

126-0172017-002

Agenda Item **Nos. 5(c), 5(d), 5(e), & 5(f)**

Meeting of October 17, 2017

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Approving the Report to the Board of Supervisors on the Amendments to the Redevelopment Plan for the Mission Bay South Redevelopment Project to remove an approximately 0.3-acre portion of Seawall Lot 337 known as "P20" from the Redevelopment Plan Area and authorizing the transmittal of the Report to the Board of Supervisors; Mission Bay South Redevelopment Project Area

Approving the Amendments to the Redevelopment Plan for the Mission Bay South Redevelopment Project to remove a 0.3-acre portion of Seawall Lot 337 known as "P20" and adopting environmental review findings pursuant to the California Environmental Quality Act; Recommending adoption of the Redevelopment Plan Amendments by the Board of Supervisors and submitting the recommendation, including the Redevelopment Plan Amendments, to the Board of Supervisors; Mission Bay South Redevelopment Project Area

Approving the Sixth Amendment to the Mission Bay South Owner Participation Agreement to remove a 0.3-acre portion of the Seawall Lot 337 known as "P20"; Mission Bay South Redevelopment Project Area

Approving amendments to the Mission Bay South Design for Development to remove a 0.3-acre portion of Seawall Lot 337 known as "P20"; Mission Bay South Redevelopment Project Area

Edwin M. Lee
MAYOR

Nadia Sesay
EXECUTIVE DIRECTOR

Marily Mondejar
CHAIR

Miguel Bustos
Leah Pimentel
Mara Rosales
Darshan Singh
COMMISSIONERS

EXECUTIVE SUMMARY

The Board of Supervisors of the City and County of San Francisco ("Board of Supervisors") approved the Redevelopment Plan for the Mission Bay South Redevelopment Project by Ordinance No. 335-98 (November 2, 1998) and amended it by Ordinance No. 143-13 (July 9, 2013) (collectively, the "Redevelopment Plan"). The Redevelopment Plan establishes, among other things, the land use controls for the Mission Bay South Redevelopment Project Area ("Project Area"), which is located within the Central Waterfront Plan Area. The Redevelopment Plan designates the boundaries of the Mission Bay South Redevelopment Project ("Redevelopment Plan Area"). The 238-acre Redevelopment Plan Area includes a 0.3-acre portion of Seawall Lot 337 that is subject to the public trust and owned by the Port of San Francisco ("Port"). Identified as "P20" in the Redevelopment Plan, it is bounded on the south by the northern line of Mission Rock Street in its former location, and overlaps a portion of Seawall

One S. Van Ness Ave.
5th Floor
San Francisco, CA
94103

415 749 2400

www.sfocii.org

Lot 337 ("P20"). As a narrow, undeveloped strip of land, P20 is not furthering the objectives and policies of the Redevelopment Plan. The Redevelopment Plan designates the land use for P20 as an open space, however, the future use of P20 as a small open space buffer is no longer viable or desirable.

The State Legislature declared, pursuant to Assembly Bill 2797 (Chapter 529 of the Acts of 2016), ("AB 2797"), that redevelopment of Seawall Lot 337 is of "particular importance to the state," and on that basis, authorized expedited procedures to facilitate the reconfiguration of Seawall Lot 337. Assembly Bill 2797 includes findings recognizing that the Port was engaged in negotiations with a developer to lease and revitalize Seawall Lot 337, a portion of Terry Francois Boulevard, Pier 48 and the marginal wharf between Piers 48 and 50. AB 2797 acknowledges the removal of P20 from the Redevelopment Plan and related plans and agreements and authorizes the Successor Agency to the former Redevelopment Agency of the City and County of San Francisco ("Successor Agency") and the Board of Supervisors to amend the Redevelopment Plan to remove P20 from the Redevelopment Plan Area and to undertake related actions without the need for action by the State of California Department of Finance or the Controller. (Refer to Attachment 1 for a delineating P20, the Redevelopment Plan Area, and Seawall Lot 337.) The Mission Bay South Owner Participation Agreement between the Successor Agency and FOCIL-MB, LLC, however, requires the Successor Agency to obtain the consent of the FOCIL-MB, LLC ("OPA") to amend the Redevelopment Plan and related plans and agreements.

