

Japan Center

8



8.1 Existing Conditions

The Japan Center Malls, occupying the blocks between Fillmore, Laguna, Geary and Post, are the cultural and economic heart of Japantown, past, present and future. From the beginnings of Japanese-American settlement in this part of San Francisco, to the reconstruction of these blocks by the San Francisco Redevelopment Agency in the middle part of the 20th Century, through the present, this has been the center of the community.

The prospect of these properties changing was the key impetus behind creating this Plan and most significant reason the community came together to participate in the planning process. This chapter reviews the history of the Japan Center and its importance to

the community, and outlines the community's most important goals for the property as well as the realities and constraints of the site. The chapter concludes with recommendations for moving forward eventually with a new development on this site.

Recent discussions in the community have centered around the future of the eastern portion of the Japan Center, including the Kintetsu and Miyako Mall buildings. However, the recommendations and other discussions in the chapter should also guide future changes to the western portion of the Japan Center—the Kinokuniya Mall and Kabuki-Sundance Theater—as well. Other chapters, including Land Use and Urban Design include recommendations which apply to the entirety of the Japan Center.

Before Urban Renewal

Before the urban renewal period these blocks were developed with typical late nineteenth century rowhouses with shops at the ground floor. Photos from the period show mainly Japanese and Asian businesses populating the storefronts. Before these blocks were cleared to make way for the Japan Center development, there were about 50 businesses and 1,500 residents occupying this area.

Urban Renewal to Early 21st Century

As early as 1953, the planning committee of the Japanese Chamber of Commerce of Northern California recommended studying a possible tourist shopping center, specializing in the sale of Japanese goods, to be located on the block bounded by Post, Buchanan, Geary, and Webster streets in San Francisco. The project was proposed as a joint venture between the community and the city as part of the redevelopment program that had just been proposed at that time. Plans were first presented in 1960, and ground broken in 1965, as part of the Redevelopment Area A-1. In 1968, the “Japanese Cultural and Trade Center,” designed by architect Minoru Yamasaki, was dedicated by Mayor Joseph Alioto.

Intending to instill an improved commercial presence in the neighborhood, the center took an international corporate approach by initially attracting a variety of business interests from Japan. Kintetsu Enterprises of America was the center’s key anchor until recently, owning and managing the Miyako Hotel and the Kintetsu and Miyako Malls. Kintetsu Enterprises was owned by the Kinki Nippon Railway, which was founded in 1944 and renamed Kintetsu Corporation in 2003. Based in Osaka, Kinki Nippon operated the largest private railway in Japan and entered the hotel business in 1968. Other interests originally occupying Japan



Peace Plaza and what is today the Kabuki Hotel being constructed.

Center included the Bank of Tokyo, a Nissan Motors Datsun Auto Showroom, a Hitachi Ltd. Showroom, the Mitsubishi Exhibition Center, Kinokuniya Bookstore, Kikkoman International (the American Branch of which was established in San Francisco in June 1957), the Kikkoman Cooking Center, and a branch of the Japan National Tourist Organization (an Independent Administrative Institution of the Japanese government).

However, as time progressed these large corporate tenants were replaced by more domestically and locally oriented businesses, but those that still had Japanese

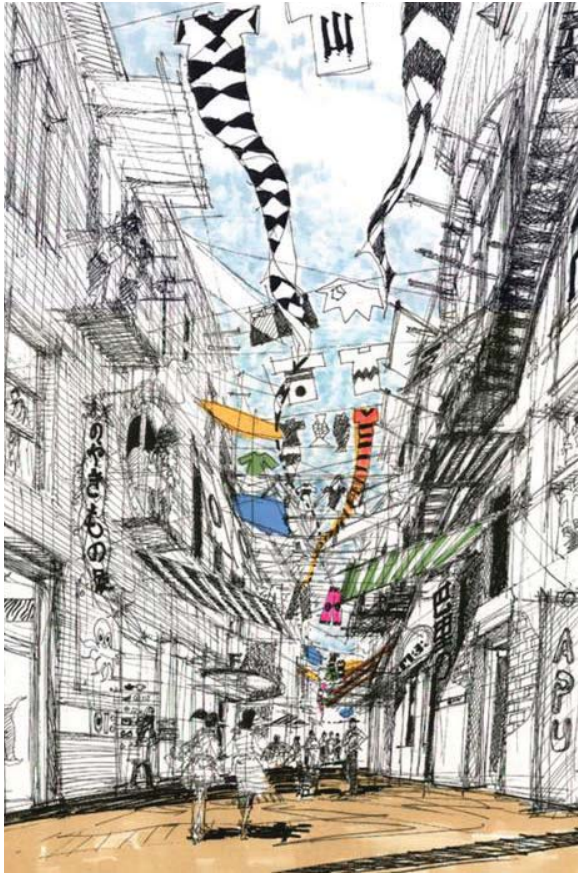
and Japanese American connections. Though not comparable to the intimate neighborhood enclave of Japanese American shops and businesses that had existed before redevelopment, Japan Center seemed to find a natural balance as a commercial center with a local focus. As seen even in its current tenancy, it became a venue for Japanese American businesses, where Japanese American goods, activities and organizations could be found. It has been and is currently utilized by the local and regional Japanese American community as well as non-Japanese American visitors.

