



126-0282019-002

Agenda Item **No. 5(b)**
Meeting of December 17, 2019

TO: Commission on Community Investment and Infrastructure

FROM: Nadia Sesay, Executive Director

SUBJECT: Workshop on the current status of commercial, retail, hotel, residential and open space development in the Mission Bay North and South Project Areas and overview of additional projects for commercial space at 1450 Owens (Alexandria Real Estate), hotel/residential space at Blocks 29-30 (Golden State Warriors Phase II), and an increased number of affordable housing units

EXECUTIVE SUMMARY

The Mission Bay North and South Project Areas ("Mission Bay") were established 21 years ago to create a vibrant transit-oriented and mixed-use community. In 1998 the San Francisco Redevelopment Agency Commission approved Redevelopment Plans, Design for Development documents, and Owner Participation Agreements with the then land owner and master developer, Catellus Development Corporation, and these documents create the regulatory and contractual framework for this 303 acre development. Farallon Capital subsequently purchased this development from Catellus in 2004. When complete, these two Redevelopment Project Areas will provide: 6,514 units of housing, of which 29% will be affordable to moderate, low and very low income households; 5 million leasable square feet of commercial space for office and lab use; a 18,000 seat event center; 560,000 square feet of retail space; a 43 acre UCSF Campus with 3.64 million square feet of research, academic and administration space as well as a 550 bed hospital complex; 49 acres of open space; a public school; a public library; a public safety building housing police and fire stations; and a 250 room hotel.

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The development in Mission Bay has been transformational with almost 5,800 new housing units completed to date, of which over 20% are affordable housing units. The remaining residential parcels are all designated for affordable housing, and at full build out will bring the affordability percentage up to 29% overall. UCSF's campus has been a key anchor and catalyst for other commercial development, particularly in the field of biotechnology.

To date, UCSF has completed 60% of the space within its original campus and on the additional Mission Bay land outside of the campus that UCSF has purchased, they have built a 289 bed hospital and two outpatient facilities. Eighty-eight percent of the commercial space entitlement has been built and 96% of the retail spaces have been developed. Twenty-three acres of open space have already been developed for the community's enjoyment. In addition, the Golden State Warriors have built an 18,000 seat event center and the City of San Francisco has built a library and a public safety building that includes both a fire and police station. The final major non-residential projects that have been entitled in Mission Bay are a 250 room Marriott hotel which is under construction and scheduled for completion in fall of 2020, and a new public school that the San Francisco Unified School District estimates will be completed by 2025. Below is a summary table the current status in Mission Bay.

TABLE 1: General Entitlement Summary

Type of Uses	Total Entitlement	Total Completed	% Complete	Remaining	
Total Housing	6,514	5,789	89%	725	Units
Market Rate	4,606	4,602	100%	4	
Affordable	1,908	1,187	62%	721	
Total Commercial	5,032,689	3,375,839	67%	1,656,850	SF (leasable)
Commercial (Office/Lab)	3,459,809	3,057,978	88%	401,831	
UCSF Non-Campus Commercial*	1,572,880	317,861	20%	1,255,019	
Total Retail	560,000	538,583	96%	21,417	SF (leasable)
Retail North	200,000	192,220	96%	7,780	
Retail South	360,000	346,363	96%	13,637	
Hotel	250		0%	250	Rooms
Arena	18,000	18,000	100%	-	Seats
Streets	40,000	39,400	99%	600	SF (linear)
Open Space	41	23	57%	18	Acres
<i>* Not included as part of UCSF's original 43-acre campus</i>					

TABLE 2: UCSF Entitlement Summary

Type of Uses (unit)	Total Entitlement	Total Completed	% Complete	Remaining Entitlement
USCF Total SF	5,214,680	2,517,861	48%	2,696,819
UCSF Campus	3,641,800	2,200,000	60%	1,441,800
UCSF Non-Campus	1,572,880	317,861	20%	1,255,019
UCSF Hospital (beds)	289	550	53%	261
UCSF Open Space (acres)	9	9	100%	-

TABLE 3: Other Community Serving Uses

Type of Uses	Location	Status
Public Safety Building	Block 8	Completed
Public Library	Block N2-1	Completed
Public School	Block 14	Future Development

