126-0072018-002

Agenda Item **No. 5(A)**
Meeting of May 24, 2018

MEMORANDUM

TO: Oversight Board

FROM: Nadia Sesay, Executive Director

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

EXECUTIVE SUMMARY

The Mission Bay South Owner Participation Agreement ("OPA") is an enforceable obligation, and any amendments to the OPA require approval from the Oversight Board of the City and County of San Francisco. Typically, amendments to the OPA also require approval from the State of California Department of Finance ("DOF"). However, in this instance the State Legislature passed Assembly Bill 2797 that states redevelopment of Seawall Lot 337 is of particular importance to the state and on that basis, has authorized expedited procedures to facilitate the development of Seawall Lot 337. Therefore, no action from the DOF is required. The proposed amendment to the OPA is to remove a narrow, undeveloped, 18-foot wide strip of land which is not furthering the objectives and policies of the Mission Bay South Redevelopment Plan ("Redevelopment Plan").

The area within the boundaries of the 238-acre Mission Bay Redevelopment Project ("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 southern portion of Seawall Lot 337. The original intent of P20 was to act as a buffer to the light industrial development slated for Seawall Lot 337.

The Port has negotiated with the San Francisco Giants to lease and revitalize Seawall Lot 337, a portion of Terry Francois Boulevard, Pier 48 and the wharf between Piers 48 and 50. This revitalization will create a mixed-use residential and commercial project that will be integrated with the adjacent neighborhood as well as provide parks and open space ("Mixed-Use Project"). The removal of P20 from the Redevelopment Plan Area and related plans and agreements, including the OPA will facilitate the development of the Mixed-Use Project.

On October 17, 2017 the Commission on Community Investment and Infrastructure approved the Sixth Amendment to the Mission Bay South OPA ("OPA Amendment"). It is limited to removing P20 from the scope of the OPA in order to achieve consistency with approving amendments to the Redevelopment Plan ("Plan Amendment"). The OPA Amendment includes modification of the legal description to remove P20, and conforming amendments to the OPA's Land Use and Infrastructure Plans to remove reference to P20.

On February 27, 2018, the Board of Supervisors adopted Ordinance 0032-18, approving amendments to the Redevelopment Plan ("Plan Amendment") to remove P20 from the Mission Bay South Redevelopment Project Area.

Adopting the OPA Amendment would create benefits for affected taxing entities, a requirement to amend enforceable obligations under Redevelopment Dissolution Law. All taxing entities would benefit from the property taxes generated by the Mixed-Use Project, as opposed to leaving P20 in the Redevelopment Plan Area in its existing, undeveloped conditions. Additionally, the City would benefit from payroll and sales taxes by the redevelopment and activation of Seawall Lot 337, which will in turn benefit the entire City by providing jobs, parks and open space (including eight acres of open space as contemplated by the Mixed-Use Project).

Staff recommends approval of the Sixth Amendment to the Mission Bay South Owner Participation Agreement.

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 Plan 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. On January 23, 2018, the Board of Supervisors held a duly-noticed public hearing on the Plan Amendment and subsequently adopted Ordinance No. 0032-18 approving the Plan Amendment to remove P20 from the Redevelopment Plan Area.

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 of land, 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 MIXED-USE PROJECT

The Mixed-Use Project contemplates a 75-year lease by the Port to the San Francisco Giants 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 Report for the Seawall Lot 337 and Pier 48 Mixed Use Project ("FEIR").

OPA

The Original OPA was approved in 1998. Since that time, the OPA has been subject to five amendments, the last of which was executed on April 29, 2014. While the Plan Amendment to remove P20 from the Redevelopment Plan Area was approved by the Board of Supervisors, the OPA's Legal Description, Land Use Plan, and Infrastructure Plan continue to reference P20. The OPA Amendment includes modification of the legal description to remove P20, and conforming amendments to the OPA's Land Use and Infrastructure Plans to remove reference to P20. October 17, 2017 the Commission on Community Investment and Infrastructure approved Resolution 41-2017 approving the OPA Amendment and recommending forwarding the OPA Amendment to the Oversight Board.

COMMUNITY OUTREACH

The CAC considered the OPA Amendment at its meeting on September 14, 2017 and recommended its approval.

GENERAL PLAN

On October 5, 2017, the Planning Commission adopted Motion No. 20019, which includes findings concerning the Mixed-Use 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.

STATE LEGISLATIVE ACTION

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.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

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

The FEIR specifically evaluated the potential environmental effects associated with the removal of P20 from the Redevelopment Plan, and the Plan Amendment is entirely consistent with that component of the Project as studied in the FEIR. Moreover, the FEIR 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 FEIR 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.

On October 17, 2017, the Commission on Community Investment and Infrastructure found and determined that the OPA Amendment is within the scope of the Project analyzed by the FEIR and requires no further environmental review pursuant to the CEQA guidelines sections 15162 and 15163.

