proprietary financial information.

We urge that such zoning be developed and we urge the Planning Commission and the Board of Supervisors to adopt these changes—coupled with mandatory mixed-use design guidelines to be applied during project review. For this change in land-use planning to be successfully implemented across the city, care must be taken to preserve and enhance the character and scale of surrounding targeted sites. Zoning changes should also be coupled with developer and community outreach to ensure that



If done right, redevelopment of these sites can result in better neighborhoods.



Some of these low-slung buildings. Many popular neighborhoods—Union, Fillmore, Ocean Avenue, Russian Hill, and Valencia, for instance—are already made up of mixed-use buildings.

**fast-food restaurant.** Without a conditional-use requirement, new projects will be able to avoid extra costly hearings and delays. For other large retailers or for fast-food restaurants, a conditional use would still be required.

- **Mandate new requirements for public open space (either onsite or offsite).** In addition to private residential open space, commercial open space should be provided onsite or provided and maintained nearby in augmented streetscape improvements, seating, or recreational opportunities. Another offsite option should be payment of an in-lieu fee equivalent to the estimated cost of acquiring, developing, and maintaining an equal amount of public open space that is planned for acquisition and development near the project.
- **Development of mixed-use design guidelines to help ensure larger projects make a positive contribution to the street.** See sidebar on mixed-use design guidelines, p. 6. The Planning Department currently has residential guidelines, but no mixed-use design guidelines.

If the proposed project does *not* include a housing component, and is simply an expansion of the existing non-residential use (or new construction of a single-use non-residential project), the current zoning would apply—however, we believe that

enough value is added through such projects, for both the developer and surrounding community, to encourage repetition of the process elsewhere.

It is important that mixed-use projects are well designed. Part of this is developing design guidelines. Another part is meaningful neighborhood input.

## Conclusion

Great cities of the world, including San Francisco, have made careful use of their land by stacking uses. While there are already small and large examples of beautiful mixed-use projects in the city, our intent with this paper is to incentivize the exceptions (the single-story commercial use) to move toward this traditional pattern. It's time to bring those exceptions in line with the time-honored practice of city building by putting homes above stores. A detailed zoning proposal is on SPUR's website, <http://www.spur.org>. \*

*This paper was written by the SPUR Housing Committee, Martin Gellen and George Williams, co-chairs; and Kate White, executive director of the Housing Action Coalition, principal author. The paper was studied, debated, and edited by the entire SPUR Board, and adopted as official SPUR policy on February 18, 2004.*

# Mixed-use DESIGN Guidelines

In order to ensure good design, the Planning Department must develop a set of design guidelines quite distinct from the residential design guidelines the City already has. Housing over retail poses special challenges. We have some proposed solutions—others still need to be solved. Here are our suggested elements of the new mixed-use design guidelines:

**SITING.** Residential common open space should run along the existing block's established rear yard pattern. We propose a new requirement for commercial open space, which should be accessible to the neighborhood.

**HEIGHT, MASSING, AND ARTICULATION.** For projects in 40-foot-zoned districts, the upper story adjacent to low-rise residential uses should be set back, with an easy transition to adjacent residential lots.

**RETAIL FRONTAGES.** Retail, in general, should be up to the property line. Parking should be wrapped in other uses on commercial streets, with no blank walls more than 80 ft. in length. Lining large stores with "hugger" stores, or opening up the store to the street with active windows and outdoor activities such as flower and fruit stands, can enhance the pedestrian environment.

**RESIDENTIAL FRONTAGES.** Multiple residential pedestrian entrances to the streets, e.g. townhouses, should be encouraged to activate the street.

**STREETScape.** The public space surrounding the project should include enhancements such as plazas, street trees, outdoor seating, outdoor cafes, enhanced lighting, and widened sidewalks.

**MATERIALS.** Building materials should be compatible with adjacent properties in residential neighborhoods, retail and housing should be vertically integrated, and building articulation should respond to scale of the neighborhood.

**PARKING AND LOADING.** Parking should be below grade or wrapped with other uses. The entrance to the retail garage should be clear, loading docks should be enclosed, curbcuts need to be limited, and parking can be shared between residents and retail customers

**SIGNAGE.** The signage should be limited in size and location but offer a clear identity for the store.

## The Housing Action Coalition

After a modest beginning in 1999 at the SPUR offices, the San Francisco Housing Action Coalition (HAC) has now grown to 38 neighborhood, environmental, development, and business organizations—



San Francisco  
HOUSING  
ACTION  
COALITION

all sharing the mission of well-designed, well-located housing that meets the needs of present and future San Franciscans. With a full-time executive director, its own office space adjacent to the San Francisco Bicycle Coalition, and fiscal sponsorship from Greenbelt Alliance, the HAC is fulfilling its vision of being a truly broad-based, proactive "YIMBY" (Yes In My Backyard) force in San Francisco. Among its recent successes, the HAC helped secure \$20 million in November 2003's Prop. K sales tax extension for transit-oriented housing construction as a part of neighborhood planning. Through consistent coalition presence at the Planning Commission every week, 24 of the 27 projects the HAC has endorsed have already been approved by the City—and several have even begun construction. Currently, the HAC is organizing to secure funding in the upcoming City budget for the Better Neighborhoods Program, is sitting on the Mayor's affordable housing bond working group, and is spearheading several legislative initiatives to increase housing production—including incentives for encouraging housing over grocery stores, as highlighted here. The coalition has shown over its short lifetime that vocal advocacy of needed housing development can result in a shorter approval process, and make more people aware of the critical shortage of transit-oriented housing in this city.

—Kate White

For more information on the HAC, please see <http://www.sfhac.org> or call Kate White, executive director, at 415-865-0553.