The above-described development will use all of the existing development allocations under the Mission Bay South Redevelopment Plan and OPA. Some developers and OCII have expressed interest in increasing the entitlements to develop additional projects. Alexandria Real Estate owns a vacant parcel of land at 1450 Owens Street where they wish to develop a 150,000 square foot mixed use life sciences building. The Golden State Warriors desire to add a 129 room hotel with 21 condominiums adjacent to Chase Center. OCII staff have evaluated the affordable housing program in Mission Bay and have preliminarily determined that up to an additional 550 units of additional housing could be delivered in the Mission Bay South Project Area. (Collectively, these three projects are referred to as the “Additional Projects.”) The Additional Projects will require appropriate environmental review and amendments to the Mission Bay South Redevelopment Plan, Mission Bay South Owner Participation Agreement (OPA) and other ancillary documents. Amendments to the Redevelopment Plan will require approval by the OCII Commission, Planning Commission and Board of Supervisors; amendments to the OPA, which is an enforceable obligation under Redevelopment Dissolution Law, will require an approval not only by OCII, but also by the Oversight Board and the California Department of Finance (“DOF”).

BACKGROUND

In 1998 the Mission Bay North and South Redevelopment Plan Areas were established to transform 303 acres of underutilized land owned by Catellus Development Corp (at the time a subsidiary of Santa Fe Southern Pacific) into a thriving new San Francisco neighborhood. In 2004 FOCIL-MB (an entity owned by Farallon Capital) purchased the development from Catellus. There have been two amendments to the Mission Bay South Redevelopment Plan, six amendments to the Mission Bay South OPA and five amendments to the Mission Bay North OPA in order to adapt to the changing environment over the past

21 years. The OPA amendments since redevelopment dissolution have received approval from the Oversight Board and DOF.

In the Mission Bay North Project Area, the vision was to develop residential projects with ground floor local and neighborhood serving retail, with open space created along Mission Creak. Mission Bay North is substantially complete. In Mission Bay South Project Area, the plan is to develop the residential units in the northern portion and commercial industrial development in the southern portion of the Project Area. Retail is to be located throughout the Project Area with a focus of creating a retail corridor on 4th Street within the residential area. Open space will be built throughout the Project Area including a seven acre park along the bay. Mission Bay South has seen tremendous growth over recent years, and much of the residential, commercial, and open space programming has already been delivered.

In the center of the Mission Bay South Project Area, 43 acres were dedicated to UCSF to create a campus and biotechnology hub, where academia and industry would come together for a cutting-edge, lifesaving research campus to provide for research, academic and administration space. Providing UCSF with this campus was a catalyst to bring biotech to Mission Bay. Later on, UCSF purchased land on which several developments will be constructed in the Mission Bay South Project Area, adding the potential for 1,572,880 square feet of development. On three of these parcels, UCSF has built a hospital, two outpatient medical buildings, and a central utilities plant for on-site generation. The Wayne and Gladys Valley Center for Vision is scheduled to complete construction in 2020. Three vacant parcels with 927,500 square feet of potential development still remain of this additional seven parcel purchase.

HOUSING

At full buildout, there will be 6,514 units of housing created in Mission Bay of which 29% will be affordable to households ranging from moderate income to extremely low income.

Mission Bay North

Mission Bay North is fully built out with 2,964 units of housing in 15 projects. Four of the projects totaling 607 units are Stand Alone Affordable projects. There are 11 other residential projects, totaling 2,357 units, of which four projects are mixed income with 93 affordable inclusionary housing units.

TABLE 4: Mission Bay North Housing

Project Type	Status	# of Projects	Total Units	Market Rate*	Incl. Aff.	OCII Aff.	Total Aff.
Stand Alone Affordable	Completed	4	607	2	198	407	605
Market Rate/ Mixed Income	Completed	11	2357	2264	93		93
Grand Total		15	2964	2266	291	407	698

**Market Rate Units in Stand Affordable Projects are Manager's Units*

Mission Bay South

In Mission Bay South 2,825 of the 3,550 units (80%) have been built. The Mission Bay South Housing Plan differs from Mission Bay North, in that there is no on-site Inclusionary Housing and therefore all of the affordable housing will be built in Stand Alone Affordable projects. All ten Market Rate projects consisting of 2,332 units have been constructed. Three affordable housing projects totaling 493 units have also been built. There are two affordable housing projects totaling 271 units that are under construction with the two more affordable housing projects totaling 281 units in various stages of pre-development.