Redevelopment Dissolution Law Requirements

Redevelopment Dissolution Law provides for the Oversight Board's authorization of the OPA Amendment because it constitutes an amendment to the OPA, which is an enforceable obligation. The Oversight Board must find that authorizing the OPA Amendment is in the best interest of the taxing entities. All taxing entities would benefit from the property taxes generated by the Mixed-Use Project, as opposed to leaving P20 in the Redevelopment Plan Area and generating no property tax. Additionally, the City would benefit from payroll and sales taxes.

STAFF RECOMMENDATION

Staff recommends that the Oversight Board take the following action:

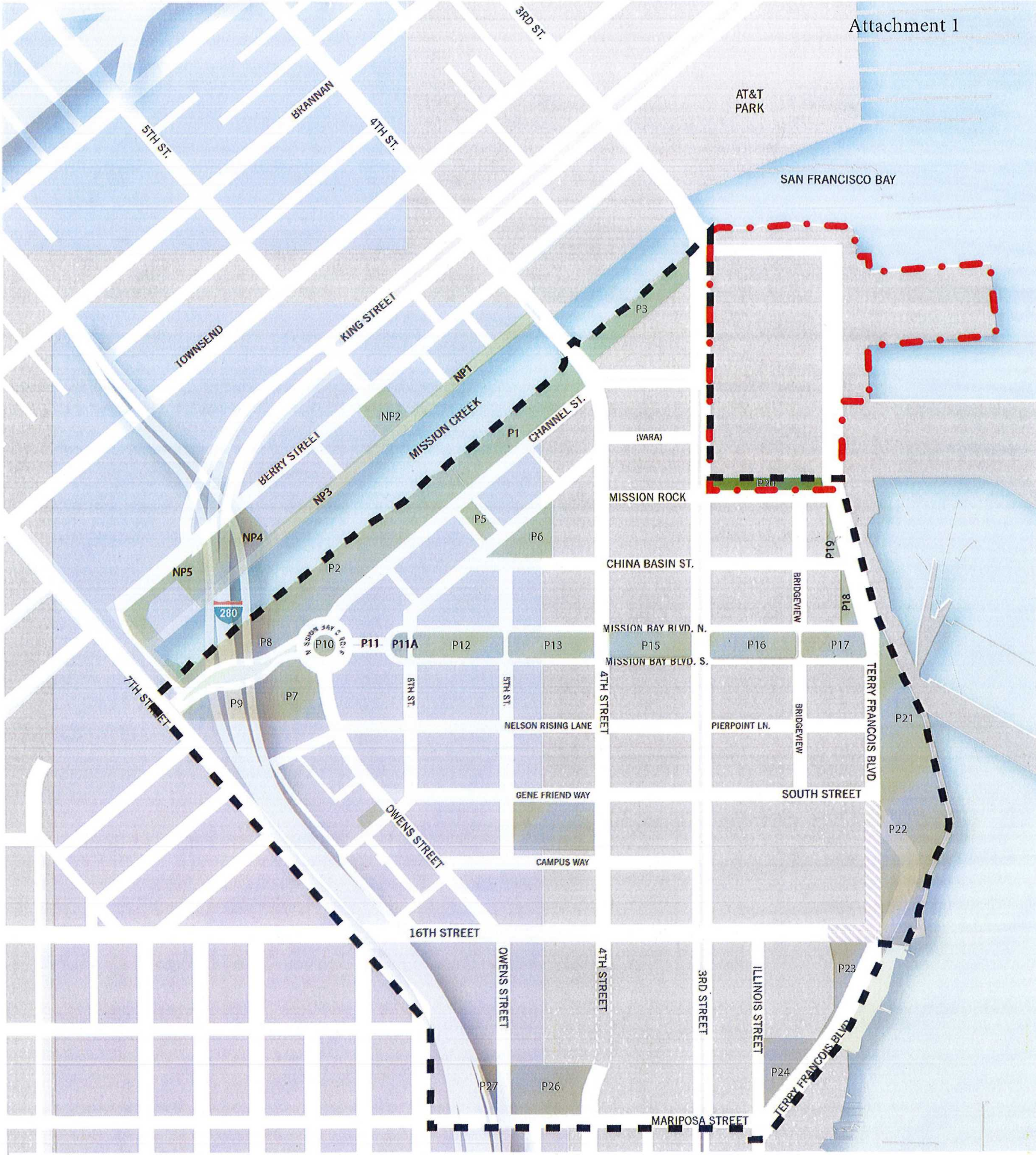
- Making findings that the OPA Amendment is in the interest of the taxing entities, and
- Making finding pursuant to CEQA that determine the OPA Amendment is within the scope of the Project analyzed by the FEIR and requires no additional environmental review, and
- Authorizing the OPA Amendment.

(Originated by Marc Slutzkin, Project Manager and Marie Munson, Senior Development Specialist)

Nadia Sesay
Executive Director

Attachment 1: Map of P20, Redevelopment Plan Area and Seawall Lot 337

Attachment 1



Parcel P20

Mission Bay South Redevelopment Plan Area

Seawall Lot 337

MISSION BAY SOUTH PARCEL P20

October 2017

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