Recent Developments

Beginning in 2006, the prospect of more substantial change on this site again entered the equation. The Kintetsu Corporation made it known that it was looking for a buyer for their properties in Japantown. Recognizing that the future of these properties was vitally linked to the future of the Japantown neighborhood as a whole, discussions took place, involving community leaders and the community at large, Mayor Gavin Newsom, Supervisor Ross Mirkarimi, and the Kintetsu Corporation. The aim of these discussions was to ensure that the two mall buildings, as well as the hotels, would retain their unique character into the future. These discussions resulted in the establishment of a Japantown Special Use District¹ and a series of covenants recorded against the mall and hotel properties², both of which are still in effect today. The discussions also resulted in the commitment by the San Francisco Planning Department to conduct the community planning process which led to this Plan.

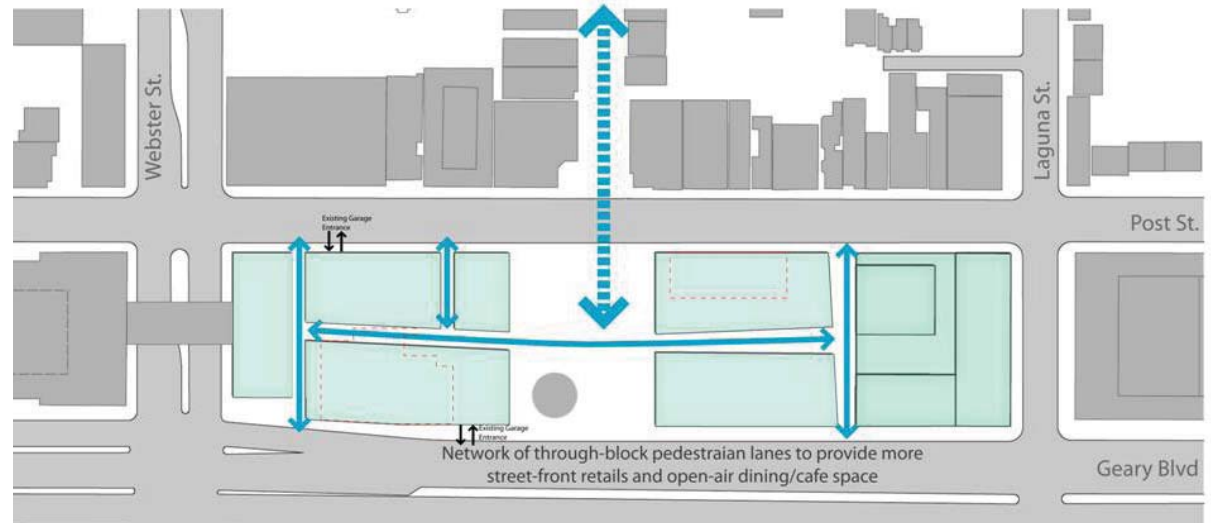
¹ See Chapter 4: Land Use

² These covenants were entered into by seller, buyer and the City of San Francisco prior to the sale of the properties to 3D Investments. Among other things, they provide that the new owners will maintain ownership of the mall buildings for at least 15 years and that the new owners will maintain a Japanese and/or Japanese American design theme and leasing strategy.



These conceptual illustrations depict the most favored redesign concept with open-air pedestrian lanes.

Source: EDAW / AECOM



In 2006, 3D Investments (3D), a retail investor and property manager based in Southern California, purchased the properties. 3D agreed to the covenants and completed a purchase of the Miyako and Kintetsu Malls, as well as the two Japantown hotels, later also acquiring the Kabuki Theater building. 3D participated for two years in the community planning process which resulted in this Plan, during which time they and their planning team engaged with the community and the City in a dialogue about the future of the Japan Center. This included discussions about physical options for the malls, ranging from a renovation of the existing buildings to a full rebuild of the site, with various possible layouts, heights and densities. 3D and their representatives engaged with the community about a future for the malls as a retail center which would retain the Japanese theme in both types of businesses and physical design. They also discussed the possibility of

replacing the existing single-purpose retail structures with a mixed use development, containing housing as well as retail and possibly some office space as well.

Ultimately, in late 2008, 3D announced that it was putting major plans for the Japan Center malls on hold for an unspecified period of time, while promising to move forward in the meantime with more modest renovations to the existing retail center. While this announcement was disappointing to those in the community that were advocating for more significant change to these properties, the in-depth analyses and community discussions about the future of the Kintetsu and Miyako mall buildings which took place upon the sale of the properties and continued even after 3D's announcement have been valuable in forming the recommendations in this Plan.

Community Requirements for the Japan Center Malls

Understanding that change is ever present in any urban environment, community discussions focused around distilling the most important contributions made by the Japan Center to the neighborhood and to the Japanese and Japanese-American community around the region. These conversations resulted in a set of “community requirements” for the future of the Japan Center. These requirements should be balanced with the realities of significant new development in this location. The “development challenges” are described in the next section.