TABLE 5: Mission Bay South Housing

Project Type	Status	# of Projects	Total Units	Market Rate*	Total Aff.
Stand Alone Affordable (OCII Funded)	Completed	3	493	4	489
	In Construction	2	271	2	269
	In Predevelopment	2	281	1	280
	Remaining	1	173	1	172
	Total Stand Alone	8	1218	8	1210
Market Rate	Completed	10	2332	2332	0
Total Completed (OCII + Market Rate)		13	2825	2336	489
Grand Total at Full Build Out		18	3550	2340	1210

*Market Rate Units in Stand Affordable Projects are Manager's Units

There are currently four affordable housing projects underway in Mission Bay South. Block 3E has almost completed construction, and will be delivering 119 units that will serve formerly homeless veterans as well as low-income families in the next month or so. Block 6W is currently under construction, and is on schedule to deliver a total of 152 affordable family rental units in March 2021. Block 9 will be a 14 unit supportive housing development for formerly homeless individuals, and is currently in predevelopment. Staff anticipates coming to the Commission in early 2020 for final construction funding. Block 9a is in the very early stages of predevelopment, with staff working with the recently selected development team to put together a predevelopment loan request for an approximately 140 unit low- and moderate-income ownership project for first time homebuyers. That loan request is scheduled to come before the Commission in early 2020.

Staff is considering an RFP in the summer of 2020 to develop a project on half of the 12 West parcel, using the remaining 173 units of affordable housing entitlement for Mission Bay South. The other half of Block 12 West and all of Block 4 East are parcels designated for affordable housing development.

In approving previous affordable housing projects in Mission Bay South, OCII has maximized density on particular sites and as a result has used up most of the affordable housing allocation authorized under the OPA. Accordingly, development of Block 12 West and Block 4 East will require an OPA amendment to increase the number of affordable housing units simply to comply with the existing zoning. These remaining parcels, however, provide an opportunity for additional affordable housing units if the sites are rezoned for higher density. OCII staff is analyzing these two sites to determine the amount of housing that can be built.

COMMERCIAL/INDUSTRIAL

To date, thirteen commercial buildings totaling 3.38 million square feet of office, tech, medical and lab space have been built in Mission Bay South. There is no commercial development in Mission Bay North. Below is a list of the commercial entities with significant presence in Mission Bay South. Except for Commercial/Industrial parcels purchased by UCSF, the Uber Headquarters is the final commercial development to be built in Mission Bay.

Companies with headquarters based in Mission Bay:

- Old Navy (Block 28)
- Dropbox (Block 40)
- Uber (Blocks 26-27, expected 2020)

Biotech Companies with significant office presence (full building tenancy):

- FibroGen HQ (Block X4)
- Gladstone Institute (Block 41/43 parcel 2)
- Nektar HQ (Block 26)
- Bayer (Block 26)

Medical Offices and Hospital:

- UCSF Orthopedics / Sports Medicine (Block 41/43 parcel 5)
- Kaiser Mission Bay Medical Offices (Block 41/43 parcel 4)
- UCSF's Women's, Children's and Cancer Hospital (Blocks X3 & 37)
- UCSF Center for Vision Neuroscience (Block 33, expected 2020)

Other:

- Chase Event Center (Block 29-32)

RETAIL

Mission Bay North

Mission Bay North has built 192,220 square feet of the entitled 200,000 square feet of city and local serving retail and other local business uses. Safeway (Block N1) is the anchor retailer in Mission Bay North, and there are also many restaurants, neighborhood retail and personal services. Mission Bay North is fully developed so we do not anticipate the remaining 7,880 square of entitlement will be built.

