

110-0062019-002

Agenda Item **No. 5(b)**
Meeting of November 19, 2019

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Approving a variance to the Bayview Industrial Triangle Redevelopment Plan to apply the “Light Industrial or Commercial” land use category to a portion of property designated as “Light Industrial;” conditionally approving the schematic design of a six-story, mixed-use building comprised of 85 dwelling units, including 17 affordable units, and ground floor commercial space, at 4200 Third Street; and, adopting environmental review findings pursuant to the California Environmental Quality Act; Bayview Industrial Triangle Redevelopment Project Area

EXECUTIVE SUMMARY

The owner of 4200 Third Street proposes to construct a transit-oriented, 65-foot-high, six-story, mixed-use development with 85 rental residential units (17 of which would be affordable units restricted to households earning no more than 60% of the area median income (“AMI”), approximately 6,032 square feet of ground-floor commercial space, and 34 on-site residential parking spaces (the “Project”). Streetscape improvements include public benches along Third Street, Class II bicycle parking, pedestrian bulb-outs, new street trees, and landscaped stormwater treatment areas.

The 4200 Third Street property is comprised of two parcels (Assessor’s Block 5272, Lots 45 and 48), totaling approximately 19,318 square feet (the “Site”). The Site is located on the west side of Third Street between Innes and Jerrold Avenues in the Bayview Industrial Triangle Redevelopment Project Area (“Project Area”).

Pursuant to the Bayview Industrial Triangle Redevelopment Plan (the “Plan”), the Site has a land use designation of “Light Industrial or Commercial” for Lot 45 and a portion of Lot 48. The Light Industrial or Commercial zone permits residential dwelling units above the ground floor. The remaining portion of Lot 48 is designated “Light Industrial,” and does not permit residential uses. The Plan, however, expires in June 2020 and the underlying City zoning that will apply after Plan expiration allows residential uses.

London N. Breed
MAYOR

Nadia Sesay
EXECUTIVE DIRECTOR

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The Design for Development Bayview Industrial Triangle Redevelopment Project (“Design for Development”) shows the entirety of Lot 48 within the Third Street Corridor design district, which allows a 65-foot maximum height for mixed-use residential developments. The Project Owner is seeking relief from the prohibition of residential uses on the applicable portion of Lot 48.

Under the Plan, the Successor Agency Commission has the authority to modify the land use provisions through a variance if unusual and special conditions demonstrate that enforcement of existing restrictions would result in undue hardships or constitute any unremarkable limitation beyond the intent and purposes of the Plan, provided, however, that granting the variance is otherwise in substantial compliance with the Plan.

Allowing the entire parcel to be developed with residential uses is consistent with the San Francisco General Plan (“General Plan”), Design for Development designations, and the Plan’s objectives, among others, of 1) “improv[ing] Third Street frontage by means of mandatory rehabilitation in order to provide an attractive buffer between the residential and industrial areas”; 2) “remov[ing] impediments to...development through the assembly of vacant and under-developed land into reasonably sized and shaped parcels.” This Variance would allow residential uses over ground floor commercial uses at a maximum height of 65 feet for the entirety of Lot 48.

The Owner is now seeking approval of the Schematic Design for the proposed Project. The Owner presented the schematic designs at several meetings with the Bayview Hunters Point Citizens Advisory Committee (“CAC”). The final Schematic Design proposal was endorsed by the CAC at its May 1, 2019 meeting. Office of Community Investment and Infrastructure (“OCII”) staff has reviewed the Schematic Design for the proposed Project and finds it acceptable subject to approval of the Variance and to the conditions of approval described below. The Owner is not seeking any OCII financial assistance. In addition, the Owner, as developer, has voluntarily agreed to participate in the OCII’s Small Business Enterprise Program, Construction Workforce Policy, and Prevailing Wage Policy.

Staff has determined that the Project, including the approvals of the Variance and of its Schematic Design, is statutorily exempt from the California Environmental Quality Act (“CEQA”), since it is an infill housing project that satisfies the requirements for an exemption from CEQA, pursuant to CEQA Sections 21159.24 and 21159.21.