Accordingly, staff is recommending amendments to the Redevelopment Plan to implement the intent of the Legislature by removing P20 from the Redevelopment Plan ("Plan Amendments"). The Plan Amendments are narrow in focus, and limited solely to updating the Redevelopment Plan's legal description and two maps. The Plan Amendments would not increase financing limits or the duration of the Redevelopment Plan. Subsequent to the Plan Amendments taking effect, the Mission Bay South Redevelopment Project ("Redevelopment Project") will continue to function without any modification less the removal of the 0.3-acre area.

The Plan Amendments will help to alleviate adverse conditions that contribute to blighting conditions remaining within portions of the Redevelopment Plan Area by expediting the redevelopment of Seawall Lot 337 as a vibrant mixed-use development with affordable and below market rate housing, commercial use and parks and open space ("Mixed-Use Project"). Because Seawall Lot 337 is immediately adjacent to the Redevelopment Plan Area, its redevelopment will create new employment and ownership opportunities for Redevelopment Plan Area residents and can be reasonably expected to increase property values within the Redevelopment Plan Area. Redevelopment of Seawall Lot 337 will contribute to an integrated and enhanced waterfront area that includes both the Redevelopment Plan Area and the area within the Mixed-Use Project.

The Report to the Board of Supervisors on the Amendments to the Redevelopment Plan for the Mission Bay Redevelopment Project ("Report to the Board") provides relevant background information in support of the need, purpose and impacts of the Plan Amendments. Because the scope of the Plan Amendments is minor and technical in nature, the contents of the Report to the Board are limited, consistent with the requirements of the California Community Redevelopment Law, Health and Safety Code Sections 33000 *et seq.*, ("CRL").

On October 5, 2017, the Planning Commission, by Motion No. 20019, determined that the Plan Amendments are consistent with the General Plan, and adopted a specific finding in that regard. The Board of Supervisors consideration of the Plan Amendments will include the Planning Commission's findings.

When the Board of Supervisors considers the Plan Amendments, it will also consider making findings on the environmental review.

In addition to the Plan Amendments, a set of conforming amendments to the Mission Bay South Owner Participation Agreement and FOCIL-MB, LLC ("OPA Amendments") are proposed. The OPA Amendments are limited to removing P20 from the scope of the OPA in order to achieve consistency with the Plan Amendments. These OPA Amendments include modification of the legal description to remove P20, and conforming amendments to the OPA's Infrastructure Plan to remove reference to P20.

Lastly, conforming amendments to the Design for Development for the Mission Bay South Project Area (respectively "D4D Amendments" and "D4D") are proposed. The D4D Amendments are limited to adjusting the Redevelopment Plan Area depicted in the D4D to remove P20, which requires modification of 16 figures in the D4D.

Staff recommends approving the Report to the Board of Supervisors on the Amendments to the Redevelopment Plan for the Mission Bay South Redevelopment Project and authorizing its transmittal to the Board of Supervisors; adopting environmental review findings pursuant to the California Environmental Quality Act; approving the Plan Amendments and recommending the Plan Amendments to the Board of Supervisors for adoption; approving the OPA Amendments and approving the D4D Amendments.

BACKGROUND

Redevelopment Plan

The Board of Supervisors adopted the Redevelopment Plan on November 2, 1998 by Ordinance No. 335-98. and adopted the first amendment to the Redevelopment on July 9, 2013, by Ordinance No. 143-13. The Redevelopment Plan sets objective and policies for the Project Area and establishes land use controls for the Redevelopment Plan Area. Policies in the Redevelopment Plan are intended to achieve conformity with the Central Waterfront Area Plan adopted by the Planning Commission in 1990, and the Preliminary Plan adopted pursuant to Planning Commission Motion No. 14483 on October 23, 1997.

