

122-0172019-002

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

INFORMATION MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Workshop on the current status of development in Zone 1 of the Transbay Redevelopment Project Area

EXECUTIVE SUMMARY

The Transbay Redevelopment Project Area (“Project Area”) was created 14 years ago and is located primarily between Folsom and Mission Streets, east of 2nd Street, and west of Spear and Main Streets. A small portion of the Project Area extends south of Folsom Street along Essex Street to Harrison Street. The Project Area consists of two zones: Zone 1 is under the land use authority of OCII and consists of twelve blocks of land, while Zone 2 is under the City Planning Department’s jurisdiction. Thirty-five percent of all new housing units in the Project Area must be affordable. When Zone 1 is fully built out there will be approximately 3,206 residential units (of which 43% will be affordable), 767,000 square feet of commercial office space, 73,500 square feet of retail space, and 3.9 acres of open space. At this time all of the office space, 38,000 square feet of retail and 1,267 residential units are complete, 929 units are in construction, 930 units are in the planning phase, and 80 units are planned for the future.

TABLE 1: TRANSBAY ZONE 1 STATUS SUMMARY

Type of Uses	Total in Zone 1	Completed	% Complete	Remaining	
Housing	3,206	1,267	40%	1,939	Units
Commercial (Office)	767,000	767,000	100%	0	SF (leasable)
Retail	73,500	38,000	52%	34,500	SF (leasable)
Open Space	3.9	0	0%	3.9	Acres
Folsom Improvements	5	0	0%	5	Blocks

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BACKGROUND

In 2005, the Board of Supervisors of the City and County of San Francisco adopted the Transbay Redevelopment Plan to redevelop the Project Area and to generate funding for the construction of the new Salesforce Transit Center. The Project Area consists of two zones: Zone 1 is under the land use authority of OCII and consists of twelve blocks of land, of which eleven were formerly owned by the State, while Zone 2 is under the City Planning Department's jurisdiction. OCII's role is funding the design and construction of three new parks, and streetscape improvements on Folsom Street, selling designated Zone 1 parcels to fund construction of the Salesforce Transit Center, and forming partnerships with for-profit and non-profit developers to provide housing on the blocks, including directly funding a significant amount of affordable housing. When Zone 1 is fully built out, there will be approximately 3,200 residential units (of which 43 percent will be affordable), 767,000 square feet of office, 73,500 square feet of retail, and 3.9 acres of open space.

HOUSING

Within Zone 1 there are 1,267 completed residential units, 929 units are in construction, 930 units are in the predevelopment phase, and 80 units are planned in the future.

Completed

The 1,267 completed units in Zone 1 consist of four projects: A stand-alone supportive housing project on Block 11A (120 units); A mixed use project on Block 6 (479 total units, 70 stand-alone affordable); A 100% stand-alone affordable project on Block 7 (120 units); and a mixed use project on Block 8 (548 total units, 150 stand-alone and inclusionary affordable units). In total there are 460 completed affordable units which represents 36% of all units completed to date.

In Construction

Blocks 1 and 9 are in construction and total 929 units, of which 265 are affordable (189 Stand Alone Affordable, 76 inclusionary). Block 9 is anticipated to be completed by the end of 2019, and Block 1 will be completed in early 2020.

Predevelopment

The 930 units in the predevelopment phase consist of two projects that will occupy each end of the current Temporary Bus Terminal: a large mixed-income residential project on Block 4 (approximately 683 total units, 336 affordable), which may require amendments to the Redevelopment Plan and associated design controls to increase heights in order to allow for maximum efficiency of the site, and stand-alone affordable housing on Block 2 (approximately 250 units or more) that will be subsidized by OCII. OCII is already in negotiations with a development team on Block 4 and anticipates releasing a Request for Proposals to seek a development team for Block 2 in 2020.

The 80 future units are planned in Block 12, located at Harrison and 2nd Streets. This site is planned to be utilized for staging during future construction of phase 2 of the Salesforce Transit Center and will be converted to affordable housing thereafter.

The Transbay Redevelopment Plan and State law require that thirty-five percent of all new housing units in the entire Project Area must be affordable. There are over 1,000 new residential units completed or in planning within Zone 2, and upon buildout of Zone 1 the thirty-five percent affordability obligation will be met (see Table 2 below).

