

**MINUTES OF A REGULAR MEETING OF THE
COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE
OF THE CITY AND COUNTY OF SAN FRANCISCO HELD ON THE
21st DAY OF MAY 2013**

The members of the Commission on Community Investment and Infrastructure of the City and County of San Francisco met in a regular meeting at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 416, in the City of San Francisco, California, at 1:00 p.m. on the 21st day of May 2013, at the place and date duly established for holding of such a meeting.

REGULAR MEETING AGENDA

1. Recognition of a Quorum

Meeting was called to order at 1:03 p.m. Roll call was taken.

Commissioner Ellington – present
Vice-Chair Rosales – present
Commissioner Singh – present
Chair Johnson - present

Commissioner Mondejar arrived at 1:07 p.m.

2. Announcements

- A. The next regularly scheduled Commission meeting will be held on Tuesday, June 4, 2013 at 1:00 pm (City Hall, Room 416).
- B. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting
Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- C. Announcement of Time Allotment for Public Comments

3. Report on actions taken at previous Closed Session meeting, if any – None.

4. Matters of Unfinished Business:

ITEMS 4 (b) AND 4 (c) ARE MATTERS OF UNFINISHED BUSINESS CONTINUED FROM THE MAY 7, 2013 COMMISSION MEETING AND WILL BE CONSIDERED TOGETHER WITH ITEMS 4 (a), 4 (d) AND 4 (e), WHICH ARE RELATED ITEMS

- a) Approving the Report on the Redevelopment Plan Amendment for the Mission Bay South Redevelopment Plan to allow a mixture of hotel, residential, and retail use on Block 1 and authorizing transmittal of the Report on the Redevelopment Plan Amendment to the Board of

Supervisors; Mission Bay South Redevelopment Project Area. (Discussion and Action) (Resolution No. 18-2013)

- b) Adopting environmental review findings pursuant to the California Environmental Quality Act and approving the proposed Redevelopment Plan Amendment for the Mission Bay South Redevelopment Project Area to allow a mixture of hotel, residential, and retail use on Block 1; Recommending adoption of the proposed Redevelopment Plan Amendment by the Board of Supervisors; and Submitting the Successor Agency's recommendation, including the proposed Redevelopment Plan Amendment, to the Board of Supervisors; Mission Bay South Redevelopment Project Area. (Discussion and Action) (Resolution No. 15-2013)
- c) Adopting environmental review findings pursuant to the California Environmental Quality Act and conditionally authorizing a Third Amendment to the Mission Bay South Owner Participation Agreement with FOCIL-MB, LLC, a Delaware limited liability company, to allow a mixture of hotel, residential, and retail use on Block 1; Mission Bay South Redevelopment Project Area. (Discussion and Action) (Resolution No. 16-2013)

Presenters: Tiffany Bohee, Executive Director; Catherine Reilly, Mission Bay Project Manager; Michael Cohen, Managing Principal, Strada Investment Group; Tony Callaghan, PKE

PUBLIC COMMENT

Speakers: Manuel Flores, Representative, Carpenters Union Local 22; Corinne Woods, Chair, Mission Bay CAC; Peter Cohen, S.F. Council of Community Housing Organizations; Linda Richardson, Former S.F. Planning Commissioner; Ian Lewis, Local 2, Hotel and Food Service Workers Union; Danny Campbell, Sheet Metal Workers, Local 104; Toby Levine, Mission Bay resident and Mission Bay CAC member.

Mr. Flores stated that he liked the idea of mixing up the residential, hotel and retail space in Mission Bay because it would generate growth for the economy and create more jobs. Mr. Flores supported this project.

Ms. Woods reinforced the support the CAC has for this project because she felt it was a very realistic use of the site as well as economically feasible and asked the Commission to move it forward.

Mr. Cohen stated that the Council had no objections to this project and was glad to see there was a requirement for on-site rental affordable as a mixed income model. Mr. Cohen stated that this process had been very informative as a case study for the Council and wanted to continue Council presence before the Commission to provide feedback, support and/or critique on these projects. Mr. Cohen felt there was a need within the Commission staff for a housing director because there no longer is a housing division and many people are fulfilling multiple roles. He indicated that a Housing Director position or a position dedicated solely to housing will help everyone to distinguish between the role of the Commission and the Mayor's Office of Housing.

Ms. Richardson stated that the Strada development was a very significant project to complement UCSF and the Giants stadium. Ms. Richardson felt that the City needed something to capture the travel and accommodation industry because tourists and visitors are going out of the City to stay somewhere else. She stated that this project will serve as an

economic engine to boost employment development opportunities and asked the Commission to move it forward to avoid unnecessary delay.