- **Continue to function as the retail “anchor” for Japantown.** Any future vision for this site should be centered on a strong Japanese-themed retail center which attracts and serves Japanese Americans from around the Bay Area, as well as local residents and visitors of every stripe.
- **Embrace the neighborhood through physical design.** Currently the mall buildings are closed and internalized, reflecting the prevailing design thinking of the era in which they were built. New or substantially remodeled buildings here should be open and transparent on their facades facing Peace Plaza, Post Street and Geary Boulevard. They should also continue to fulfill the function of the current malls as community gathering spaces and be designed in keeping with the Japanese-influenced architectural expression in the neighborhood.
- **Improve the Design and Function of Peace Plaza.** The community has not been satisfied with the design and function of Peace Plaza as Japantown’s central gathering place. There is desire to see the plaza redesigned to be more welcoming and “greener” in its use of materials.
- **Retain local businesses.** Currently the Japan Center Malls are unique among retail centers in the City because they are host to mostly small,

local businesses. There is widespread sentiment among community members that a renovated or redeveloped retail center should retain some of this character, while also making room for new businesses, both local and national or international in character. This will require active efforts on the part of the owner of the mall properties to work with the existing local businesses both during a construction period and long-term to ensure their viability in a new center.

- **Retain appropriate off-street parking supply.** The city-owned garage underneath the Kintetsu and Miyako mall buildings serves the retail stores inside the mall, as well as the surrounding Japantown neighborhood. Japantown is a regional center for Japanese Americans who come from near and far to shop, visit service providers and engage in cultural activities. Community members are concerned that access for these visitors, as well as all visitors, be maintained as part of any renovation or redevelopment of the center.
- **Include affordable housing as part of any new residential development.** One of the community’s overall goals for this planning process is to provide housing for families and seniors with a variety of income ranges within Japantown. In particular, there is a desire to make it possible for Japanese Americans living elsewhere in the city and the region to return to Japantown if they wish. Other than the Japan Center properties, this part of San Francisco does not contain many opportunities to build more housing.

The retail activity that the malls generate inside should continue to be an anchor for Japantown (above). The artist rendering (right) illustrates how a redesign of the center should face outward, providing direct connections to the bordering streets.



Source: EDAA / AECOM

Development Challenges

The Japan Center site —bounded by Geary Boulevard, Post Street, Webster Street and Laguna Street— assembled from several city blocks, sitting on top of a city owned parking garage and arranged around a city-owned plaza, is a tremendously complicated place. Concerted, coordinated efforts among multiple property owners, several City departments, the existing merchants, and the community at large will be required to create positive change in this part of Japantown.

- **Multiple Ownership:** The Japan Center site has several different property owners. 3D Investments owns the Kintetsu and Miyako Mall buildings; Union Bank owns a portion of the Miyako Mall building in a condominium-like interest; the City of San Francisco, through the Recreation and Parks Department and the Municipal Transportation Authority, owns Peace Plaza and the Japan Center parking garage. Finally, there are a number of small independent businesses that own storefront spaces along Geary Boulevard. No new vision for this site will be realized without a coordinated effort among these various parties. The effort will have to be led by the owner of the Miyako and Kintetsu Mall buildings, in collaboration with the city and in active coordination with the other property owners.
- **Peace Plaza:** Peace Plaza is an approximately 3/4-acre public open space situated in between the Miyako and Kintetsu Malls. The space is under the control of the City Recreation and Parks Department; it is public open space that by law cannot be removed or diminished in size. Peace Plaza underwent a significant redesign in 1999/2000 but there has been widespread dissatisfaction with the results. The challenge here is to design and fund a new Peace Plaza in conjunction with a new development on the Japan Center site.

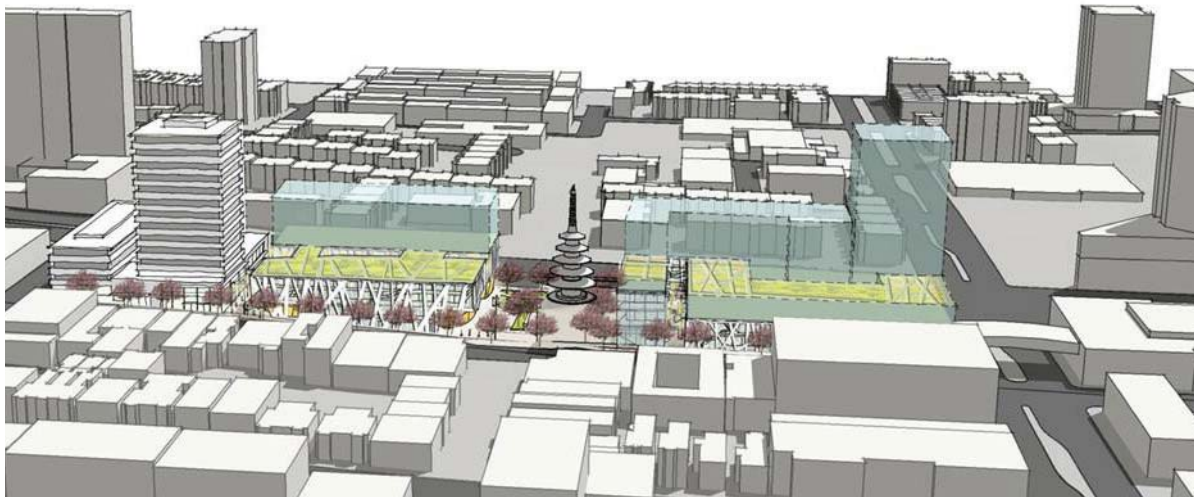


Peace Plaza's hardscape and blank walls limit its function at the heart of the neighborhood.

