



## **San Francisco Community Benefit Districts**

The City of San Francisco is the heart and soul of the San Francisco Bay Area since its incorporation the mid-1800s. Since its early days when California's Gold Rush drew an influx of immigration, San Francisco has long been a hub of commerce and finance as well as an epicenter of diversity and culture. It is currently the 17th largest city in the United States in population, with over 873,000 residents.<sup>1</sup>

Known for its agreeable weather, iconic landmarks, diverse arts and culture, and accessibility to world-famous wineries, beaches, regional outdoor recreation, and more, San Francisco is one of the most popular international tourist destinations in the country. Pre-pandemic San Francisco achieved record-breaking tourist numbers for 10 consecutive years and continues to be a recreation and business center for visitors from all over the world.

Over the past few decades, San Francisco has also become a breeding ground for industries of advancement, from finance and biomedicine to technology and social media. Occupied in the extended Silicon Valley, San Francisco is now a popular location for corporate headquarters for iconic global brands like Twitter, Airbnb, Gap, Yelp, and many more.

### **San Francisco Boomtown**

During the 2010s, the tech industry alone grew nearly 60 percent in the San Francisco Bay Area. Not only did many major tech companies like Google, Apple, and Facebook expand their presence into San Francisco proper, the founding of scores of new companies like Zynga, Lyft, and Slack turned the city into the startup capital of the world, creating hundreds of thousands of technology jobs throughout the region. Even during the pandemic, San Francisco added jobs to the technology workforce.

As a result of the influx of business and commerce, San Francisco has undergone a dramatic transformation over the past several years with an explosion of construction and development. Massive projects include the erection of the tallest building in the city, Salesforce Tower and transit center; the expansions of the San Francisco Museum of Modern Art, the Asian Art Museum, and Moscone Center; construction of dozens of high-rise housing complexes; the relocation of the Downtown bus terminal; and the years-long extension of the Muni subway through Union Square and Chinatown.



Enormous in scope, these projects over the last five years alone have provided a variety of benefits to the city and its downtown corridor, complete with transit, commercial, residential, and public open spaces, impacting future generations of residents, businesses, and visitors. Projects of these immense magnitudes involve years of planning and collaboration with other agencies, particularly the Office of Economic and Workforce Development, working to develop and review master plans for multi-phase redevelopments on sites, rezoning, and the creation of significant new infrastructure, streets and roadways, parks, and community facilities.

### **Community Benefit Districts**

To keep up with this surging growth, the City of San Francisco has had to revamp its civic blueprint, particularly within the downtown districts, to accommodate for the increased density relying heavily on community benefit districts (CBDs). CBDs are non-profit organizations that strive to improve the overall quality of life within specific commercial districts and mixed-use neighborhoods. These private-public partnerships between the city and local communities are created when local property owners within a specified geographic area vote to levy a special assessment upon themselves to fund neighborhood improvements and ongoing maintenance of the public realm, e.g., graffiti removal, tree pruning, and sidewalk maintenance, while building community and promoting economic activity.

Currently, San Francisco has 17 CBDs—15 property-based and two sector-based—that include:

- Castro/Upper Market Community Benefit District
- Civic Center Community Benefit District
- Discover Polk Community Benefit District
- Downtown Community Benefit District
- East Cut Community Benefit District
- Fisherman's Wharf Community Benefit District
- Japantown Community Benefit District
- Lower Polk Community Benefit District
- Mid-Market Community Benefit District
- Moscone Community Benefit District
- Noe Valley Community Benefit District
- North of Market/Tenderloin Community Benefit District
- Ocean Avenue Community Benefit District
- SoMa West Community Benefit District
- Tourism Improvement District
- Union Square Alliance
- Yerba Buena Community Benefit District



For the 2020-2021 fiscal year, the combined assessment submissions for these 17 CBDs were valued at over \$32 million. These districts represent the diversity of the City's vibrant neighborhood commercial corridors. They also vary in terms of the services they provide their neighborhoods and their annual budgets. The mission of these CBDs is to keep their communities clean, safe, and vibrant while demonstrating to existing merchants, property owners, and stakeholders the effectiveness of creating and implementing equity-based solutions for residents and visitors alike.