Mr. Lewis expressed his support for this project and commended the sponsors in particular for reaching out from very early in the planning stage to ensure that workers in the hospitality industries at this location have the right to join a union. As a result when this project is built, he stated that it will sustain a minimum of \$8-9 million in annual payroll which will get reinvested into the community. Mr. Lewis also commended the efforts the project sponsor had taken to make real and valuable commitments in terms of affordable housing which for union members is as important as health care as the top issue for working class people in San Francisco.

Mr. Campbell stated that they were very excited that Strada was coming forth with a very smart mixed-use project and expressed his support of the project.

Ms. Levine stated that she lives a block away from the project and that the outreach committee in her building is in contact with its 100 residents as well as other residents in surrounding buildings through the network. Ms. Levine stated that there is a lot of support in the neighborhood for the mixed-use and hotel as well as a variety of residential choices. She stated that she is looking forward to seeing something very beautiful develop as the park is put into place. She urged support of the project.

Chair Johnson clarified to Commissioners that they are focusing on items (a), (b), and (c) for discussion and comment at this time.

Commissioner Ellington thanked staff for the presentation and agreed with general public sentiment regarding the sensitivity in efforts made to the affordable housing portion of this project.

Commissioner Singh asked Michael Cohen as to whether one parking lot for 16 rooms is enough. Mr. Singh also inquired about parking for bicycles.

Mr. Cohen responded that the parking ratio in the Mission Bay plan is one/16 for the hotel but more parking for retail and a mixed use project will help make the hotel more viable. Mr. Cohen added that there will be valet parking for the hotel and structured parking within Mission Bay and felt that this combined with the parking attached to the retail and the residential should provide enough parking. Mr. Cohen responded to the bike parking by stating that they are looking at four times what is required by code for bike parking but felt that they will probably need to provide even more than that.

Vice-Chair Rosales inquired as to who was the target market for the 250-room hotel. Ms. Rosales also inquired about the switch from an MBE/WBE policy at Mission Bay to an SBE policy.

Mr. Cohen responded that the big group hotels congregated around Moscone Center have lots of facilities attached to them that are not revenue generators, like conference rooms and other services. He explained that the market analysis that they conducted and the feedback Strada has received from hotel operators and investors led them to conclude that this will primarily be a business hotel, which will draw from the UC campus, the Mission Bay Hospital, and SOMA. Mr. Cohen stated that as Mission Bay matures over time, they will have the opportunity to promote more leisure business.

Regarding the workforce policy, Executive Director Bohee responded that minority and women-owned business policies are attached to the OPA but pointed out that there is a definition in their small business enterprise policy that states that if there is a material change, then things moving forward would flow under the SBE, which has the 50% goal with a first consideration for those in project areas for suppliers, professional services, and construction. Ms. Bohee added that this is a prospective requirement which applies to the Block 1 owners and developers for things moving forward; however, properties that have already been sold and are under review would function under the program and diversity MBE/WBE policy.

Vice-Chair Rosales stated that she would prefer that their policy be MBE/WBE/SBE because she was finding in other circumstances that the SBE label causes folks to forget to include minority and women businesses.

Executive Director Bohee responded that minority and women owned businesses are already under the umbrella and framework of the SBE policy and are automatically recognized. Ms. Bohee explained that the protocols for outreach and connecting with CBO's are all the same, whether it is MBE, LBE, DBE, or SBE.

Chair Johnson stated that looking at the alternative plan for the OPA, everything will be written with a limit (an "up to"), so this project could include a 500-room hotel with no residential or up to 250 or 500 rooms with residential. Ms. Johnson inquired as to: whether the podium parking will be shared between the residential, the hotel and the retail space; why in the up-to-250-room plan there is 25,000 less sq. footage of retail than with the 500 room hotel; regarding affordable housing, in the situation where the housing ends up being for sale and they get a 20% in lieu fee, where would the fee be applied across the project given that the fee has to be used within the Mission Bay South area and would it be supporting current projects or would there be additional affordable housing created because they have the in lieu fees.

Regarding the parking, Mr. Cohen responded that they have not figured all of that out yet, but they now expect at least the residential to be built all at once and so have greater efficiency in how they build the parking. He stated that there are opportunities for sharing parking through the retail, the hotel and the residential. Mr. Cohen explained that when they first designed the project, the source of financing was unknown so they had to make sure that each could stand on its own regarding parking, but now their hope is to build the entire project all at the same time which will make parking options more efficient. Regarding the square footage, Mr. Cohen responded that retail will be part of the presentation in the major phase application, but continued to explain that when they first looked at the site, they did not anticipate much retail because the larger hotels already contained retail within. Mr. Cohen pointed out two great retail locations, which are the corners at 4th, the Channel and Channel Street and 3rd and the Channel, which are great food and beverage sites because of their proximity to AT&T Park. Mr. Cohen concluded that, in the end, they thought that 25,000 sq. feet would be more than enough for retail.