Mission Bay South

Mission Bay South has developed 346,363 of the entitled 360,000 square feet of retail space as well as several retail spaces smaller than 5,000 square feet that do not count towards the total retail entitlement. Thirty-four percent of the retail spaces still remain vacant. A large portion of this vacancy is at the Chase Center because construction only completed four months ago. As Mission Bay has become more built out and has added residents and employees, retailers are showing increased interest in establishing businesses in Mission Bay. The remaining 13,637 square feet of entitlement is designated for a restaurant in the Bayfront Park (P22).

UNIVERSITY OF CALIFORNIA SAN FRANCISCO

An objective of the Mission Bay South Redevelopment Plan is to retain and promote academic and research activities associated with the University of California San Francisco ("UCSF"). As part of the original Mission Bay approvals, Catellus and the City contributed 43 acres of land to UCSF for its campus to develop 2,650,000 square feet of space dedicated to research, academic and campus administrative facilities ("UCSF Campus"). Through the UC Regents approval of the UCSF 2104 Long Range Development Plan, an additional 991,800 square feet was entitled at the UCSF Campus for a total of 3,641,800 square feet. To date UCSF has developed approximately 2,200,000 square feet within the UCSF Campus. In 2020, UCSF will complete the Joan and Sanford I. Weill Neuroscience Building (Block 23A).

In addition to the UCSF Campus, UCSF purchased seven additional parcels in the Mission Bay South Project Area. On three of these parcels, UCSF has built a women's, children's and cancer hospital (Blocks X3 & 37), two outpatient medical buildings (Block 36) and a central utilities plant for on-site generation (Block X3). In 2020 UCSF will complete the Wayne and Gladys Valley Center for Vision (Block 33). Three vacant parcels with 927,500 square feet of potential development still remains of this additional seven parcel purchase.

UCSF has initiated planning for a clinical building and parking structure on Block 34, the design for which should be brought before the Commission in 2020 for an informational presentation. At this time UCSF does not have any plans to develop Phase II of its medical center (Blocks 38-39) or build any new projects on the UCSF Campus. Staff will keep the Commission apprised of any future UCSF development that may occur.

HOTEL/OTHER

Mission Bay South - Hotel

Currently a 250 room hotel is under construction on Block 1 in Mission Bay South, at Third and Channel Streets with an expected completion in fall 2020. The original plan was to have a 500 room hotel at Block 1, but in 2013 the Mission Bay South OPA and Redevelopment Plan were amended to allow for a 250 room hotel and a 350 unit housing development on Block 1. This is currently the only hotel in Mission Bay.

Mission Bay South – Family House

When UCSF built a children's hospital in Mission Bay, Family House, a non-profit providing housing for families who's seriously ill children are receiving treatment at UCSF, saw a need in Mission Bay. In 2016, Family House built an 80 room "home away from home" across from the UCSF campus (Block 7E) for families of children receiving treatment for cancer and other life threatening diseases at UCSF.

COMMUNITY SERVING USES

Mission Bay North

Within every new neighborhood there is the need for public services. Mission Bay North has a public library (Block N3A-1) located in the Mission Creek Senior Housing development, a stand-alone affordable housing project.

Mission Bay South

Mission Bay South is home to the City's new a public safety building which also houses police and fire stations (Block 8). The Redevelopment Plan designates Block 14 in Mission Bay South as a future public school site. The site is in its predevelopment stage of design and programming. SFUSD is planning an elementary school for the site and anticipates it will open in 2025.

STREETS/INFRASTRUCUTRE

Mission Bay North

In Mission Bay North all but one small section of a street have been built. This small connector road from 5th Street and King Street to Berry Street is in preconstruction. In addition, the Infrastructure Plan calls for the 8th Street Traffic Circle to be removed and the intersection to be signalized in order to address concerns the Mission Bay development would cause traffic congestion at this traffic circle. However, a preliminary analysis indicates the concerns of traffic congestion have never materialized. OCII, the City, and the master developer are collectively further analyzing the need to remove this traffic circle.

Mission Bay South

In Mission Bay South, all streets have been built and are open. A storm water pump station which needs to be upgraded is the last remaining piece of infrastructure to be built in Mission Bay South.