### **History of Community Benefit Districts**

CBDs were adopted in the United States in the mid-1970s in response to growing neglected urban centers due to suburbanization. In 1989, California first introduced a statute ('89 Law) that allowed the formation of CBDs within the State. This statute was later upgraded with the Property and Business Improvement District Law of 1994 ('94 Law) to combat any shortcomings with the '89 Law. In 2004, the City and County of San Francisco augmented the '94 Law with the passage of Article 15 of the San Francisco Business and Tax Regulations Code. Article 15 lengthened the initial term that a district could be in place from five years to 15 years and lowered the weighted petition threshold required to initiate the legislative approval process. As a charter city, the San Francisco Board of Supervisors (BoS) was able to augment State legislation, to combine with the city's newly added technical assistance program.

This legislation became instrumental in easing the process for the formation of new CBDs in San Francisco. It also allowed the BoS to do any of the following:

- Reduce the percentage of petitions required from owners in order to initiate formation;
- Have the district encompass residential property, and to assess residential property;
- Extend the term of the district to a maximum of 15 years, or such longer term as is authorized by State law;
- Extend the term of the district to a maximum of 40 years, if all or a portion of the assessments will be pledged or applied to pay any bond, financing lease (including certificates of participation therein), or other similar obligations of the City;
- Recover through assessments the costs incurred in formation of the district;
- Disestablish a district upon a supermajority vote of the Board of Supervisors; or,
- Require a weighted two-thirds (2/3) vote of business owners to be assessed, based on ballots cast, as an alternative or additional procedure for establishing a business improvement district and levying assessments on business owners.



## **Forming a District**

Over the past several decades, CBDs have become an increasingly common feature of downtowns and other commercial areas. Business owners and their landlords often appreciate CBDs because they provide localized marketing, sanitation, security, and other services. These services can help commercial areas that are oriented along public streets to more effectively compete with privately owned and managed commercial developments. Metropolises like San Francisco find CBDs attractive because—with minimal investment of general fund tax dollars—a CBD can help enliven an aging commercial area, ideally leading to increased civic pride, economic development, and increased tax revenue for the city.

There are several key points to forming a CBD. First, a written petition from property owners who will pay more than 30 percent of the proposed assessments is required to initiate balloting. Only the property owners and business owners serve as the to approve the formation of CBDs. Outreach to involve all property owners in the proposed district is necessary from the onset. The BoS or the City Council has the final vote on whether to form a district or not.

## **Benefits of a CBD**

Through the use of commercial property taxes, CBDs provide enhanced cleaning and safety services, mobility management and traffic mitigation, marketing and promotion, and public realm and beautification improvements. At the forefront of the CBDs' efforts are the safety ambassadors—visible and engaged members of the team who observe, advise, and report quality of life issues throughout the district. Everything from providing directions to neighborhood amenities and public transportation to safely escorting workers to their vehicles, the safety ambassadors are the eyes and ears of the CBD.

Importantly, as San Francisco continues to evolve, so, too, does the city's accessibility to, from, and around these neighborhoods. Working with agency partners, city CBDs advocate for public transportation and traffic flow improvements, including the 2020 ban of private vehicles along Market Street—one of the city's busiest thoroughfares. Additionally, San Francisco has become one of the most bike-friendly cities in the country, with over 464 miles of bikeways<sup>1</sup>, including:

- 42 miles of protected bike lanes
- 78 miles of off-street paths and trails
- 21 miles of buffered bike lanes
- 139 miles of striped bike lanes

Providing bicycle accessibility has become one of the city's most popular and important developments in recent years.



## **Future of San Francisco CBDs**

As the typical 9-to-5 workforce adapts to ever-changing times, San Francisco's CBDs look to pivot quickly by providing roadmaps of possibilities and opportunities to revitalize the center of business and history. New visions for tactical urbanism interventions paired with robust engagement processes to develop public realm will include short-term and long-term strategies for activating vacant retail spaces, investing in more public art, increasing accessibility and flexible seating, and inclusive community programming. San Francisco's Downtown Public Realm Action Plan will include micro-mobility solutions, proposals for full or partial car-free streets, parklets, plazas, and temporary street closures. The plan will be unveiled in late spring 2022.

<sup>1</sup> SFMTA, per [SFFunCheap.com](https://www.sffuncheap.com)

### Resources:

[Office of Economic and Workforce Development](#)

[San Francisco Planning](#)

[SFMayor.org](https://sfmayor.org)

[DowntownSF.org](https://downtownsf.org)