Ms. Reilly responded that there is no lack of housing projects that need additional fees so there will always be a use for additional funding for the rest of the housing units. She stated that the existing OPA allows them to go an additional 110 units if they can show that there is adequate funding. Ms. Reilly explained that they cannot dip more into their tax increment but they can work with other pots of money to access other funds for those additional units. She

stated that they will need to work with the Mayor's Office of Housing on this issue and that it will also depend on the amount of money that they get from the project.

Chair Johnson stated that going forward it will be very important to maximize all the in-lieu fees but wanted to make sure that these fees do not get sprinkled across projects that are already underway and wanted to make sure that when possible they can get more units.

Executive Director Bohee added that those decision points will come before the Commission during the budgeting process and the Commission will be able to see whether this is a deepening of subsidy for supported housing for the formerly homeless or additional units. Ms. Bohee added that they will need to make a determination on what is the appropriate use for the fees coming in.

Commissioner Singh inquired additional information about the boutique hotel.

Ms. Reilly deferred to Mr. Cohen who responded that the boutique hotel is a term of art for a certain kind of hotel, which is not a real boutique in the sense that they don't sell anything as much as it refers to a style of hotel that does not have many special amenities, but is done with great taste and style. He referred to the Hotel Vitale or any of the Kimpton hotels as boutique hotels in San Francisco that people may be familiar with and added that the Vitale has about 210 rooms.

Chair Johnson noted that when looking at the land values in the report, the 250-room hotel was compared to sale comps in conversations with CBRE but the 500-room hotel land value was described as a place-holder and asked Tony Callaghan, the PKF representative, for an explanation.

Mr. Callaghan responded that there has not been a great deal of hotel development so there have been very few land sales and not very many sale comps. As background he explained that PKE deals with acquisitions of existing hotels and figuring out land value so the buyer has a sense of what the land is worth, but he pointed out that these are not real land sales. With regard to the land value of the 250-room scenario, Mr. Callaghan explained that Strada has retained the brokerage firm, CBRE, to assist them in finding a potential operator/investor partner for that property and they have talked about selling the site. The conceptual range in price is between \$80,000 and \$100,000/guest room. So PKE chose \$90,000/guest room as a value. He went on to explain that the 500-room hotel is a different issue because the hotel is infeasible and the land is worth nothing. However, in their financial analysis, they put in a land value on a per room basis of \$60,000/room and that is the placeholder. Mr. Callaghan stated that economic analysis showed that upon opening, a 500-room hotel would be worth about \$38 million less than the cost of construction and, of the total development cost, about \$30 million is the land cost, which means that there really is no land value with the 500-room scenario.

Chair Johnson inquired of Mr. Cohen as to how they are going to go about finding a hotel partner and how far along they are in that process versus the parallel track of the residential.

Mr. Cohen responded that when they bought this site, their capital partner was primarily a residential fund, so even though they have the capital partner, they now have to go and get the financing. Mr. Cohen indicated that this will be the next step which will come after schematics for the residential. He added that they believe it makes sense to build this project all at once and there are a lot of synergies between the two. They hired CBRE to look for a

perspective partner. He explained that in the hotel business there are hotel operators which need to be brought together with capital focused on investing in hotels; some of which are publicly traded real estate investment trusts. Mr. Cohen stated that early on they had heard that the highest land value for the site would be an extended-stay product which would be very limited in its services and he believed that this site would be better served from what is called a lifestyle boutique hotel. He added that in order to bring a mature level of schematic design to the Commission, they have to know exactly what kind of hotel they are building and by that time, they will have the operator in place. Mr. Cohen also responded that when they originally acquired the site, condo financing was not possible to secure but the market has since changed and they now believe that a mix of for-sale and rental is actually the best plan. He stated that they will have that figured out by the time the schematic design is completed in the fall.

Commissioner Mondejar commended everyone on their outreach to all of the partners and future partners they will be working with, the unions and the community. Ms. Mondejar inquired about the affordable housing piece and asked Mr. Cohen to explain on what plans they have for the tenants and the future homeowners as far as the commercial space.

Mr. Cohen responded that the Mission Bay CAC and their members, who are residences of the area, are very focused on the nature and the quality of the retail and stated that he believed that Mission Bay could use more good quality restaurants. He explained that their view on the retail and commercial space was informed by the success of the Ferry Building project in that what a visitor wants when visiting a city is an authentic experience and not to feel like they are in a tourist bubble but actually be interacting with the residents of the city that they are in. Mr. Cohen indicated that this commercial space will be able to offer that, being on top of a very large podium, the top of which will be a park and open space network and he explained that all of that has to be designed to work for residents in order to work for hotel guests as well. Mr. Cohen stated that they are considering a fitness center and smaller scale local retail to help activate the street front.