- **The Japan Center Garage:** The Japan Center Garage stretches under the Miyako and Kintetsu Mall buildings. It holds 747 spaces, of which 400 are currently leased to the California Pacific Medical Center. Preliminary engineering studies have indicated that any significant change to the Miyako or Kintetsu Mall buildings, or construction of new buildings in their places, would require a complete reconstruction of the garages. Full reconstruction of the garage could cost as much as \$45 million. Because of the expense of reconstructing the garage, as well as its importance to the community, the treatment of the garage will be one of the most significant decisions related to any future development on this site. The garage will need to

continue serving the retail shops and services in the Japan Center, as well as the community at large. If housing is included in redesign of the Japan Center, parking for that housing is likely to be included within the garage. The challenges here involve creating the right balance of retail/community parking space with space for new residents to park. The cost of parking will have a very significant impact on the development economics of any new development here.

- **The City as a Property Owner and Partner:** The City finds itself in the somewhat unusual position of both a regulator, through zoning and other controls, and a partner, by virtue of its ownership of key



A rendering of one of the more financially feasible redesign scenarios (above) shows new housing above retail. A residential tower would be located at the intersection of Geary Boulevard and Webster Street.

Source: EDAW / AECOM

portions of the site. The City must be an active participant in any change that will occur here, because: 1) it owns the parking garage, which must continue in its current function, and is the physical foundation of any rebuilding that might occur above; 2) it owns Peace Plaza, which must remain as public open space, but sits in the middle of the site and must be successfully redesigned to embrace and complement any new development on the site; and 3) the site has multiple owners, requiring active participation by the city to help coordinate efforts between them.

- **The Retail Center:** Japan Center was created as a retail center, first to showcase products from large Japanese companies and later housing Japanese-oriented small businesses. The center functions as a community anchor because it is a home to Japanese retail businesses that draw visitors and shoppers from near and far. Any vision for the future of this site must include a significant presence of Japanese-

oriented retail. However, retail development is one of the more difficult and complicated types of development in an urban environment, because: 1) Even under good market conditions, revenues from rental of retail space often don't pay for the costs of building it; 2) "too much" retail space can take a long time to lease up and when empty, can have a deadening effect; and 3) the success of retail is very sensitive to location – at the Japan Center site, retail locations along Post Street and flanking Peace Plaza would be the highest value spaces, followed by Geary Boulevard and internally focused spaces.

- **Phasing of Construction:** A phased construction period might allow existing businesses in the Japan Center to remain open during reconstruction. However, phasing of construction would significantly increase the cost of a development project, leaving fewer funds for other community benefits. It would also increase the amount of time that major

construction would be occurring in the heart of Japantown. The possible benefits of a phased approach need to be balanced against these factors.

- **Development Economics:** As part of the planning process a real estate economics expert was retained to study the economics of new development on the Japan Center site. An analysis was completed to examine the relative financial feasibility of various development scenarios, and to measure the impact of key variables on profitability. "Financial feasibility" refers to the likelihood that a particular development project would return a reasonable profit, without which a private developer would not undertake a project. See Appendix H: Japan Center Proforma Analysis for more details of the analysis and its conclusions.

KEY FINDINGS OF THIS STUDY:

- No new development is likely to be financially feasible in the next 3-5 years.
- A significant reconstruction of the retail mall buildings alone, without a residential component, is not likely to be financially feasible, because the high cost of rebuilding the parking garage would not be supported by revenues from retail alone.
- Development scenarios which maximize residential development and limit the amount of retail tend to be the most feasible.
- Unless the City participates in partial financing of a reconstruction of the garage, no development scenario would be feasible.
- The amount of parking provided for a residential component is not a major factor in determining financial feasibility.

8.2 Recommendations and Strategies

One of the primary purposes of this Plan is to make recommendations for the future of the Japan Center properties. The properties were purchased by a new owner in 2006, who began discussions with the community and the City about the future of the center. Though the new owner is not presently moving forward with a development project on the site, the two years' worth of community discussions and technical analysis regarding possibilities for the future of this site have resulted in a set of recommendations, outlined on the following pages.

Short term improvements versus Long-term Reconstruction

One of the most difficult issues in grappling with the future of Japantown is the issue of “improvements” versus “reconstruction.”

While interior upgrades to the buildings and minor exterior improvements are certainly possible and indeed advisable, significant renovation of the existing mall buildings is unlikely to be feasible. The main reason for this is that any major structural changes to these buildings would trigger the need to reconstruct the parking garage underneath. The cost of this could not be recouped solely through increased rents derived from improved retail spaces.