TABLE 2: TRANSBAY HOUSING

Zone 1	Total Market Rate Units	Total Affordable	Total Units	% Affordable
Complete	807	460	1,267	
In Construction	664	265	929	
Predevelopment	347	583	930	
Future Sites	0	80	80	
Zone 1 Total	1,818	1,388	3,206	43%
Zone 2				
Complete	343	60	403	
In Construction	0	0	0	
Predevelopment	575	59	634	
Future Sites	0	0	0	
Zone 2 Total	918	119	1037	11%
Transbay Total	2,736	1,507	4,243	36%

COMMERCIAL

One 43-story commercial building (Block 5) totaling 767,000 square feet of office space has been built in Transbay Zone 1. The entire building has been leased to Facebook, 19 stories are currently occupied, and tenant improvements are under construction in the remaining space which is planned to be fully occupied by early 2021.

RETAIL

Upon build out of Zone 1 it is anticipated that there will be 73,500 square feet of retail space. To date 38,000 square feet of retail space is complete of which approximately 75% is preleased or leased. Retail tenants consist of coffee shops, restaurants, fitness gyms, and a bank.

STREETS/INFRASTRUCTURE

Through an existing contract with San Francisco Public Works (SFPW) OCII is currently funding a major streetscape construction project on Folsom Street between Essex and Spear Streets. The Folsom Street Improvement Project began in June 2019 and will be complete by summer 2020. Improvements include

widened sidewalks with colored concrete and decorative granite bands, new streetlights and benches, street trees and landscaping.

PARKS

There are three park and open space projects in OCII's jurisdiction, totaling 3.9 acres. The first project that OCII began working on is the 2.4 acre park adjacent to the Salesforce Transit Center, currently referred to as "Under-Ramp Park" due to its location under the Transit Center Bus Ramp and the Fremont Street freeway off-ramp. OCII has an existing contract with a third party design consultant, CMG, who has prepared schematic designs for this park. The TJPA is the property owner of these parcels, and is currently reviewing the proposed schematic designs and considering development timing.

Planning work is underway on the second open space project, located in the middle section of the current site of the Temporary Bus Terminal, and referred to as "Transbay Park" or Block 3. OCII also has an existing contract with SFPW to design this park, however the formal schematic design approvals are not anticipated until 2021.

The remaining open space to be planned between Essex Street and Guy Place, however, it has been chosen by the Metropolitan Transit Commission as a possible touchdown site for the future Bay Bridge bicycle off-ramp and the development schedule is therefore not yet determined.

EQUAL OPPORTUNITY PROGRAM

OCII implements an Equal Opportunity Program (EOP) on all development projects in the Project Area. The EOP program is enforced in each of the Zone 1 blocks and requires both for-profit and non-profit developers to adhere to OCII's policies on nondiscrimination in contracts and benefits, local construction workforce hiring, prevailing wages and labor standards, the Small Business Enterprise (SBE) Program, and, if applicable, the City's First Sourcing Hiring program, which is pertinent to commercial developments with permanent employment and is administered by the San Francisco Office of Economic and Workforce Development (OEWD).

Zone 1 developers have been cooperative in working with OCII to ensure compliance with the EOP program, meeting both the spirit and intent. Nearly \$1.3 billion have been invested in projects overseen by OCII, of which 23% have gone to small businesses. Notably, 62% of professional services contracts (or \$31M) have gone to small businesses, of which over 94% 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.

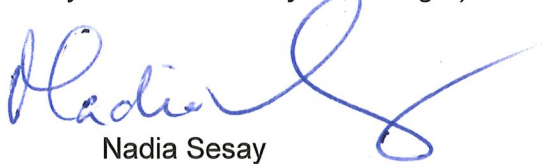
On construction hiring, local residents performed nearly 800,000 hours (16% of total) on projects overseen by OCII for Transbay. With the payment of prevailing wages, San Francisco residents were paid nearly \$40M. While First Source hiring has not yet been applicable, OEWD has been engaged in discussions around First Source hiring for the Block 5 project (250 Howard Street Project), which is planned to be occupied by Facebook. For upcoming projects, including the affordable housing projects on Transbay Blocks 2 and 4, both the level of SBE engagement and workforce hiring is expected to continue.

NEXT STEPS

In the second quarter of 2020 OCII staff plans to come before the Commission with separate actions for Block 4: A Redevelopment Plan Amendment to increase podium and tower heights, Design Controls and Design Guidelines Amendments, Disposition and Development Agreement, Schematic Design, and a Variation to the Transbay Redevelopment Plan to allow inclusionary residential units from Parcel F to be provided offsite on Block 4.

In early 2020 OCII staff will provide a Request for Proposals for the affordable housing on Block 2 to the Commission prior to its release, with developer selection and predevelopment funding approvals coming later in the year.