Commissioner Mondejar strongly urged that as they continue their planning and thoughts in developing this project that they consider some local art within the building to bring some of San Francisco into the hotel and other buildings and also to utilize some of the women minority businesses in the City. Ms. Mondejar commended staff and presenters on the OPA negotiations that were presented.

Commissioner Singh motioned to move Item 4(a) and Commissioner Ellington seconded that motion.

Secretary Jones called for a voice vote on Item 4(c).

Commissioner Ellington – yes
Commissioner Mondejar – yes
Commissioner Singh – yes
Vice-Chair Rosales – yes
Chair Johnson – yes

ADOPTION: IT WAS VOTED BY 5 COMMISSIONERS AND UNANIMOUSLY CARRIED THAT RESOLUTION *NO. 18-2013, APPROVING THE REPORT ON THE REDEVELOPMENT PLAN AMENDMENT FOR THE MISSION BAY SOUTH

REDEVELOPMENT PLAN TO ALLOW A MIXTURE OF HOTEL, RESIDENTIAL, AND RETAIL USE ON BLOCK 1 AND AUTHORIZING TRANSMITTAL OF THE REPORT ON THE REDEVELOPMENT PLAN AMENDMENT TO THE BOARD OF SUPERVISORS; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Chair Johnson stated that there were a couple of small changes to the PKF report, such as typos and other things, which will be fixed before the report is sent to the Board of Supervisors.

Commissioner Singh motioned to move Item 4(b) and Vice-Chair Rosales seconded that motion.

Secretary Jones called for a voice vote on Item 4(b).

Commissioner Ellington – yes
Commissioner Mondejar – yes
Commissioner Singh – yes
Vice-Chair Rosales – yes
Chair Johnson – yes

ADOPTION: IT WAS VOTED BY 5 COMMISSIONERS AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 15-2013, ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND APPROVING THE PROPOSED REDEVELOPMENT PLAN AMENDMENT FOR THE MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA TO ALLOW A MIXTURE OF HOTEL, RESIDENTIAL, AND RETAIL USE ON BLOCK 1; RECOMMENDING ADOPTION OF THE PROPOSED REDEVELOPMENT PLAN AMENDMENT BY THE BOARD OF SUPERVISORS; AND SUBMITTING THE SUCCESSOR AGENCY'S RECOMMENDATION, INCLUDING THE PROPOSED REDEVELOPMENT PLAN AMENDMENT, TO THE BOARD OF SUPERVISORS; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Commissioner Singh motioned to move Item 4(c) and Commissioner Mondejar seconded that motion.

Secretary Jones called for a voice vote on Item 4(c).

Commissioner Ellington – yes
Commissioner Mondejar – yes
Commissioner Singh – yes
Vice-Chair Rosales – yes
Chair Johnson – yes

ADOPTION: IT WAS VOTED BY 5 COMMISSIONERS AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 16-2013, ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND CONDITIONALLY AUTHORIZING A THIRD AMENDMENT TO THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT WITH FOCIL-MB, LLC, A DELAWARE LIMITED LIABILITY COMPANY, TO ALLOW A MIXTURE OF HOTEL, RESIDENTIAL, AND RETAIL USE ON BLOCK 1; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

- d) Adopting environmental review findings pursuant to the California Environmental Quality Act and conditionally approving the Block 1 Major Phase application and an amendment to the Blocks 2-7 and 13 Major Phase; Mission Bay South Redevelopment Project Area. (Discussion and Action) (Resolution No. 19-2013)
- e) Adopting environmental review findings pursuant to the California Environmental Quality Act and conditionally approving the Park P3 Schematic Design application in the Mission Bay South Redevelopment Project Area; Mission Bay South Redevelopment Project Area. (Discussion and Action) (Resolution No. 20-2013)

Presenters: Tiffany Bohee, Executive Director; Catherine Reilly, Mission Bay Project Manager; John Conley, Vice President, Architectonica; Scott Cataffa, Principal, CMG Landscape Architects

PUBLIC COMMENT – None.

Commissioner Ellington inquired about: the height zones and the relation between Block 1 and height zone 2 and what the extra height would be used for if they are taking it from another part of the zone; about open space on top of the buildings and asked Mr. Conley to point that out; whether they had considered adding some local art, in particular with the lighting, the benches, and the railings; what type of material will be used to build the boardwalk and whether they are taking into consideration the increased foot traffic that will be taking place during ballgames and other events.

Regarding the height zones, Ms. Reilly responded that the Design for Development (D4D) creates height zones, of which there are three: base, up to 65'; midrise, for residential, up to 90'; and tower height, which is 160'. She explained that for each height zone, there is a bucket of height: the low-rise goes 100% across; for mid-rise and high-rise there was an allocation which assigned a certain number of sq. ft. of mid-rise and high-rise to Blocks 12 and 13. Ms. Reilly stated that for Block 1 it was "to be determined." Block 13 East had two towers assigned to it and a certain allocation of mid-rise. She explained that they had decided during the schematic design that they did not want two towers so they only used one tower which left excess in the bucket that they thought would be used for Block 13, but now is free to be used within that height zone.