Staff recommends the approval of the Variance and the conditional approval of the Schematic Design for the Project.

DISCUSSION

The Bayview Industrial Triangle Redevelopment Project Area

The Plan establishing the Project Area was adopted in 1980 and expires on June 30, 2020. The Project Area is located along the Third Street corridor in the northern portion of the Bayview Hunters Point community. It is an industrial/mixed-use neighborhood that is largely built out and is comprised of approximately six city blocks located between Fairfax Avenue to the north, Kirkwood Avenue to the south, Phelps Street to the west and Newhall and Third Street to the east.

Key objectives stated in the Plan include the alleviation of conditions of blight by preserving and expanding existing industries by means of voluntary rehabilitation, improving the Third Street frontage to provide an attractive buffer between the residential and industrial areas, removing structurally substandard buildings, and providing space for new industrial and commercial development. OCII will maintain its land use authority in the Project Area until the Plan expires on June 30, 2020; after which, the Planning Department will assume land use authority over the area.

The Project

The Site is located at the northwest corner of Third Street and Jerrold Avenue with an address of 4200 Third Street, on the block bound by Third Street, Jerrold Avenue, Phelps Street and Innes Avenue. The parcels are owned by Christopher Harney (the "Owner"). The Site is currently fenced and vacant and contains surface parking, a one-story metal industrial building on Lot 45 and a one-story former drive-through, fast food restaurant on Lot 48.

The MUNI T-Third light-rail line stops on Third Street just across Innes Ave. At the northwest corner of the site on Third Street there is a MUNI shelter for the 54-Felton line. The project is also located within a five-minute walking radius of multiple Muni bus lines and designated bicycle lanes and routes.

Across Third Street from the site is the St. John Missionary Baptist Church. Across Innes Avenue to the north there is a four-story mixed use residential building with commercial on the ground floor and across Jerrold Avenue to the south there are a number of industrial warehouses and a pizza food truck and beer garden on the corner.

The Owner proposes to construct a 65-foot-high, six-story, mixed-use development with 85 rental residential units. The ground floor contains approximately 6,032 square feet of commercial space divided into six separate commercial spaces, as well as a residential lobby, vehicular and bicycle parking, and trash and mechanical rooms.

Private and common open spaces for the units are proposed as required under the Plan. All units will be for lease, with 17 units designated as inclusionary units (the "Affordable Units"). These Affordable Units will be subject to standard marketing procedures for Affordable Units used by OCII and the Mayor's Office of Housing and Community Development.

No enforceable obligation, as defined by the Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 et seq., exists for this Project or the Plan, but OCII retains regulatory authority under the Plan to review and approve development that is consistent with the Plan's zoning regime. Accordingly, in authorizing this Project, OCII is not entering into an owner participation or other agreements (which are generally prohibited by the Redevelopment Dissolution Law in the absence of an existing enforceable obligation); rather, OCII staff is proposing that the Commission adopt a resolution approving the use and design of the development with conditions consistent with its land use authority. This authority includes, among other things, the Project Area's Design for Development.

Permitted Land Uses and Plan Compliance

The Plan establishes the land use controls for the Project Area and specifies the land use designation of the western portion of Block 5272, Lot 048 as “Light Industrial,” whereas the eastern portion of Block 5272, Lot 048 and the adjoining Lot 045, both fronting Third Street, have a land use designation of “Light Industrial and Commercial.”

Land uses permitted in the Light Industrial and Commercial district include residential units over commercial space, whereas those permitted in the Light Industrial district exclude dwelling units in order to prevent conflict between residential and industrial uses. The Plan places limitations on the size of buildings as discussed within the Design for Development. The Design for Development was adopted by the former San Francisco Redevelopment Agency Commission on May 6, 1980, and amended on December 2, 2004. It places all of Lots 045 and 048 in District 3 (Third Street Corridor design district), with a height limit of 65 feet for developments that include residential units over commercial space.