OPA

The OPA was originally approved in 1998. Since that time, the OPA has been subject to five amendments, the last of which was executed on April 29, 2014. Under the OPA (and as a requirement of implementing the Redevelopment Plan), the Mixed-Use Project developer's primary obligation with respect to the area at issue was to realign Mission Rock Street from its former northeasterly orientation to an east-west orientation. This work is already completed. However, the OPA's Legal Description, Land Use Plan, and Infrastructure Plan continue to reference P20.

D4D

The D4D was adopted by the former Redevelopment Agency Commission by Resolution No. 191-98 on September 17, 1998 and amended the D4D on February 7, 2004, and March 16, 2004, pursuant to Resolution Nos. 24-2004 and 34-2004. OCII adopted amendments to the D4D on March 17, 2015, and November 3, 2015, pursuant to Resolution Nos. 13-2015 and 71-2015. The D4D, in conjunction with the Redevelopment Plan, supersedes the Planning Code (except as provided in the Redevelopment Plan) and provides land use and design controls for subject properties. P20 is depicted on maps, exhibits and figures in the D4D.

Seawall Lot 337

Seawall Lot 337 is public trust property owned by and subject to the jurisdiction of the Port. Of that area, only P20, a 0.3-acre sliver, is included within the Redevelopment Plan Area. Seawall Lot 337 (including P20) is not part of

the Central Waterfront Plan, and is separated from the remainder of the Redevelopment Plan Area by Mission Rock Street. Seawall Lot 337 is subject to the Port's Waterfront Land Use Plan, and is the focus of development objectives and criteria established by the Port in part through its Seawall Lot 337 Commission Committee.

The Legislature adopted two bills for the purpose of facilitating the redevelopment of Seawall Lot 337. AB 215 (2007) authorized the Port to enter into 75-year leases for Seawall Lot 337. AB 2797 both clarified the duration of permissible leases and expedited the procedure for approval of the Plan Amendments. Specifically, Health & Safety Code Sections 34163(c), (d) and (f), and 34164(a) and (b) are inapplicable to the approval of the Plan Amendments, and no action of the Department of Finance or the State Controller is required for the amendments to take effect.

The Mixed-Use Project

The Mixed-Use Project contemplates a 75-year lease by the Port to a private developer pursuant to which Seawall Lot 337 would be redeveloped for a mix of affordable and market rate residential, commercial and parks and open space uses. The Mixed-Use Project improvements would also include enhancements to Pier 48, the marginal wharf between Piers 48 and 50, and to adjacent streets. The area currently identified as P20 in the Redevelopment Plan is contemplated as a portion of a development parcel, as described in the Final Environmental Impact Report for the Mixed-Use Project ("Mixed-Use Project EIR").

DISCUSSION

The Plan Amendments

The Redevelopment Plan establishes the powers, duties and obligations to implement the development program with respect to all real property described in the Redevelopment Plan Area. Policies in the Redevelopment Plan are intended to achieve conformity with the Central Waterfront Area Plan adopted by the Planning Commission in 1990, and a Preliminary Plan adopted pursuant to Planning Commission Motion No. 14483 on October 23, 1997.

The Plan Amendments would remove P20 from the Redevelopment Plan, as called for by AB 2797, in order to facilitate the redevelopment of Seawall Lot 337. Specifically, the Plan Amendments would make the following changes:

- Amend the Plan Area legal description to remove P20—Redevelopment Plan Attachment 1 (Land Use Plan and Legal Description);
- Adjust the Plan Area boundary and remove reference to P20—Redevelopment Plan Attachment 2 (Plan Area Map); and,
- Adjust the Plan Area boundary—Redevelopment Plan Attachment 3 (Redevelopment Land Use Map).