There will be a point in the future when the mall buildings will require more significant change than simply cosmetic improvements that would not trigger the need for a garage reconstruction. The buildings, with their inward focus and blank walls facing the community's major pedestrian areas, are not consistent with modern standards for successful urban retail centers.

However, the many of the businesses and spaces within the malls are unique. Demolition and reconstruction of the mall buildings is a significant concern for the community, as residents, visitors and business owners wonder whether the existing spirit (and the same businesses) of the Japan Center will be able to be returned to a newly-constructed retail center.

For these reasons, the primary recommendation for Japan Center is to complete interior upgrades and minor exterior improvements to the mall buildings in the short term, while pursuing a complete reconstruction of the mall buildings, Peace Plaza and the garage in the longer term.

There is no reliable formula or policy to indicate exactly when it would be appropriate to make this transition from existing buildings to new construction. The only certainty is that the time will eventually come when new development on the site is inevitable. Given the complexity of the Japan Center parcels, this Plan cannot mandate specifics about a new development project on this site; rather the following recommendations will guide specific development and review of future project proposals. These recommendations will help community members and the City's decision-makers to decide when the time is right to move forward on a new development. The recommendations attempt to balance the needs and desires of the community, as expressed during the planning process, with the realities of a complex development on this site.

Ensure that Japanese-oriented Retail is the Centerpiece of Any New Development on the Japan Center Site

Ensuring Japanese-oriented retail is the centerpiece of development is key, but be strategic and realistic about the amount of retail space in any new development. Japanese-oriented retail must be the centerpiece of any new development on the Japan Center site. However care should be taken to avoid over-supplying retail space in a new development. The existing Miyako and Kintetsu Malls contain slightly over 100,000 square feet of retail space, but much of this space is used for circulation or is underutilized in other ways. A new development should include retail space on the ground floor of new buildings, but not necessarily on a second level. This would result in a total of about 80,000 square feet which could potentially be used for retail space. Of this, about 30,000 square feet would be located in the “prime” locations along Post Street and flanking Peace Plaza. This prime space should be tenanted with high-traffic shops and restaurants only. The remainder of the space would be located along Geary Boulevard and internal walkways. This space could be occupied with a mix of shops, services and possibly some office space. Overall, zoning controls



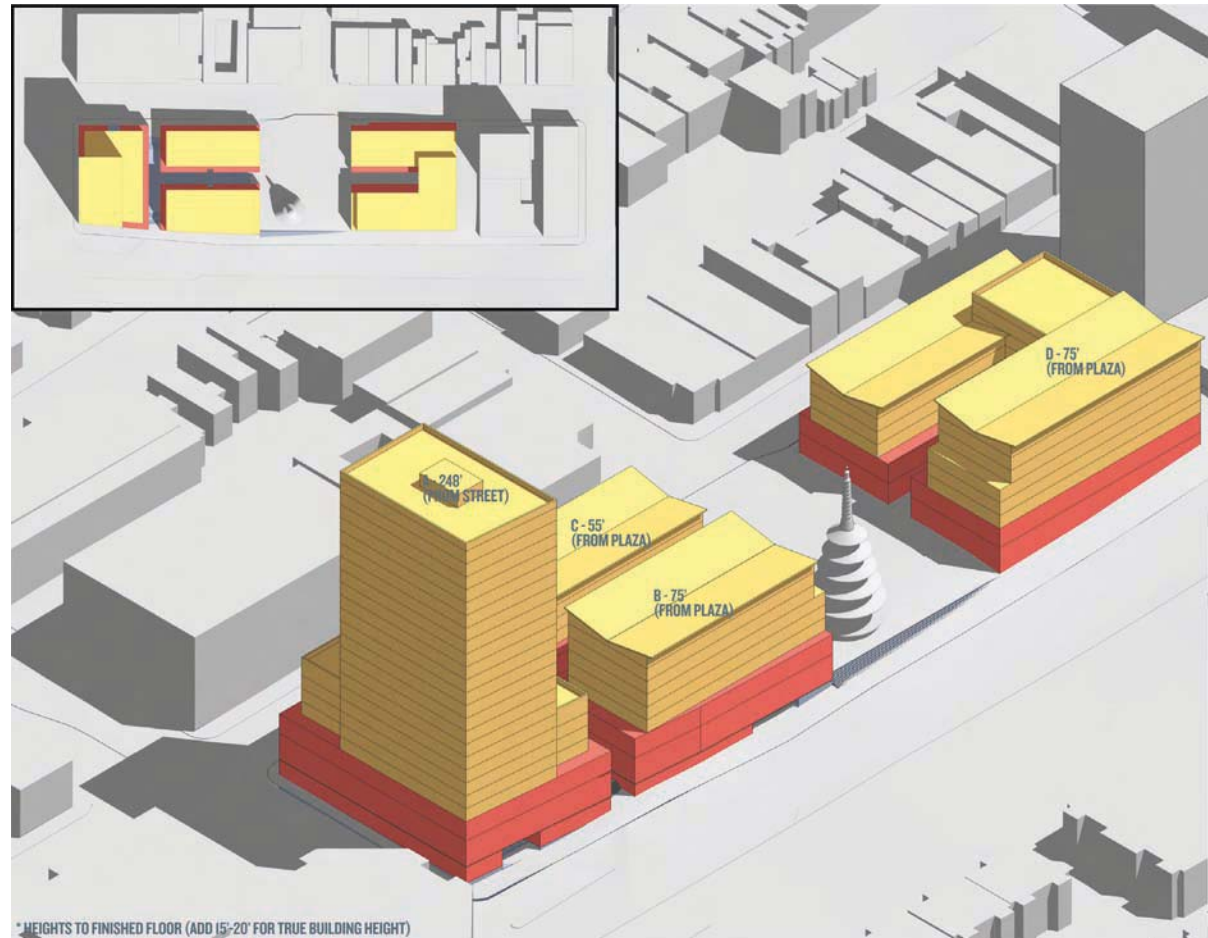
should permit a variety of retail use sizes, with emphasis on maintaining a significant number of smaller spaces, to help local businesses stay competitive (see Chapter 4: Land Use).