Joint Infrastructure

Connecting Mission Bay North to Mission Bay South is a planned pedestrian bridge across Mission Creek at 5th Street. Similar to the Traffic Circle, OCII, the City and the master developer are revisiting the necessity and operational feasibility of this pedestrian bridge. There have been informal discussions with the community about not building the pedestrian bridge and once OCII, the City and the master developer further analyze the issue, formal community outreach will occur.

Staff will continue to analyze the need to remove the 8th Street Traffic Circle and signalize the intersection and will continue to analyze the need to build a pedestrian bridge across Mission Creek as required in the Infrastructure Plan. If it is determined this work should be removed from the Infrastructure Plan, staff will come before the Commission with its recommendations. Staff is currently working with the master developer and the City to facilitate the final acceptance of public infrastructure.

OPEN SPACE AND PARKS

The parcels designated for open space in Mission Bay are owned by the City, either through the Department of Real Estate or the Port, and then master leased to OCII. OCII is responsible for maintenance of the completed open space parcels and does so currently through a contract with MJM Management. OCII is the Community Facilities District for the receipt of funding to cover the cost of maintenance of its parks.

Mission Bay North

All six and a half acres of open space in Mission Bay North have been built since 2010. The sports courts (NP5), especially the sand volleyball court, see very high usage from the community and visitors.

Mission Bay South

Fifteen of the thirty-four acres of open space in Mission Bay South have been developed and are open for public enjoyment. The Kids' Park (P6) at the corner of Merrimac and China Basin Street is extremely popular among the large number of young families who reside in Mission Bay. Currently under construction are the five and a half acre Bayfront Park (P22) and a one and a third acre portion of the Mission Creek Parks (P3). The remaining ten acres of open space will be developed in the next five to six years.

Additionally, UCSF was required to build eight acres of open space on the UCSF Campus. UCSF has exceeded that requirement by building nine acres of open space.

With almost all of the streets built and open, Mission Bay Development Group will focus its attention to developing the remaining nine parks. As those parks are designed, OCII staff will bring those designs to the Commission.

PROGRAM IN DIVERSITY/ECONOMIC DEVELOPMENT PROGRAM

Pursuant to the Mission Bay North and South Owner Participation Agreements, developers in the Mission Bay Project Area are subject to the Program in Diversity/Economic Development Program, which includes nondiscrimination in contracting, local construction workforce hiring, payment of prevailing wages, adherence to the Small Business Enterprise (SBE) Program, and compliance with First Sourcing Hiring, which is administered by the San Francisco Office of Economic and Workforce Development.

Developers have been cooperative in working with OCII to ensure compliance with the Program in Diversity/Economic Development Program, meeting both the spirit and intent. For the Project Area as a whole, nearly \$3 billion have been invested in projects overseen by OCII, of which 26% have gone to small businesses. Notably, 54% of professional services contracts (or \$63M) have gone to small businesses, of which over 92% of the firms are based in San Francisco, underlining the robust professional design talent in San Francisco and OCII's practice of First Consideration for project area and San Francisco-based businesses.

On construction hiring, local residents performed nearly 2.5 million hours (21% of total) on projects overseen by OCII for Mission Bay. With the payment of prevailing wages, San Francisco residents were paid over \$100M. In addition, developers and their tenants, as applicable, have also been cooperative in working with OEWD in filling entry level First Source Hiring obligations. OEWD, for example, assisted the Golden State Warriors with filling over 190 entry-level positions related to the operation of the Chase Center. Both the level of SBE engagement and workforce hiring is expected to continue for upcoming projects, including the 1450 Owens and Golden State Warriors Hotel projects.

ADDITIONAL PROJECTS

The development currently allowed under the Redevelopment Plans and OPAs will soon be fully built out, except for UCSF and some affordable housing which still have remaining entitlement and parcels to be developed. Nonetheless, the Additional Project indicate that there is additional development potential on certain parcels. Taking advantage of this potential for more development will require environmental review and amendments to the Redevelopment Plan, Design for Development and OPA. Below is a discussion of the efforts of the Golden State Warriors and Alexandria Real Estate ("ARE"), which are both pursuing additional commercial development on parcels they own. Also discussed below are efforts OCII staff are undertaking to determine if additional affordable housing can be accommodated in Mission Bay South.