(Originated by Shane Hart Project Manager)



Nadia Sesay
Executive Director

Attachment A: Transbay Redevelopment Project Area Map

Attachment B: Transbay Amenities Map

Attachment C: Transbay Retail

TRANSBAY REDEVELOPMENT PROJECT AREA



Under-Ramp Park
Acres: 2.4



Block 9
500 Folsom St.

Developers: Essex/ BRIDGE
Affordable Rental Units: 109
AMI: 50% & below
Market-Rate Rental Units: 428
Total Units: 537
Construction Start: 2016
Completion: 2020



Block 8
450 Folsom St. & 250 Fremont St.

Developers: Related/TNDC
Affordable Rental Units: 150
Market-Rate Rental & Condo Units: 396
AMI: 70 Inclusionary Units @ 50% /
80 OCII sponsored Units @ 50%
Total Units: 548
Construction Start: 2016
Completion: 2019



Block 11A
25 Essex St.
Rene Cazenave Apartments

Developers: BRIDGE/CHP
Affordable Rental Units: 120
AMI: 50% & below
Total Units: 120
Construction Start: 2011
Completion: 2013

Parcel F

Developers: Hines/Urban Pacific/Goldman Sachs
Total Units: 175 (est.)
Office Sq. Ft.: 287,000
Hotel Rooms: 250
Construction Start: 2020
Completion: 2024



PARCEL T
1000'