Allow for Residential Development of Sufficient Height and Density in New Development on the Japan Center Site to Ensure that it is Financially Feasible

The appropriate height for a new development on the Japan Center site is the subject of debate and a variety of opinions. The current height limit on the site is 50 feet. Under this height limit, analysis indicates that no new project would be built because the revenue stream from the new development would not nearly cover the costs of building. Similarly, the real estate analysis shows that it would not be financially feasible to simply rebuild or significantly renovate the existing retail center.

The most likely financially feasible scenario for a new development on this site would include a substantial amount of new residential space over a ground floor retail center. In order to create a financially viable project, based on the results of the economic analysis and the built form recommendations outlined in Chapter 5, a new project should include four- to five-story buildings along Post Street and buildings up to eight stories along Geary to accommodate residential development.

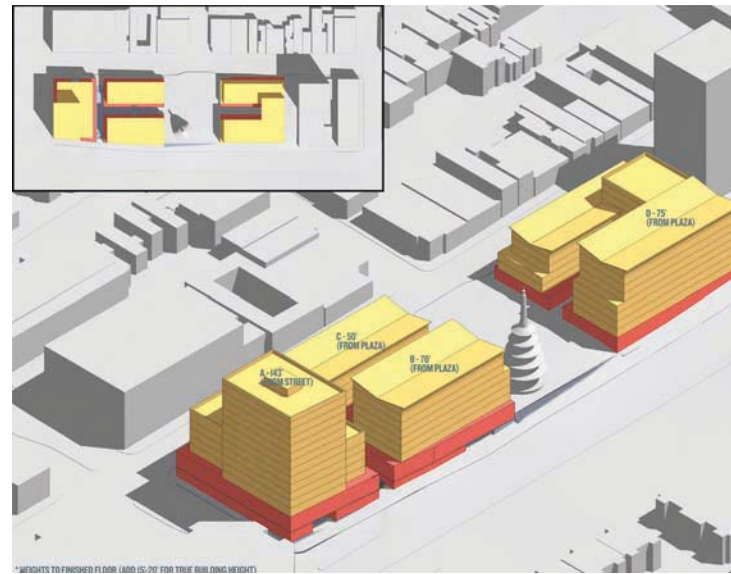
One high-rise portion will be needed in order to accommodate sufficient residential units to make the project financially feasible; this would be appropriately located near the Webster and Geary corner. The high-rise portion would need a height at least equal to that of the Kabuki Hotel, and possibly as high as 250 feet. By keeping heights lower along Post Street, adjacent to the moderate-scaled Japantown neighborhood and raising



them substantially along the wide Geary Boulevard, the development would be financially feasible while respecting the existing scale and character of Japantown. New building heights must maintain Peace Plaza's sunlight.³

The image above depicts the tallest scenario studied with a tower of 250 feet at the corner of Webster Street and Geary Boulevard (the most likely financially feasible scenario). All of the scenarios studied the same base heights: along Post Street they would be 55 feet (consistent with the rest of Post Street's commercial district); Along Geary they heights would range between 75 and 85 feet.

3 Proposition K protects Rec and Parks' property from additional shadow impacts.



These images depict two other scenarios that were analyzed. The least likely financially feasible scenario (far left) does not include a residential tower—a maximum height of 85 feet to the finished floor is maintained. The scenario (left) includes a 150-foot residential tower.

The City Should Participate Actively in the Planning and Development of Any New Development Project on the Japan Center Site

No significant development project at the Japan Center site can be successful without active participation from the City. The City will need to facilitate negotiation among all other property owners with an interest in the Japan Center site. In addition, as a property owner, the City needs to be an active participant in any new development. Working with the community, the City should create new zoning controls governing the Japan Center site, based on the recommendations of this Plan in Chapter 4. The City should collaborate, through the Parks and Recreation Department, with the project

sponsor of a new development at the Japan Center site to create a new design for Peace Plaza. The City should also collaborate, through the Municipal Transportation Agency, with the project sponsor of a new development at the Japan Center site, to create a financing plan for reconstruction of the garage.