For the question regarding open space, Mr. Conley responded by pointing out the green part of a diagram which is all landscaped open space above the parking accessible to the residents as well as the hotel. He added that the opening between the tower piece and the low-rise part of the residential provided access down to the park.

Ms. Reilly responded to the public art question by stating that Mission Bay has a public art requirement; the hotel is considered commercial and any commercial space over 25,000 sq. ft. is required to pay 1% of construction cost toward an art fee, which sometimes is used on-site but often it is to be used in public open space. Ms. Reilly explained that during the last budgeting process, it was indicated that there was over \$1 million for public art in Mission Bay and she stated that they would be going through a process to identify locations within the park for art. She agreed that they could add something to the conditions of approval but pointed out that they have an existing memorandum of understanding with the Arts Commission and staff will be working closely with them to determine where the appropriate sites would be for art.

Mr. Cataffa responded to the boardwalk question by stating that they had been hoping to reclaim some of the material of the existing warehouses which will be coming down in Mission Bay and reuse it for the boardwalks. Mr. Cataffa made the analogy to the Lefty O'Doole Bridge, the sidewalks of which have the same kind of treatment.

Chair Johnson commended the Mission Bay CAC in working so hard to review the schematic design for Park P3 and stated that she believed the conditions to the resolution are reasonable and justified. Regarding Block 1 major phase, Ms. Johnson stated that, given the creative uses of rooftops that they saw with Block 12, not just on top of parking but on top of the buildings themselves, she would like to see something similar in this design if possible. Ms. Johnson inquired as to whether those kinds of open space uses would be inclusive within the condition that says "the treatment of the rooftops will be subject to review by the Commission to ensure that they provide an attractive fifth side to the building" and asked if that statement needed to be strengthened to include use for green roofing or additional open space.

Ms. Reilly responded that she thought that would be an appropriate location to add it and deferred to Mr. Conley to ensure that it was not already included in the major phase.

Chair Johnson stated that under resolution resolve and subject to the following conditions, Stage 5 of the Block 1 Major Phase Resolution, under #3 it says, the treatment of rooftops for develop will be subject to review by the Commission, etc. and then added "green rooftop design and/or additional open space are encouraged".

Ms. Reilly concurred to have this language added to the resolution.

Chair Johnson expressed concern over the pedestrian versus cyclist interaction on the creek side esplanade in Park P3. Ms. Johnson stated that she agreed that they do not want to have a bike path versus a pedestrian path but was sure that the creek side esplanade will become a shortcut for cyclists who do not want to ride next to MUNI because the N Judah goes right around that corner and is very dangerous for bikes. Ms. Johnson encouraged consideration of either signage or bike lighting on the corners of 3rd and 4th to make sure cyclists slow down or yield and to make sure that no vegetation or benches block the view around that corner so people can see what is ahead. Ms. Johnson asked for confirmation that the use of the park benches and water fountains would be equal on both sides of the esplanade to encourage public circulation for both parts. She also inquired about whether they needed to add language to the resolution to specifically work on public art in P3 or whether that would be part of the overall discussion of how public arts dollars are used across all of Mission Bay.

Regarding bike paths, Ms. Reilly responded that they had already been looking into how to connect this path to the other bike paths offsite and they have started conversations about signage with the MTA because there is an offset bike lane and they will be looking at ways to clearly state where people are supposed to go and give them those cues. Ms. Reilly also responded that they had envisioned that area being a getaway for pedestrians and creating a quieter area for people who want to go from one edge to the other. To the question regarding public art, Ms. Reilly responded that she would leave it out simply because all the parks are important and they have limited funds and would like to leave it as open as possible so that the Commission, the Arts Commission and the community can look at all of the parks together and be flexible because there are many different places where art would be appropriate and they will have to balance where it will go.

Chair Johnson agreed that they should leave it out in order to remain flexible.

Commissioner Mondejar stated that she wanted to clarify her suggestion to Mr. Cohen that it was not the public open space art that she had been referring to but more within the building and perhaps the façades.

Ms. Reilly responded that they are indeed pushing that point, especially the hotel, which she believed should be a focal point. Ms. Reilly indicated that all sides of this parcel are an entrance to Mission Bay and one of the things they have been pleased with is that their designers are already moving toward a very attractive design. She added that many of the developers have decided to do their own art, in a public location, but on-site.

Commissioner Ellington motioned to move Item 4(d) and Commissioner Singh seconded that motion.

Secretary Jones called for a voice vote on Item 4(d) with those changes to the resolution for the Block 1 major phase.