The Bayview Hunters Point Area Plan (an area plan of the General Plan) places the entirety of the Site in the “Mixed Use” land use district. Furthermore, the City’s currently-dormant, underlying zoning (specifically, the San Francisco Planning Code’s Height and Bulk Map) places the entire Site within the 65-J height and bulk district, with a maximum height of 65 feet. In consideration of the inconsistent boundaries of the Plan’s land use districts in relation to those of the Design for Development, the 2010 Bayview Hunters Point Area Plan, and the City’s height and bulk district, the Owner is requesting a Variance from the Plan land use designation for a portion of the site. The Variance would place all of Lot 48 within the Light Industrial or Commercial land use district, in alignment with the General Plan, and as contemplated by and analyzed in the 2006 Bayview Hunters Point Redevelopment Projects and Rezoning (BVHP) Final Environmental Impact Report.

The Design for Development designates the entire Site within District 3, the Third Street Corridor design district. The development standards permit a maximum floor area ratio of 4:1 and a maximum height of 65 feet for mixed use residential developments. The proposed Project meets the height and setback requirements and includes the minimum number of bicycle spaces. It does not exceed the maximum number of one-to-one off-street parking space per dwelling unit.

Schematic Design

The Owner’s architect has submitted Schematic Design drawings of the Project, attached to the resolution as Exhibit A. The Schematic Design demonstrates compliance with all requirements of the Design for Development standards.

The Project requires the demolition of the existing improvements on both parcels and the construction of one new six-story, mixed-use residential building with 85 rental residential units, approximately 6,032 square feet of ground-floor commercial space, and 34 on-site residential parking spaces on the Site. The Project includes 40 (35% of total) family-sized units, which are defined as units having two or more bedrooms, and 17 (20% of total) below market rate (BMR) units, which shall target low-income households earning up to 60% of area median income (AMI).

The Project is oriented towards Third Street in accordance with Design for Development Architectural Guidelines. Five proposed commercial spaces are accessed off Third Street with two perimeter commercial spaces allowing additional entries off Jerrold and Innes Avenues to encourage pedestrian activation of these frontages. The main residential lobby is situated mid-block on Third Street with an additional entrance located off Jerrold Avenue. The parking and loading entrance is located on Innes Avenue in accordance with the City of San Francisco's Street Design Advisory Team stipulations. A passenger drop-off and pick up zone is provided on Jerrold Avenue along with perpendicular parking; the latter in accordance with a request by the CAC. The streetscape on Third Street widens the open space along the curb from the 10 feet minimum to 19 feet at the widest. This is accomplished by staggering the building mass along Third Street in 25-foot increments in accordance with Design for Development Architectural Guidelines.

There are landscape plantings adjacent to each commercial space entrance. In all, there are eight banks of plantings along Third Street, three along Jerrold Avenue and two along Innes Avenue. These form part of the stormwater management strategy as well as provide a variegated experience for pedestrians along Third Street. There are wood and textured concrete public benches along Third Street and the project will install four Class II bike stalls along Jerrold Avenue and another four along Innes Avenue.

The Project includes a rooftop with over 6,500 square feet of common open space, in addition to over 5,759 square feet of living roof (planted roof). The elevator, stair risers and mechanical space are screened by high-quality materials and landscaping elements to preserve views from afar. The project treats the roof-scape as an open plaza for varied use by the residents of the building.

The Project intends to achieve a score of 126 points on the Greenpoint Rated checklist. This is in excess of the 92 points required for the type of project and the 125 points recommended by OCII. The Project intends to achieve this score by using various methods such as resource efficient landscapes, high-efficiency irrigation systems, a rain-water harvesting system, environmentally preferable materials in common outdoor areas, high-efficacy lighting, high-efficacy plumbing fixtures and a combination of variously recycled and environmentally preferable materials in construction. The Project meets and exceeds the San Francisco Better Roof requirements with 45% of living roof surface comprised of traditional planters, green roof and surface level plantings.

The six commercial spaces are sized at an average of 1,005 net square feet so as to ensure maximum flexibility. Six different small businesses could lease space or a few larger ones could combine a few of the spaces as needed. The Owner has stated that he will market the commercial spaces to small, local businesses that have a natural synergy with each other and that existing and new businesses on the block that contribute to the neighborhood will be prioritized.