Ensure that the City Participates in the Funding of a Reconstructed Parking Garage, which Includes Sufficient Spaces for Retail Shoppers and Other Visitors to Japantown

Any new development on the Japan Center site will require reconstruction of the garage underneath. No new development on this site will be possible without

a realistic plan for reconstruction of the garage, including City support and financial participation. The City should consider financing the portion of a reconstructed garage which serves the retail component of new development above (while the private developer takes responsibility for the portion of the garage serving any residential development). Based on current usage trends, the retail portion of the garage should include a number of independent spaces based on three spaces for every thousand square feet of leasable retail space in the center above. During peak periods (for example, Saturday evenings when the Sundance Kabuki Theater is heavily attended) a valet service should be considered to handle higher parking demand.

Include Sufficient Parking to Serve New Residential Development, Balanced with a “Transit Oriented” Approach

New residential development on this site, whether for-sale condominiums or rental units, will require some dedicated off-street parking spaces. The only place this parking can be provided is in the Japan Center garage. However, Japantown lies near the center of the city, with two large supermarkets, many restaurants and most daily shops and services within a 10-minute walk. Geary Boulevard, already a major transit spine, is slated for a major upgrade in transit service with the upcoming Bus Rapid Transit line, which will provide better service to downtown San Francisco and BART. In recognition of this and of the City’s Transit First policy, off-street parking for new residential units should be supplied at a ratio of no more than 0.75 parking spaces for every residential unit. This will allow the developer to “unbundle” the parking spaces from residential units and sell or rent the spaces separately to those residents who desire a space. This strategy provides enough parking spaces for those who need it, while allowing people to buy or rent a unit without the added cost of a parking space if it is not needed.

Include Existing Businesses in the Retail Mix of a New Retail Center

It is very important to the Japantown community that as many as possible of the existing businesses in the Miyako and Kintetsu Malls have a continued presence in any new retail center. This will be a challenge because market rents for retail space will be significantly higher than the rents currently paid by many of the existing businesses. In the end, keeping existing businesses in a new retail center is likely to require a subsidy from the project sponsor. Retention of existing businesses has



A redesign of the center should ensure that shops open onto Peace Plaza and bordering streets.

generally been the community’s top priority during the planning process, but nevertheless this needs to be balanced against other public benefits desired by the community. The project sponsor should work closely with the existing merchant association in the malls as well as the City to identify economically viable strategies for maintaining existing businesses in the retail center. During a construction period, the project sponsor

should create a plan for managing construction impacts such as loss of parking, pollution and traffic. This might include “open for business” signage, replacement parking in nearby parking lots and garages, as well as strategies for temporary relocation of existing businesses as discussed in Chapter 3. Long term strategies might include providing below-market rents in the rebuilt Japan Center for businesses meeting certain criteria.

Ensure that Any New Development Opens Up to the Neighborhood

Most participants in the planning process have cited the “inward-focus” of the current malls as a negative characteristic that should be changed in any new development. A redesigned retail center should be focused outwards, opening to surrounding streets and neighborhood. Along the south side of Post Street, there is an opportunity to complement the fine-grained pattern of the north side of the street. Along Peace Plaza, there is a compelling opportunity to open the buildings up to a redesigned and revitalized public space, with storefronts spilling out onto the plaza, merchandise displays and outdoor dining opportunities. Along Geary Boulevard, the pending Bus Rapid Transit project will bring with it a significant reshaping and calming of the street, with wider sidewalks, medians and landscaping. The malls should open a new face to this reconstituted boulevard, with a combination of retail and possibly residential entrances, as well as other treatments to connect the neighborhoods on either side of Geary in this area.

Integrate and Enhance Peace Plaza as a Central Community Gathering Space in the Redesign

Peace Plaza must, by law, remain in City ownership and be used as public open space. However there is much room for improvement in the design and use of this space, which is quite large and could accommodate a wide variety of activities right in the heart of Japantown. The best opportunity to redesign the plaza is in conjunction with a development project on the sites of the Miyako and Kintetsu Malls, flanking the plaza. Thus, a new design for the plaza should be proposed by the project sponsor of an overall Japan Center development project, working closely with the community and the City. As described in Chapter 6: Public Realm, a redesigned plaza should integrate



closely with the buildings on either side of it, with retail and restaurant storefronts opening onto the plaza. The Geary Boulevard side of the plaza, now a blank wall, should become a welcoming entrance from Geary Boulevard into the heart of the Japan Center. This might be accomplished by terracing the plaza down to meet Geary, or possibly via a wide, grand stairway. The Parks and Recreation Department should consider leasing space on the plaza to small push-cart or kiosk style vendors, who can activate the space. More seating,

including tables and chairs should be provided. Space should be created for music, dance and performances. It is also very important that the Parks and Recreation Department work with the owner of the retail center as well as the community to actively manage and program this space. An interactive kiosk that provides visitors and residents with up-to-date information about the neighborhood’s resources and current events should be integrated into the plaza and malls’ redesign.