Commissioner Ellington – yes
Commissioner Mondejar – yes
Commissioner Singh – yes
Vice-Chair Rosales – yes
Chair Johnson – yes

ADOPTION: IT WAS VOTED BY 5 COMMISSIONERS AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 19-2013, ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND CONDITIONALLY APPROVING THE BLOCK 1 MAJOR PHASE APPLICATION AND AN AMENDMENT TO THE BLOCKS 2-7 AND 13 MAJOR PHASE; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

Vice-Chair Rosales motioned to move Item 4(e) and Commissioner Ellington seconded that motion.

Secretary Jones called for a voice vote on Item 4(e) with those conditions as set for to the resolution.

Commissioner Ellington – yes
Commissioner Mondejar – yes
Commissioner Singh – yes
Vice-Chair Rosales – yes
Chair Johnson – yes

ADOPTION: IT WAS VOTED BY 5 COMMISSIONERS AND UNANIMOUSLY CARRIED THAT RESOLUTION NO. 20-2013, ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND CONDITIONALLY APPROVING THE PARK P3 SCHEMATIC DESIGN APPLICATION IN THE MISSION BAY SOUTH REDEVELOPMENT

PROJECT AREA; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA, BE ADOPTED.

5. Matters of New Business:

CONSENT AGENDA – None.

REGULAR AGENDA

- a) Approving an updated form of Vertical Disposition and Development Agreement with Vertical Developers, and a Major Phase Application for residential projects on Blocks 50, 51, 53, 54 at the Hunters Point Shipyard Phase 1, including a) Schedule of Performance Report, b) a Major Phase and Project Housing Data Table, and c) Schematic Designs; and adopting environmental findings pursuant to the California Environmental Quality Act; Hunters Point Shipyard Redevelopment Project Area. (Discussion and Action) (Resolution No. 21-2013)

Presenters: Tiffany Bohee, Executive Director; Thor Kaslofsky, Hunters Point Shipyard Project Manager; Patrick Banks, Project Manager Blocks 50 & 51, Lennar Urban; Landon Browning, Acquisitions and Development Manager, Lennar Urban and Project Manager for Blocks 53 & 54; Cheryl Smith, Director of Community Affairs, Lennar Urban; Jack Robertson, Vice President of Development, Lennar Urban; George Bridges, Contract Compliance Specialist

PUBLIC COMMENT

Speakers: Marcus Tart, Renaissance Entrepreneurship Center; Micah Fobbs, Hunters Point Shipyard CAC; Linda Richardson, Community member; Gary Banks, Family Restoration House; Myriam Chen, Chair, Asian Pacific American Community Center; Rudy Asercion, Commissioner of the Veterans War Memorial and Executive Director, West Bay Filipino Multi-service; Veronica Hunnicutt, Chair, Shipyard CAC; Carol Tatum, Bayview Hunters Point resident and former Director, Young Community Developers; Shamann Walton, Executive Director, Young Community Developers; Ace Washington; Manuel Flores, Local 22 Carpenters Union

Mr. Tartt stated this is a great project for the City and for the community because of the strong statement about workforce, art and jobs and asked the Commission for support in this project.

Mr. Fobbs stated that he was a Bayview resident, business owner and has operated the site office for over 9 years. He wanted to lend his support to this project. Mr. Fobbs also represented Ms. Doris Vincent in her support for the project. Ms. Vincent is the business and employment subcommittee chair for the Mayor's Hunters Point Shipyard CAC, who was not able to attend the meeting.

Ms. Richardson congratulated the Commission on their ongoing work in this project, which will put the Shipyard on the map. She added that this project means a great deal to the community who are very excited about it and she expressed her support.

Mr. Banks stated that he had been working on this project for 12 years and commended Lennar on their work therein. He added that new homes will allow some of the old residents and families to come back to the area and employment opportunities will help the community.

Ms. Chen expressed her support of the project, especially the public housing piece, which will allow the residents to live in better conditions and the employment opportunities that will help the community.

Mr. Asercion expressed his support of the project and urged the Commission to move it forward.

Dr. Hunnicutt informed Commissioners that staff had appeared before the CAC in April and May and they have approved the major phase application in this vertical DDA. Dr. Hunnicutt stated that she was very happy to learn that Lennar has achieved the high SBE involvement rates in terms of contracts and congratulated the staff on all their hard work. Dr. Hunnicutt thanked Commissioner Singh for his attempts to ensure minority participation, especially that of African Americans. She urged the Commission's approval.

Ms. Tatum supported selection of Young Community Developers as the workforce development referral agency because right now they are at a very successful place under its current leadership. Ms. Tatum informed Commissioners that 80% of the 5-6% of African Americans who live in San Francisco live in subsidized housing and hoped that many of these people will get a job and have a better life.