The Plan Amendments are narrow in scope and do not alter financing limits, extend the duration of the Redevelopment Plan, or change the allowable land uses. The Plan Amendments are included.

In addition to effectuating the Legislature's intent and promoting the Port's development goals, the amendments will promote the Redevelopment Plan and improve the Redevelopment Plan Area. Removing P20 from the Redevelopment Plan will facilitate and expedite the redevelopment and activation of Seawall Lot 337, which will in turn benefit the Redevelopment Project, and advance the Redevelopment Plan goals by providing jobs, affordable housing, parks and open space (including eight acres of open space as contemplated by the Project), and by increasing property values.

The integration of P20 into the Mixed-Use Project will enhance the existing and proposed development in the Redevelopment Plan Area and thus assist the Successor Agency in fulfilling the following objectives and policies set forth in the Redevelopment Plan:

- Eliminating blighting influences and correcting environmental deficiencies in the Redevelopment Plan Area, including, but not limited to, abnormally high vacancies, abandoned buildings, incompatible land uses, depreciated or stagnant property values, and inadequate or deteriorated public improvements, facilities and utilities. (§103, Objective A)
- Re-planning, redesigning, and developing undeveloped and underdeveloped areas that are improperly utilized. (§103, Objective D)
- Achieving the objectives described above [in Section 103 of the Redevelopment Plan] in the most expeditious manner feasible. (§103, Objective L)
- Integrate Mission Bay South land uses, scale and circulation systems with surrounding districts and San Francisco Bay. (§104, Policy A.2)
- Create a variety of retail and other visitor-serving uses that benefit residents, workers and visitors, including regional retail, entertainment, recreational and hotel uses. (§104, Policy A.3)
- Where appropriate, design building forms and ground floor uses that enliven and activate streets and open space and which provide visual interaction between building occupants and pedestrians (“eyes on the street”) for safety and security. (§104, Policy A.5)
- Create visual and physical access to San Francisco bay and the channel of China Basin. (§104, Policy B.3)
- Provide a variety of open spaces adequate to serve the Mission Bay South community and augment the City’s open space network.

Conforming OPA Amendments

The purpose and effect of the OPA Amendments are to conform the OPA to the Redevelopment Plan as amended. The OPA Amendments are limited to the following:

- Modify to omit P20— (Legal Description) and
- Revise text to remove reference to P20— (Proposed Amendments to the OPA, including the Mission Bay South Infrastructure Plan).

The revised OPA legal description and amendment are included.

Conforming D4D Amendments

The purpose and effect of the D4D Amendments are to conform the D4D to the Redevelopment Plan as amended. The D4D Amendments are limited to adjusting the boundary of 16 maps, figures, and exhibits to remove P20.

Compliance with Community Redevelopment Law

The Plan Amendments require the following process: a publicly noticed hearing by the Successor Agency Commission; environmental review to the extent required; approval of the amendments after the public hearing; preparation of a report to the legislative body to the extent warranted by the plan amendments (in this case, the Report to the Board of Supervisors); a publicly noticed hearing of the legislative body; and legislative body adoption of the amendment after the public hearing and adoption of environmental review findings.

As required by the CRL, OCII staff has prepared the Report to Board. Because the scope of the Plan Amendments is narrow—removal of a small and isolated sliver from the Redevelopment Plan consistent with AB 2797—the contents of the Report to the Board are limited to the following: the reason for the Plan Amendments; the Planning Commission's finding that the Plan Amendments are consistent with the General Plan; the report on the environmental review required by Section 21151 of the Public Resources Code; and the neighborhood impact report.