Variance to the Redevelopment Plan

The proposed Variance would permit dwelling units above ground floor commercial space on the entirety of the Site.



Figure 1: Site and Redevelopment Plan Map



Figure 2: Site and Requested Redevelopment Plan Variance

The Plan has a land use designation of “Light Industrial or Commercial” for Lot 45 and a portion of Lot 48. The Light Industrial or Commercial zone permits dwelling units above the ground floor. The remaining portion of Lot 48 is within the Plan’s Light Industrial zone, which does not permit residential uses. Nonetheless, the Design for Development, which regulates heights and urban design in the Project Area, places all portions of Lot 48, as well as Lot 45, in a single design district called District 3 or Third Street Corridor. The Bayview Hunters Point Area Plan (an area plan of the General Plan) also places both lots in the “Mixed Use” land use district. Furthermore, the Planning Code provisions that will apply after the Plan expires in June 2020 will allow residential uses on Lot 45 and the entirety of Lot 48.

The Plan authorizes the requested Variance. Section IX of the Plan states that the Agency may, in its discretion, modify the land use provisions of the Plan where “owing to unusual and special conditions, enforcement would result in undue hardships, or would constitute an unreasonable limitation beyond the intent and purposes of these provisions.” Staff has reviewed the Variance request and has found that these conditions exist on the Site.

Strict compliance with the Plan creates unreasonable limitations on development across these parcels and, as described below, would render development infeasible. Because the Light Industrial district boundary cuts directly into the center of Lot 48, and such zoning prohibits dwelling units, it prevents an approval of the proposed Project, because the Project cannot be built utilizing only those portions of the Site located in the Light Industrial or Commercial district.

The current split zoning of Lot 48 results in an irregular parcel shape for a mixed use project that renders consistent development across the lot infeasible. The Light Industrial or Commercial zone comprises the majority of Lot 48, in a shape similar to a “7”, while the Light Industrial zone is a rectangle directly adjacent to Lot 11. As a result of this irregular shape, the dimensions of Lot 48 shrink to 37’-11” at the narrowest portion, and expand again to 71’-7” along Innes Street and 74’-7” along Jerrold Avenue.

The Owner has explored potential development options to account for the irregular parcel shape and dimensions without requesting this Variance, but none of those limited options is feasible here.

- First, the Owner explored developing the Site with two separate buildings, to avoid the cinched middle dimensions of Lot 48. However, that plan would render the Project economically infeasible, as it would require two sets of stairways and elevators in each building, which redundancy would add significant costs.
- Second, an option to develop either a double-loaded corridor building or a single-loaded corridor building was examined but ultimately found to be infeasible. Specifically, neither option was economically feasible, and a single-loaded corridor building would require such an irregular shape that the overall building efficiency would be reduced (i.e., the net to gross usable area was very low due to the amount of circulation space that would be required).
- Finally, an option to develop a building on only the Light Industrial or Commercial zone of Lot 48 was studied, but such a building would leave a 5,000 square foot (approximately 50’x100’) section of Lot 48 undeveloped. In addition, this development option would create a 100’ long and 65’ tall blind wall on the zoning line facing this undeveloped portion.

Accordingly, building a consistent project across Lot 45 and Lot 48 without a Variance from the existing land use control would be difficult and would represent an unreasonable limitation beyond the intent and purpose of the Plan, and the Variance from this limitation would be required.

Granting the Variance also results in substantial compliance with the intent and purposes of the Plan, including “the removal of impediments to land disposition and development through the assembly of vacant and under-developed land into reasonable sized and shaped parcels.” See the Bayview Industrial Triangle Redevelopment Plan, Section IV.A.6. Residential uses above the ground floor are permitted in the Light Industrial or Commercial Zone, of which the majority of Lot 48 and the entirety of Lot 45 is a part. The split zoning of Lot 48 is unique as compared to the surrounding land use districts and parcels. Rather, granting the variance requested by Owner here would allow for a mixed-use building with substantial ground floor commercial space and 85 dwelling units to add to the City’s housing stock. Additionally, the inclusion of 20% onsite Affordable Units is a step toward increasing affordability of mixed-use residential projects in the City.