Integrate Japanese-influenced Design Aesthetic in the Center's Redesign

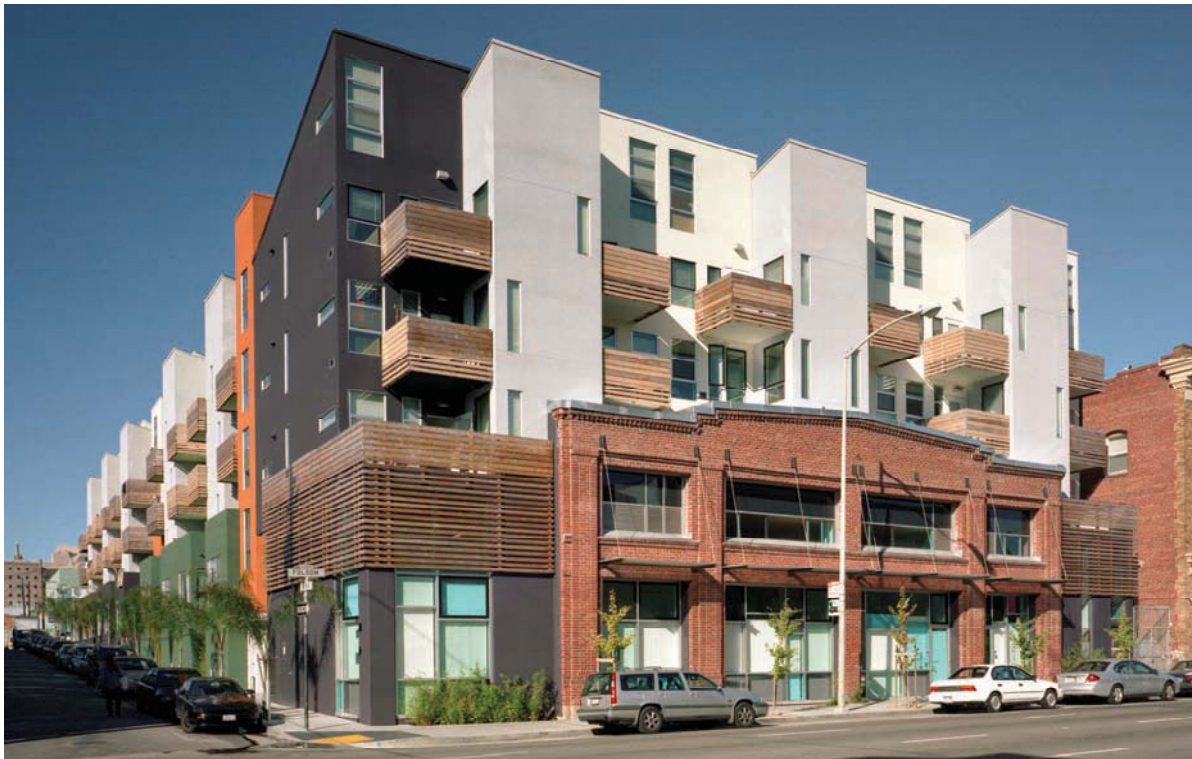
Though the styles of architecture in the neighborhood vary greatly, a consistent theme with the Japanese-influenced buildings is their exposed structure and attention to roof details and ornamentation. Working with the community and the Implementation Organization, the malls' design team should determine the appropriate style of Japanese features for the redesign according to the Japantown-Specific Design Guidelines (Chapter 5). In particular, the attention to open space within and outside of the malls should include culturally expressive design features, landscaping and public art.



Work with the Developer to Encourage Provision of Affordable Housing in the Neighborhood

Any new development on the Japan Center site would be subject to San Francisco's inclusionary housing requirements, which mandate that at least 15 percent of new units be rented or sold at below market rate. The requirements offer developers the option of building the required inclusionary units on-site, building them off-site, or paying the City an in-lieu fee. There is desire from community members to see new inclusionary units (especially low- to moderate-income units)

be built in Japantown. While it may not be possible legally to require this, it may be possible for the City to work with a developer to offer incentives and alternatives which would encourage the provision of affordable housing units in the neighborhood. At the time a development project on the Japan Center is being considered, the City should work with the developer through a negotiated process to try to ensure that affordable units stay within the community.



Work with All Parties to Create a Fair and Balanced Public Benefits Package

If the development capacity of the Japan Center site is significantly increased through a public action such as rezoning, it will be reasonable to expect that a public benefits package would be associated with the entitlement of a major new development project on this site. A public benefits plan for this development must balance community needs and desires with the financial realities of a large and complex development and legal constraints around impact fees and exactions. Because it will not be financially possible to satisfy all of the community's needs through public benefits stemming from this development, a public benefits package should be developed and negotiated that first prioritizes: 1) retention of existing businesses in a new retail center; 2) redesign of Peace Plaza; and 3) improvements to Buchanan Mall. Beyond these highest priority needs, other items for consideration include retention of required affordable housing in the neighborhood, improvements to Post Street and construction of a new Webster Street linear park.

