



126-0072026-002

Agenda Item **No. 5(c)**
Meeting of October 6, 2026

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Authorizing a Memorandum of Understanding with FOCIL-MB, LLC for the potential development of Mission Bay South Block 12 West allowing for an approximately 265-unit affordable housing project and a 270-unit market rate project with inclusionary affordable units; Mission Bay South Redevelopment Project Area

EXECUTIVE SUMMARY

In the Mission Bay South Redevelopment Project Area ("Project Area"), Block 12 West ("Block 12W") is the last remaining development parcel designated as an Agency Affordable Housing Parcel. However, under the current Mission Bay South Redevelopment Plan ("Redevelopment Plan"), the Design for Development for the Mission Bay South Project Area ("D4D"), and the Mission Bay South Owner Participation Agreement ("South OPA") (collectively, the "Plan Documents"), there are no more residential unit entitlements available for development of Block 12W.

To enable development on Block 12W, the Office of Community Investment and Infrastructure ("OCII") and FOCIL-MB, LLC ("Master Developer" or "FOCIL") (collectively, the "Parties"), propose to pursue a series of entitlement actions (collectively, the "Proposed Entitlements"). The Proposed Entitlements include subdividing Block 12W into two parcels to accommodate approximately 265 affordable housing units and a 270-unit market-rate residential project with inclusionary affordable housing units; amending the Plan Documents, and the Major Phase for Blocks 11 and 12 and Parks P2, P8, P10, P11 and P12 Concept Design Application ("Major Phase"); and completing the environmental review required under the California Environmental Quality Act ("CEQA").

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To advance these efforts, OCII and FOCIL propose to enter into a Memorandum of Understanding (“MOU”) that establishes the Parties’ respective roles and responsibilities in pursuing the Proposed Entitlements and confirms their mutual commitment to completing the entitlement process. The MOU’s Proposed Entitlements are non-binding and subject to future review and final actions by the Successor Agency Commission, Oversight Board, California Department of Finance, and Board of Supervisors.

Staff recommends approval of the MOU between OCII and FOCIL to establish the Parties’ respective roles and responsibilities in pursuing the Proposed Entitlements for Block 12W.

BACKGROUND

Mission Bay South Plan Documents

The Redevelopment Plan, D4D, and South OPA govern development within the approximately 238-acre Project Area. The South OPA was originally executed in 1998 between the Redevelopment Agency of the City and County of San Francisco (“Former Agency”), and Catellus Development Corporation, the original master developer. Catellus subsequently assigned its rights and obligations under the South OPA to FOCIL.

Together, the Plan Documents establish the land use designations, scope of development, development standards, infrastructure obligations, and contractual framework for development within the Project Area. The South OPA Housing Program (Attachment C to the South OPA) establishes the affordable housing obligations, provides standards for allocation of affordable housing units among designated development sites, and identifies the Agency Affordable Housing Parcels. Block 12W is a designated Agency Affordable Housing Parcel and is identified as an approved affordable housing site in *Exhibit F – Mission Bay South Housing Program Approved Sites of the South OPA Housing Program*.

Mission Bay South Housing Development Status

The South OPA authorizes the development of 2,306 market-rate residential units and approximately 1,468¹ affordable housing units within the Project Area. On November 18, 2025, the Commission approved Phase I and Phase II of the Mission Bay South Block 4 East affordable residential projects, consisting of 165 affordable housing units in Phase I and 233 affordable housing units in Phase II (together, the “Block 4E Project” and separately, “Block 4E Phase I” and “Block 4E Phase II”).

With approval of the Block 4E Project, 1,451 affordable housing units have been constructed or approved for development within the Project Area. Block 12W is the only remaining undeveloped residential parcel within the Project Area. However, no remaining residential unit entitlements are available for development of Block 12W under the Plan Documents. Accordingly, amendments to the Plan Documents are required to facilitate development of Block 12W.

¹ Although the South OPA authorizes approximately 1,468 affordable housing units, the remaining authorized units are attributable only to Block 4E Phase II and are not available for development of Block 12W.

DISCUSSION

To facilitate future residential development of Block 12W, OCII and FOCIL intend to pursue a series of Proposed Entitlements, including subdividing Block 12W into two parcels for development of an approximately 265-unit affordable housing project and a 270-unit market-rate residential project with inclusionary affordable housing units (collectively, the “Projects”), as depicted below in Figure 1, consistent with the objectives of the Redevelopment Plan, including strengthening the Project Area’s affordable and market-rate housing supply.