Based on the above, the Owner requests that the Commission approve the Variance to allow residential uses over ground floor commercial uses on those portions of Lot 48 currently zoned Light Industrial. Granting this variance will implement the Plan’s intent, remove an impediment to lot assembly and land development, and allow the most reasonable and productive use of the Property given the site’s unique zoning scheme. The activation of this area of the Bayview Industrial Triangle, infusion of new commercial space, and development of a substantial number of dwelling units will be beneficial to the public welfare and will materially enhance neighboring property values by providing neighborhood-serving and pedestrian-friendly uses and increasing the number of residents in the area who will act as customers for the surrounding commercial uses. Without the requested Variance, the Project cannot be constructed, nor could any similar project be developed.

EQUAL OPPORTUNITY PROGRAM

The Project is not subject to any enforceable obligation requiring compliance with OCII’s Equal Opportunity Program. Nevertheless, the Owner has voluntarily agreed to comply with OCII’s Small Business Enterprise Program and will make good-faith efforts to achieve the goals of the SBE Program and Construction Workforce Policy for both the design and construction of the project. Subsequent to the Plan’s expiration, the Owner shall comply with the San Francisco Administrative Code Chapter 83 in lieu of OCII’s Construction Workforce Policy. The Owner has expressed his commitment to the local small business community and has agreed to comply with the City’s workforce policies for all construction work done in conjunction with the Project.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Staff analyzed the Project pursuant to the requirements of CEQA and found that the approvals of the Variance and of the Project’s Schematic Design, is statutorily exempt from CEQA, since it is an infill housing project that satisfies the requirements for an exemption from CEQA as stipulated in CEQA Sections 21159.24 and 21159.21.

CITIZENS ADVISORY COMMITTEE

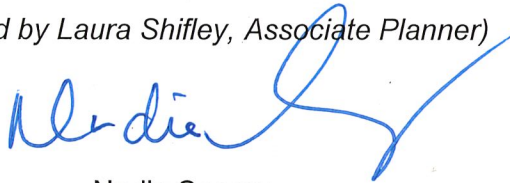
The Owner presented the proposed Project at a meeting of the CAC on January 10, 2018, where the CAC recommended a number of design and program revisions. The Owner incorporated the recommended revisions and presented a revised Schematic Design of the Project at a subsequent September 5, 2018 CAC meeting. The CAC voted in support of the project at that meeting and a letter of support from the CAC dated September 10, 2018 is included as Attachment 1 herein.

STAFF RECOMMENDATION

Staff recommends that the Commission take the following actions:

- Adopt CEQA findings;
- Approve the Variance;
- Conditionally approve the Schematic Design for the proposed Project at 4200 Third Street.

(Originated by Laura Shifley, Associate Planner)



Nadia Sesay
Executive Director

Attachments:

Attachment 1: Bayview Hunters Point Citizen Advisory Committee Letter of Support



OFFICE OF THE CITY ADMINISTRATOR



London N. Breed, Mayor
Naomi M. Kelly, City Administrator

Bayview Hunters Point Citizens Advisory Committee

Ellouise Patton, Chair
Tim Chan, Vice Chair

September 10th, 2018

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Commissionsecretary.OCII@sfgov.org

Commissioners,

On January 10, 2018 the Project Sponsors for 4200 3rd Street presented to the Bayview Hunters Point Citizens Advisory Committee. After a robust discussion with Committee Members and the community, the Committee voted to approve the project 7-1, but expressed concern over proposed changes to street parking and its orientation. The Committee asked if any major changes happen to this project in the future, that the Project Sponsor return to the CAC for review.

The Project Sponsor returned to the CAC with updates to the project on September 5th. The Committee was very pleased with the updates to the project, and unanimously voted to approve this project. Taking into consideration the changes made, the Bayview Hunters Point Citizens Advisory Committee enthusiastically endorses this project.

The Bayview Hunters Point Citizens Advisory Committee sees the project at 4200 3rd street as an example of symbiotic development that will be a sustainable asset to the Bayview community.

Sincerely,

Ellouise Patton, Chair
Bayview Hunters Point Citizens Advisory Committee