Golden State Warriors

In November 2019 the Golden State Warriors submitted a Basic Concept/Schematic Design ("BC/SD") for a mixed use project with 129 hotel rooms and 21 residential units on the northeast side of the current Chase Center development (Blocks 29-30). The hotel would include a number of amenities, including restaurants and a spa. Because these blocks are not currently zoned for a hotel, residential units or a tower, which is defined as 160 feet in the Mission Bay South Design for Development Guidelines, amendments to the Mission Bay South Redevelopment Plan, Design for Development, and Owner Participation Amendment, as well as necessary environmental review, would be required. The Warriors are planning on seeking feedback from the Mission Bay Citizens Advisory Committee ("MB CAC") through an informational presentation at the December 12th meeting, and OCII staff is currently reviewing the proposed project. OCII staff anticipate that any design approvals and document amendments could come before the Commission in first quarter of 2020.

Alexandria Real Estate

ARE owns a vacant parcel located at 1450 Owens (Mission Bay South Block 41/43 Parcel 7) that is currently restricted to be no taller than the I-280 Freeway and there is no more square footage entitlement to build commercial space. ARE is currently proposing an approximately 150,000 square foot mixed-use life sciences building at this site, and in July, ARE presented an initial design to the MB CAC. Based on the feedback received, ARE is refining its design, including the height and bulk. Adding more entitlements for commercial space would also include increasing the allowable height and potentially other design controls to ensure appropriate massing at this site. The changes will require a Redevelopment Plan Amendment, Design for Development Amendment, OPA Amendment and environmental review. OCII staff is currently reviewing ARE's proposal, and after additional community review and feedback, would come before the Commission for consideration of these amendments as well as approval of a Basic Concept/Schematic Design application. Staff anticipates that the matter could be brought to the Commission in the first quarter of 2020.

Affordable Housing

As the Commission is aware, OCII has been at the forefront of delivering housing in the midst of the City's housing crisis. As part of that effort, the Mission Bay South affordable housing developments to date have maximized housing units on each site to advance the delivery of this critical resource. The cumulative effect of increasing the density in prior housing projects is that the remaining amount of affordable housing authorized under the Mission Bay documents is now insufficient for the available affordable housing parcels, specifically on a portion of Block 12 West and all of Block 4 East. Moreover, OCII staff is analyzing what steps, including height increases, might be necessary to add up to 550 affordable units on these two remaining parcels. Adding additional affordable residential units and potentially increasing height limits will require a Plan Amendment, Design for Development Amendment, OPA Amendment and environmental review. Approvals would be necessary from the Commission,

Board of Supervisors, Oversight Board, and DOF. OCII staff will keep the Commission apprised of the results of its continued analysis and any potential next steps.

NEXT STEPS

In the first quarter of the 2020, OCII staff will come before the Commission for approval of a gap loan and ground lease for an affordable housing project serving formerly homeless households at Block 9. OCII Staff will also come before the Commission for approval of an Exclusive Negotiating Agreement and a predevelopment loan agreement for a for-sale housing project affordable to low to moderate income households at Block 9A.

Pending completion of environmental review and discussions regarding the required regulatory amendments, OCII staff anticipates coming before the Commission in the first quarter of 2020 with separate actions for Redevelopment Plan Amendments, Design for Development Amendments, Ownership Participation Agreement Amendments, EIR Addendums and Basic Concept/Schematic Design approvals for the Warriors' hotel and residential project and ARE's commercial building. OCII staff will continue to analyze the potential to develop additional affordable housing. Results of this analysis will be reported to the Commission.