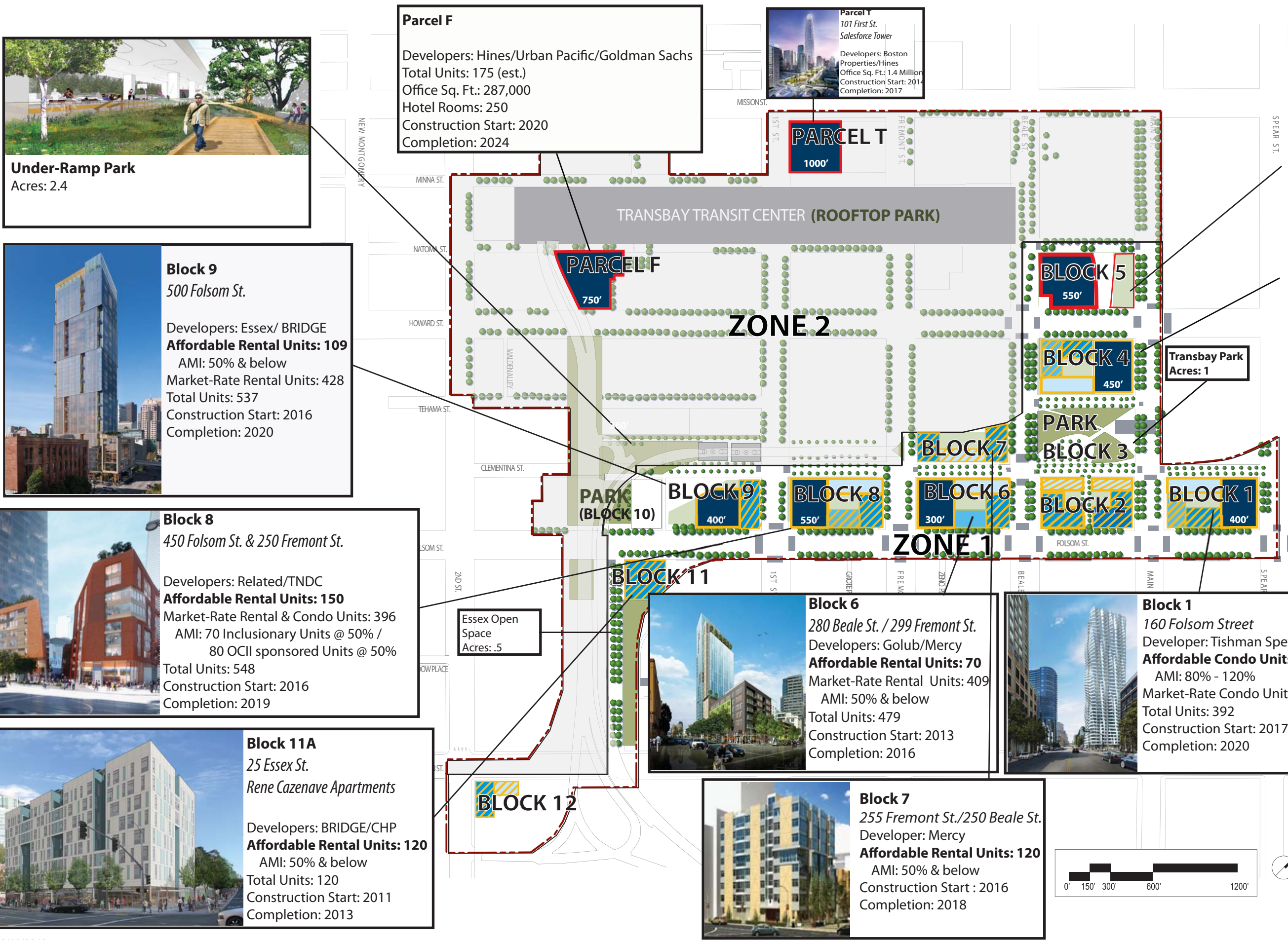


Block 5
250 Howard St.
Park Tower

Developers:
Golub/
John Buck
Office Sq. Ft.: 767,000
Construction
Start: 2015
Completion: 2018

Block 4

Developer: Hines/Urban Pacific/
Goldman Sachs
Affordable Rental Units: 336
AMI: 45% - 100%
Market-Rate Rental & Condo
Units: 347
Construction Start: 2021
Completion: 2024



TRANSBAY REDEVELOPMENT PROJECT AREA

ZONE 1 ZONE 2

LAND USE (SUBJECT TO CHANGE)

- AFFORDABLE HOUSING
- MARKET RATE HOUSING
- COMMERCIAL

OPEN SPACE

- OPEN SPACE (PUBLICLY OWNED)
- OPEN SPACE (PRIVATELY OWNED)

PROPOSED HEIGHT LIMITS (MIN AND MAX)

- Townhomes: 35-50'
- Podium 1: 40-65'
- Podium 2: 50-85'
- Mid-Rise: 65-165'
- Towers (Height Varies)

Attachment B: Transbay Amenities Map

Attachment B



ATTACHMENT C: TRANSBAY RETAIL

TOP LEFT - B

BAKERY / CAFÉ

Café Madeline
Chatz Coffee
Crêperie Saint-Germain Kiosk
Galvanize
Hive Coffee Bar
Illy
Juice Shop
Muffins Muffins
Peet's Coffee and Tea
Proper Food
Red Door Coffee
Sausalito Café
Specialty's Café & Bakery
Starbucks
Starbucks
Whole Cakes

BANK

Bank of America
Chase Bank
Patelco Credit Union
Wells Fargo

SERVICES

Academy of Art
FedEx
Imprint CP
Kaplan
Vanguard Properties
WeWork
Yoshida Picture Framing

STORE

Blick Art Materials
CVS

RESTAURANT / BAR

Anchor and Hope
Archive Bar & Grill
Atlas Taproom
Captain Eddie Rickenbacker's
Chipotle

Patrick & Co
Play Pet Lifestyle
SoMA Wines
Walgreens

LAUNDRY SERVICES

Mission Plaza Cleaners
Shine Cleaners

MEDICAL / PHARMACY

Esethics Dental
Lunettes Optometric

SALON

Hair Shaper

GOVERNMENT

Department of Child Services

HOTEL

Courtyard Marriott

CLUB

Temple Nightclub

BOTTOM LEFT - D

BAKERY / CAFÉ

Eden Plaza Café
Fearless Coffee

BANK

Wells Fargo

SERVICES

FedEx

RESTAURANT / BAR

Fly Trap
Lee's Deli
Local Kitchen and wine merchant
Red Dog Restaurant
Rooster and Rice
Small