Additionally, in compliance with CRL, the following actions have been undertaken in connection with the Plan Amendments:

- On September 2, 2017, notice of the October 17, 2017 Successor Agency Commission hearing to consider the Plan Amendments was provided via first-class mail to the Department of Finance and the Department of Housing and Community Development.
- On September 14, 2017, the Mission Bay Citizens Advisory Committee (“CAC”) considered the Plan Amendments and voted unanimously in favor;
- On September 16, 2017, the public notice hearing was mailed to property owners and occupants in the Project Area by first class mail, and to taxing entities by certified mail;
- On October 5, 2017, the public hearing notice was posted on OCII's website; and
- On September 26, 2017, October 3, 2017, and October 10, 2017, the public hearing notice was published in the San Francisco Examiner.
- On October 5, 2017, the Planning Commission, by Motion No. 20019, determined that the Plan Amendments are consistent with the General Plan.
- On October 5, 2017, the Planning Commission, by Motion No. 20017, certified the FEIR.

COMMUNITY OUTREACH

The CAC considered the Plan Amendments at its meeting on September 14, 2017 and recommended its approval by the Successor Agency Commission and adoption by the Board of Supervisors.

GENERAL PLAN

On October 5, 2017, the Planning Commission adopted Motion No. 20019, which includes findings concerning the Project's consistency with General Plan Priority Policies (Planning Code § 101.1). In Motion No. 20019, the Planning Commission adopted a specific finding that the Plan Amendments are consistent with the General Plan Priority Policies. The Planning Commission findings in Motion No. 20019 remain adequate, accurate and objective and are incorporated herein by reference as applicable.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

On October 5, 2017, the Planning Commission certified the EIR pursuant to Motion No. 20017. The Plan Amendments were evaluated in the EIR as part of the “Project” defined therein for purposes of the California Environmental Quality Act (Pub. Resources Code, §§ 21000 et seq., “CEQA”).

When an EIR has been prepared for a project, no subsequent or supplemental EIR is required unless one or more of the following occurs: (1) substantial changes are proposed in the project which will require major

revisions of the EIR due to new significant impacts or a substantial increase in the severity of previously identified impacts; (2) substantial changes occur with respect to the circumstances under which the project is being undertaken which will require major revisions in the EIR due to new significant impacts or a substantial increase in the severity of previously identified impacts; (3) new information which was not known and could not have been known at the time the EIR was certified as complete becomes available and shows new significant impacts, an increase in severity of a previously identified significant impact, or changes related to the feasibility of, or new, mitigation measures and alternatives which would substantially reduce significant impacts and which are rejected. (Pub. Res. Code section 21166; CEQA Guidelines section 15162.)

The EIR specifically evaluated the potential environmental effects associated with the removal of P20 from the Redevelopment Plan, and the Plan Amendments are entirely consistent with that component of that project as studied in the EIR. Moreover, the EIR evaluated the potential environmental effects associated with the buildout of the Mixed-Use Project, which accounts for the change in land use controls as described therein. The EIR findings and statement of overriding considerations adopted in accordance with CEQA by the Planning Commission in Motion No. 20017 remain adequate, accurate and objective and are incorporated herein by reference as applicable. Therefore, no further environmental review is required.

STAFF RECOMMENDATION

Staff recommends that the Successor Agency Commission take the following actions:

- Approving and transmitting the Report to the Board to the Board of Supervisors;
- Adopting the General Plan Priority Policy findings;
- Adopting CEQA findings and approving the Plan Amendments;
- Recommending adoption of the Plan Amendments by the Board of Supervisors;
- Approving the OPA Amendments; and
- Approving the D4D Amendments.

NEXT STEPS

Per the CRL, upon approval by the Successor Agency Commission, the Board of Supervisors would consider adoption of the Plan Amendments. Staff anticipates Board of Supervisors consideration and approval of the Plan Amendments in December 2017. The OPA Amendments require approval of the Oversight Board, which Staff expects to take place in January 2018.

(Originated by Marc Slutzkin, Project Manager)



Nadia Sesay
Executive Director



- Parcel P20
- Mission Bay South Redevelopment Plan Area
- Seawall Lot 337

MISSION BAY SOUTH PARCEL P20

October 2017



0 200 800
100 400