(Originated by Marc Slutzkin, Project Manager)



Nadia Sesay
Executive Director

Attachment A: Mission Bay Land Use Map with undeveloped parcels sites

Attachment B: Mission Bay Site Amenities Map

ATTACHMENT: A



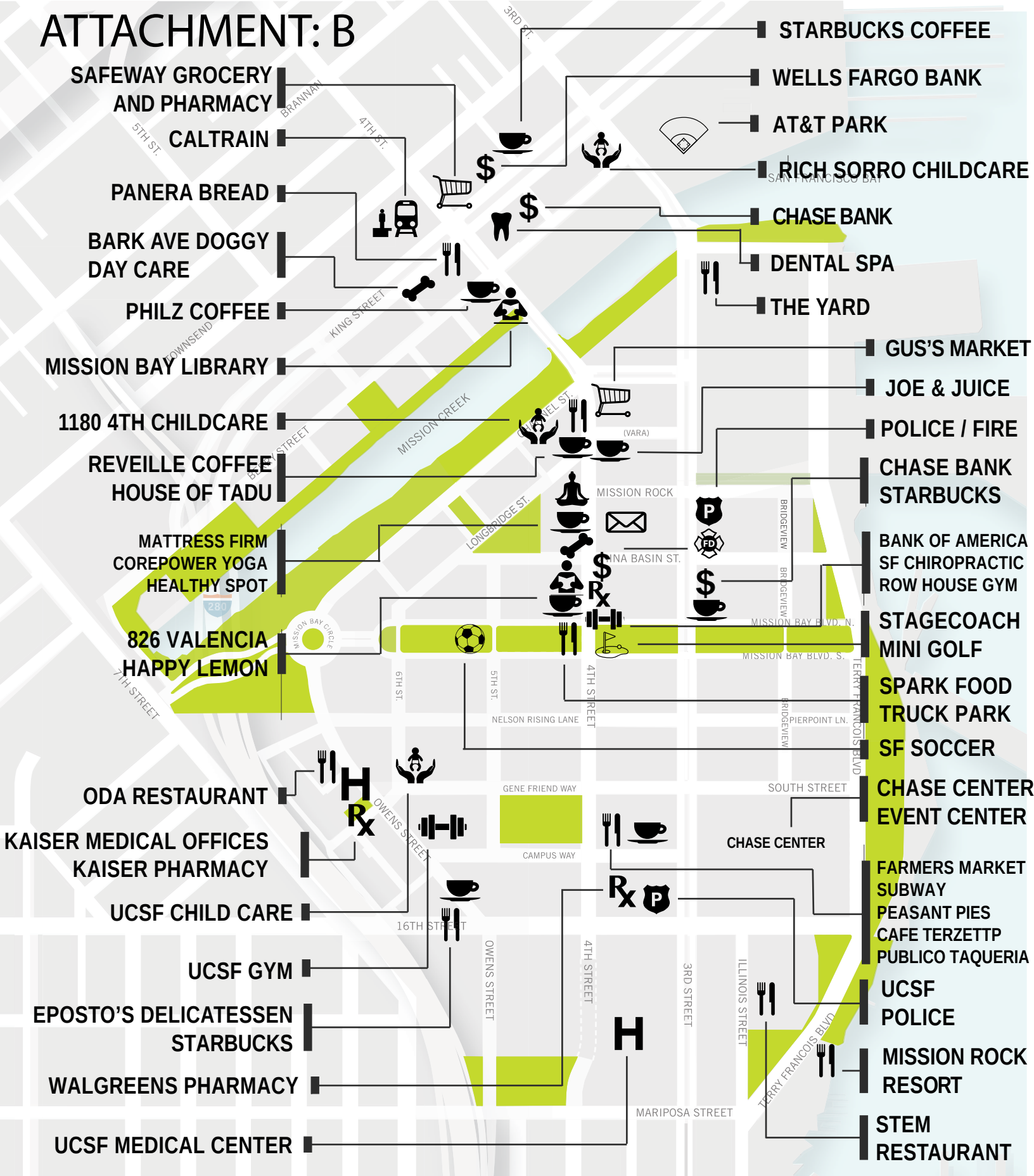
LEGEND:

- Public Facility
- Parks
- Residential / Market Rate
- Residential / Affordable
- Hotel
- Commercial
- UCSF
- UCSF Commercial
- Undeveloped Parcels

MISSION BAY
LAND USE MAP
UNDEVELOPED PARCELS
December 2019



ATTACHMENT: B



MISSION BAY AMENITIES

DECEMBER 2019



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COMMUNITY INVESTMENT
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