GYM

24 Hour Fitness

DAYCARE

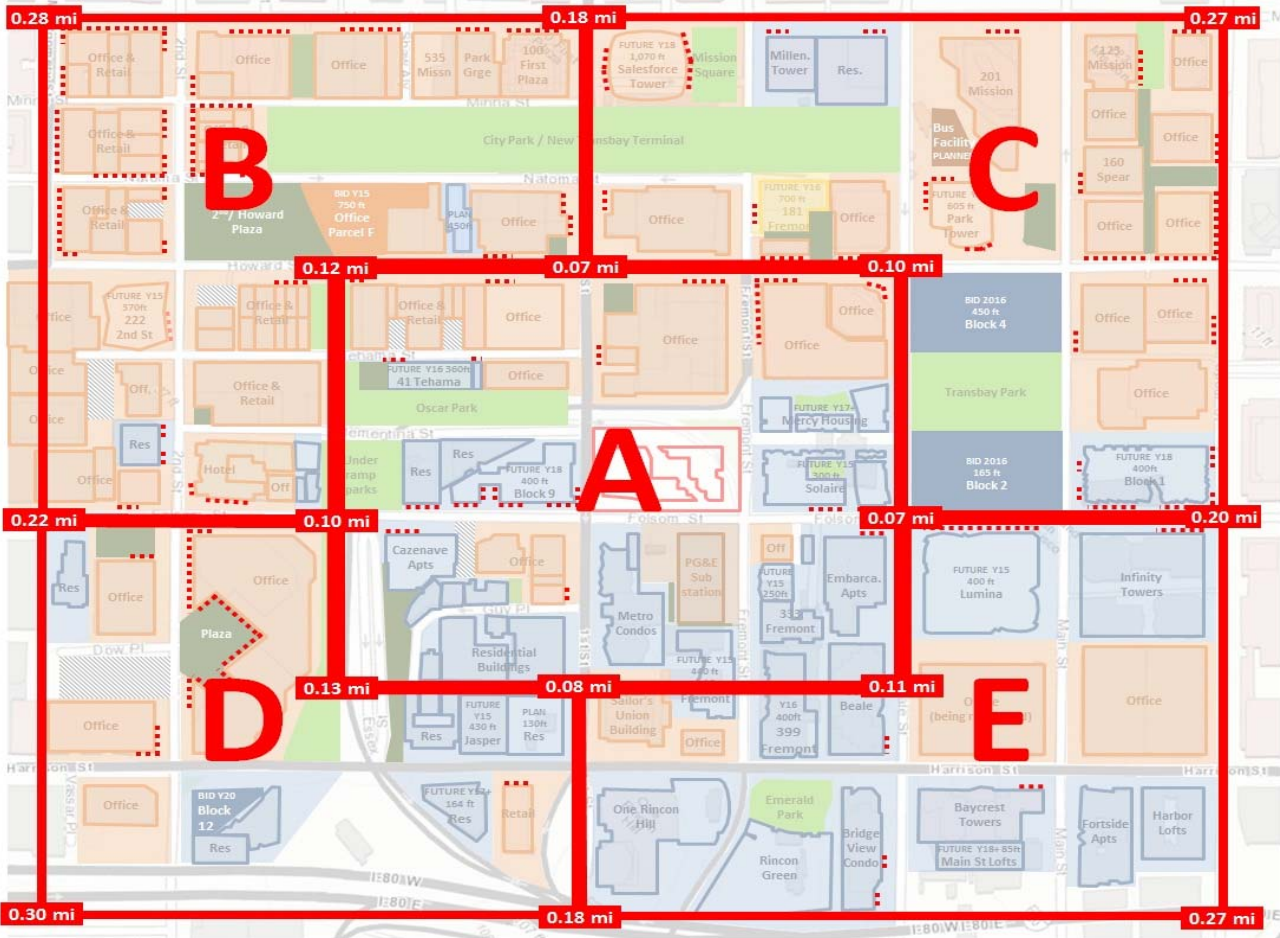
Bright Horizons Child Care

GALLERY

Terra Gallery

SALON

Hook & Scissor



CENTER - A

BAKERY / CAFÉ

Café Venue
Joe & The Juice
Peet's Coffee and Tea
Philz
Prima Café
Socola Chocolatier and Barista

STORE

Sitematic Kitchen Studio

MEDICAL / PHARMACY

Koshland Custom Compounding

SALON

Groove Salon
Supercuts

RESTAURANT / BAR

Chipotle
Dragon Eats
Fayala
Spice Kit
Subway
Sushi Fantastic

GYM

Corepower Yoga
SF Iron

LAUNDRY SERVICES

Shine Cleaners

SERVICES

Affintel Communications
Mexican Consulate
Nasdaq Entrepreneurial Center

TOP RIGHT - C

BAKERY / CAFÉ

Howard Street Coffee Roastery
Peets
Sausalito Café
Specialty's Café & Bakery
Starbucks
Starbucks
Sweet Joanna's Café
Working Girl's Café

BANK

Bank of the West
Charles Schwab
Chase Bank
Wells Fargo

SERVICES

UPS

DAYCARE

Marin Day School

STORE

San Francisco Florist
Rincon Market

MEDICAL / PHARMACY

Rincon Chiro

SALON

Pampered Hands Salon

LAUNDRY SERVICES

Celebrity Cleaners

RESTAURANT / BAR

City Kinetics
Eatsta
Folger Coffee Company
HeyDay
Lee's Deli
Peets
RN74 Restaurant
Subway
Super Duper Burger
Town Hall
Whats Up Dog
Yank Sing

BOTTOM RIGHT - E

BAKERY / CAFÉ

Gabby's Café and Store

RESTAURANT / BAR

Prospect Bar and Restaurant

GROCER

The Market on Main

SERVICES

XIM Consulting
XiMad Apps for Life

GYM

Van Buren Fitness