Mr. Walton announced that they will be celebrating 40 years of preparation, placement, referral and preservation services in the Bayview Hunters Point community as well as the southeast sector of the City. He expressed his excitement about being the entity in the PLA to coordinate referrals for employment as well as working with the unions, CBOs, city leadership, Lennar and community members who will have the opportunity to work on this project. Mr. Walton stated that this project will allow residents the opportunity to live in new and revitalized communities.

Mr. Washington expressed his support for this project and was happy to see the favorable change with Lennar in the new era. He expressed his wish to be able to document the development of this project through not just audio but video as well. Mr. Washington spoke about community reform and involvement of the African-American community.

Mr. Flores stated that his earlier doubts about Lennar have been erased and he expressed his support for this project.

Vice-Chair Rosales expressed a desire to drill down on the SBE, MBE, and WBE commitments. Ms. Rosales inquired about data points in terms of report cards because documentation stated that Lennar had achieved 76.4% participation, 28% MBE, and 29.3% WBE but wanted statistics on what percentage of the 28% were African American. Ms. Rosales indicated that she was in full support of the item but inquired as to how they will be monitoring this commitment going forward. Ms. Rosales expressed the need to understand that there is a real commitment to the community so that the people who were born and raised in that area can continue to live there, not in public housing, and continue to work in their own communities.

Mr. Kaslofsky responded that the specifics were not available at that time, but could be secured through the City system. He added that he shared Vice-Chair Rosales' concerns about diversity in employment and stated that he believed Lennar has demonstrated commitment not only with outcomes that are highly positive, but also by partnering with Young Community Developers and with the involvement of George Bridges. He indicated that Robert Obiyoshi is currently working to close out the subcontracting for this part of the project. Mr. Kaslofsky pointed out that there will be additional opportunities in the future because there are another 900 units to be built and then 10,000 units in Phase 2.

Mr. Bridges stated that as they bring projects forward, they intend to continue meeting the expectations for small, local, minority, women-owned businesses.

Mr. Robertson stated that there will plenty of construction jobs in the short run and they are committed to hiring local Bayview businesses and workers for both sub-contracting local hiring to the best extent possible. To demonstrate their commitment, Mr. Robertson explained that during the current bidding phase, they conducted outreach into the Bayview community following the procedures as spelled out in the DDA and posted advertising with the African-American Chamber of Commerce and local Bayview newspapers. They held a pre-bid conference on-site where they did direct outreach to all the MBE, SBE and WBE appropriate construction-related firms in the City. Mr. Robertson stated that currently they are reviewing all the responses received from the sub-contractors on the first round. Then a second round of bids will be going out for Blocks 53 & 54 as soon as construction begins on Blocks 50 & 51, so any subcontractors who did not get selected on the first round of bids will have an immediate opportunity for the second round. Mr. Robertson also referred to the Lennar community benefits agreement and stated that the package speaks to their commitment, whether construction assistance, home buyer assistance, etc. because the dollars are targeted to Bayview residents and businesses.

Vice-Chair Rosales inquired about how they would learn about results.

Mr. Robertson responded that the compliance portion of the DDA includes monthly reports on the hiring of laborers and businesses, in which the firms are identified, labor hours reported, etc. He added that the reason they selected Robert Obiyoshi as their general contractor is because that firm has experience working in San Francisco and developing this type of housing in the Bayview area and that they had been successful in meeting these types of objectives. ▲

Commissioner Ellington asked Mr. Kaslofsky to give some background information and description on the community builder program, the lots, and the relationship between the developer and the community builders.

Mr. Kaslofsky responded that the community builder program is part of the horizontal community benefits agreement, which required that 30% of the units be partnered with Community Builders. He explained that they have three different options to partner with Lennar: one is to be an independent community builder, in which they would purchase the land from Lennar and develop the project on their own. The second is a joint venture, in which they would have a 35% interest or greater and would partner with Lennar as more of a team. The third is a fee developer model in which they would work with Lennar in a project manager capacity developing their particular lots. Mr. Kaslofsky stated that those lots were selected in 2005/6 and two of them have been designated as community builder lots.

Commissioner Ellington inquired about the status on that issue.

Mr. Kaslofsky stated that they have two blocks, 53JV and 54JV, in the first phase of the development, each of which is 12 townhomes. He explained that Block 53JV is a joint venture partnership with Caeser Churchwell and Rhody McCoy, called MDC/Churchwell LLC. and they are currently evaluating their community builder agreement. He stated that they have the opportunity to contribute equity or have a fee-based percentage of costs or revenue. Mr. Kaslofsky deferred to Mr. Browning to respond to that question.

Mr. Browning stated that he thought they would be ready to execute an agreement with MDC Churchwell soon. He explained that Block 54JV is a partnership with Thomas Shuen and BAMEC Inc., a corporation, which would go into partnership with Lennar but stated that there is no indication from them as to which form of partnership they might prefer, but that they are evaluating a draft joint venture agreement. He stated that both JV forms of agreement have a significant participation in terms of workload and should BAMEC Inc. choose to be a fee-based

developer, they have designed a portion of the workload to share and it is anticipated they would be very busy during the process.