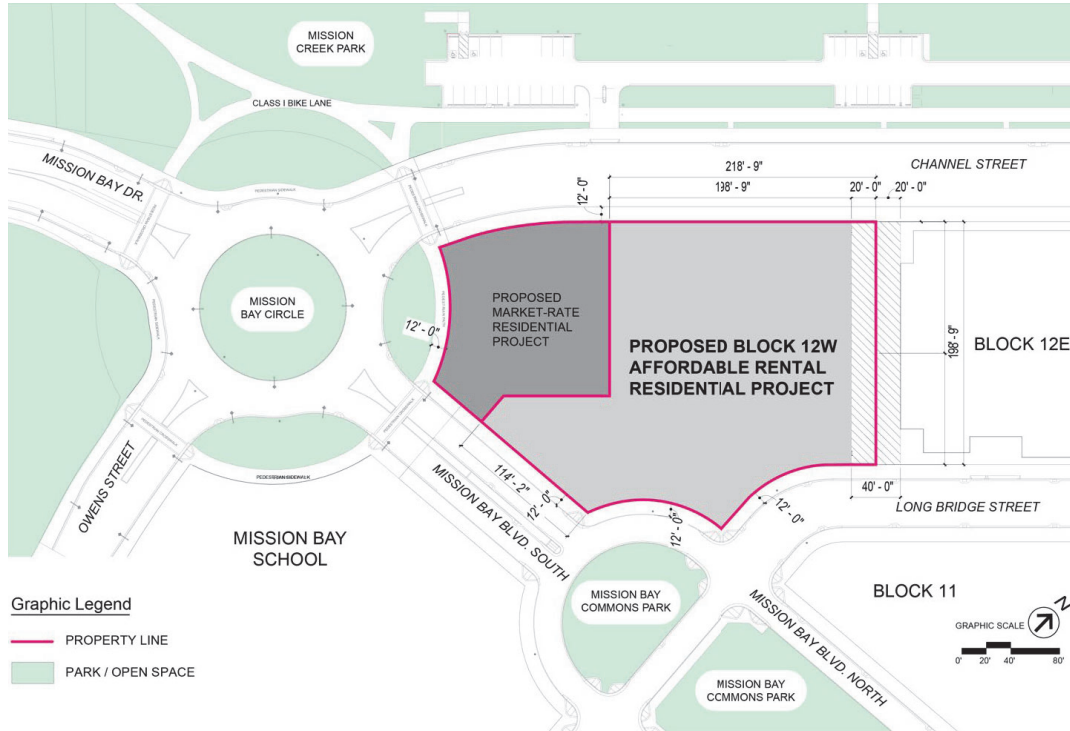


Figure 1. Proposed subdivision of Block 12W (subject to change).

Memorandum of Understanding

To memorialize the respective responsibilities during the entitlement process, OCII and FOCIL have prepared a draft MOU, subject to approval by the Commission. The MOU establishes a framework for cooperation between the Parties, including preparation of submittals related to the Proposed Entitlements, the environmental review required under CEQA, cost responsibilities, and entitlement approvals. The MOU reflects the Parties’ recent discussions and preliminary consensus regarding the scope of the Projects and the Parties’ anticipated responsibilities. The term sheet provisions contained in the MOU are intended to serve as a non-binding framework for negotiation of future transaction documents and acknowledge that further review and discussion may result in refinement or revision of the Projects and related terms.

A summary of the MOU provisions is as follows:

- Term: Effective upon execution and terminating upon the earlier of two years or completion of the Proposed Entitlements.
- Proposed Subdivision: Subdivision of Block 12W into an affordable housing parcel and a market-rate parcel.
- Proposed Entitlements:
 - Redevelopment Plan Amendment
 - Increase the number of residential units by 535
 - Increase maximum height allowing for a market-rate tower on Block 12W
 - South OPA Amendment
 - Increase the number of residential units by 535
 - Amend the Housing Program Exhibit F to add a market-rate parcel to Block 12W
 - D4D Amendment
 - Increase maximum height from 160 feet to 250 feet for a market-rate tower
 - Increase amounts of developable area allowed at Midrise Heights between 65 feet and 90 feet and at Tower Heights above 90 feet
 - Reduce maximum lot coverage requirements
 - Remove maximum average streetwall height requirement on Long Bridge Street
 - Pending shadow analysis, consider increasing shadow budgets on affected parks
 - Major Phase Amendment
 - Amend to allow for the Projects
- CEQA: Completion of the environmental review required under CEQA.
- Coordination: Coordination of planning, entitlement, and public approval processes necessary to implement the Projects.
- Cost Sharing: Entitlement costs shared proportionately between OCII and FOCIL based on the ratio of market-rate and affordable units.

The MOU does not approve any land use changes or development rights and does not obligate OCII to approve any of the Proposed Entitlements or the Projects.

CITIZENS ADVISORY COMMITTEE

The MOU was presented to the Mission Bay Citizens Advisory Committee on Thursday, August 13, 2026, and voted unanimously to recommend that the Commission approve the MOU.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The Commission's approval of the MOU is statutorily exempt from environmental review pursuant to CEQA Guidelines Section 15262 because it does not have a legally binding effect on later activities and it only involves feasibility and planning activities for possible future actions, which the OCII Commission has not yet approved, adopted, or funded.

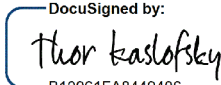
NEXT STEPS

The Proposed Entitlements necessary to authorize the Projects are anticipated to be presented to the CAC and Commission for consideration and approval early 2027.

STAFF RECOMMENDATION AND NEXT STEPS

Staff recommends approval of the MOU between OCIL and FOCIL to establish the respective roles and responsibilities of the Parties in pursuing the Proposed Entitlements for Block 12W.

(Originated by Nikki Henry, Project Manager)

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Thor Kaslofsky
Executive Director