Commissioner Mondejar requested more detail from staff regarding percentage numbers when talking about workforce and also requested a list of the contractors, broken down by MBEs and WBEs that are involved and actually benefitting from this project.

Mr. Kaslofsky responded that they have this information but did not present it because the amount of information is overwhelmingly large and they wanted to be able to summarize it first. He added that this is public information and the Commissioners will have access to it at the appropriate time.

Chair Johnson stated that this is a summary of much activity and action that has taken place over many years and added that given what they have seen recently regarding Mission Bay, she would like for them to always look for ways to activate Mello-Roos. Ms. Johnson then inquired about what the consequences would be if construction does not commence on Block 49 by Jan 1, 2014. Ms. Johnson also inquired as to whether Lennar had determined if these units will be for sale versus rental.

In regard to the question about Block 49, Mr. Kaslofsky responded that a vertical DDA for Block 49 would have to be executed by December 2014. He stated that Commissioners should see schematic designs for Block 49 under major phase application by August and then after that, the Block 49 vertical DDA would be executed. He added that as long as the parties are working in good faith, the date can move forward a bit but Lennar would have to continue to put in the 50% AMI units into all their existing development. Mr. Kaslofsky added that there is also a hard stop on sales of the 450th unit, which is approximately half of the number of units on the hilltop. He suggested that because of that there would be little interest on the part of Lennar to try to bump up against any of those milestones.

In response to the sale versus rental question, Mr. Kaslofsky responded that under the Sixth Amendment the developer has the right to do for rent or for sale. He explained that they had been told at this point and it will be in the vertical DDA that these projects are for sale so those 80% AMI units would be for sale. The Block 49 project would be a rental project and he believed that with the Mayor's Office of Housing, Commission-supportable projects in the Shipyard would be rental as well. Mr. Kaslofsky explained that this would have to be decided before lease up or sale or any pre-selling for them to exercise that option, but in this case these 4 blocks are for sale.

Chair Johnson inquired as to whether the 80% units in Blocks 50 – 54 would also be subject to the City's down payment assistance program or any other affordability assistance programs.

Mr. Kaslofsky deferred to Executive Director Bohee to respond to that question.

Executive Director Bohee responded that through the Mayor's Office of Housing and with adoption of Prop C, the Housing Trust Fund, there is a separate program in place, so anyone in the City who meets the qualifications that the City sets forth, can use that down payment assistance as a part so that as a citywide benefit, it could be applied at the Shipyard. She explained that there are for sale affordability restrictions both for rental and for sale, which would be deed restricted on the property to ensure for the long term that these units, whether rental or for-sale, are affordable at those income levels.

Chair Johnson expressed her hope that the advertising for all of the units, and those units in particular, would be evenly distributed throughout the City, especially Districts 10 & 11, where she believed they would get a lot of takers for the affordable housing units. Ms. Johnson

Other Funds Due Diligence Review: The state wanted \$204 million and the Commission was able to show that these were restricted assets and they told the state that what they wanted to do was to carry an unrestricted cash amount of \$2.4 million, of which \$1.7 million would be for construction of the Mexican Museum from expired redevelopment project area funds that were on hand. The balance would be for MOAD. The Commission offered the state \$950,000, to which the state agreed.

ROPS: Ms. Bohee explained that the biggest question was about the Mission Bay bonding and additional corrections in Mission Bay for the coding errors and the state had further review for bonding authority. The state has denied that for now but staff will present again to the Commission and to the state in the fall to get that specific authorization for bonding.

Ms. Bohee added that with respect to the timing of the debt service payments, most of those were made or reported during the first part of the year but actual debt service payment was made by the trustee to the bondholders in August so the state looked at all of that and is giving the Commission a break of about \$6.7 million. She felt that they can accommodate the timing of payments as to when payments are actually due by deferring certain payments and bills to the City partners to the next ROPS period. Ms. Bohee added that there is no payment immediately due on the ROPS, except for the \$10.5 million for the Low/Mod and the \$950,000 for non-housing funds. Ms. Bohee stated that she felt they had been successful in this matter, given that they were able to retain a significant portion of unrestricted funds for obligations for Alice Griffith, the Museum of the African Diaspora, and the Mexican Museum, since for most successor agencies there was no flexibility from the state to retain unrestricted cash.

9. **Commissioners' Questions and Matters** – None.
10. **Closed Session** – None.
11. **Adjournment**

The meeting was adjourned by Madame Chair Johnson at 5:02 p.m.

Respectfully submitted,



Natasha Jones
Interim Commission Secretary

ADOPTED: