



office of

COMMUNITY INVESTMENT
and INFRASTRUCTURE

126-0132020-002

Agenda Item **Nos. 5(b) through 5(g)**

Meeting of May 19, 2020

TO: Commission on Community Investment and Infrastructure

FROM: Nadia Sesay, Executive Director

SUBJECT: Adopting Environmental Review Findings Pursuant to the California Environmental Quality Act Related to the Approval of Amendments to the Redevelopment Plan for the Mission Bay South Redevelopment Project, the Mission Bay South Owner Participation Agreement, the Design for Development for the Mission Bay South Project Area, the Mission Bay Blocks 29-32 Major Phase Application, and the Basic Concept Design / Schematic Design for Mission Bay South Blocks 29-32, Including Findings Concerning the Implementation of a Threshold of Significance for Evaluating Transportation Impacts Based on Vehicle Miles Traveled; Mission Bay South Redevelopment Project Area

Approving the Report to the Board of Supervisors on the Amendment to the Redevelopment Plan for the Mission Bay South Redevelopment Project In Connection with a Hotel and Residential Development on Blocks 29-32, and Authorizing Transmittal of the Report to the Board of Supervisors

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Approving an Amendment to the Redevelopment Plan for the Mission Bay South Redevelopment Project in Connection With a Hotel and Residential Development on Blocks 29-32; Recommending Adoption of the Redevelopment Plan Amendment by the Board of Supervisors and Submitting the Recommendation, Including the Redevelopment Plan Amendment, to the Board of Supervisors

Conditionally Authorizing a Seventh Amendment to the Mission Bay South Owner Participation Agreement with FOCIL-MB, LLC, a Delaware Limited Liability Company

Approving an Amendment to the Design for Development for the Mission Bay South Project Area in Connection with a Hotel and Residential Development on Blocks 29-32

Conditionally Approving Amendments to the Major Phase Application and the Basic Concept / Schematic Design for Mission Bay South Blocks 29-32 to Add a Mixed Use Building Consisting of Hotel, Residential and Associated Retail Uses

EXECUTIVE SUMMARY

GSW Arena LLC (“GSW”), together with GSW ECOP 3P Retail LLC (with respect to certain retail parcels), own Blocks 29-32 in the Mission Bay South Project Area (“Plan Area”), which, in their entirety, establish the site of the Golden State Warriors Event Center development. GSW requests Commission on Community Investment and Infrastructure (“Commission”) approvals of amendments to the Redevelopment Plan for the Mission Bay South Redevelopment Project Area (“Redevelopment Plan”), the Design for Development for the Mission Bay South Project Area (“D for D”) and the Mission Bay South Owner Participation Agreement (“South OPA”), together, the “Plan Documents.” The amendments to the Plan Documents would allow residential and hotel uses on Blocks 29-30, located adjacent to the northern side of the existing Event Center (also known as the “Chase Center”). These new land uses would be housed within a 13-story, 160-foot-high building that would replace an existing three-story retail building to be demolished. The new building would accommodate a range between 129 and 230 hotel rooms and between zero and 21 residential units. The proposed amendments to the Redevelopment Plan (“Plan Amendment”) and to the South OPA would also increase the total leasable square footage of retail permitted in the Plan Area from 335,000 square feet to 400,000 square feet and allocate 65,000 square feet of said retail to Blocks 29-32. GSW’s proposal to increase the total leasable square feet of retail on Mission Bay South Blocks 29-32 is partly to account for existing retail areas previously approved and analyzed under environmental review, but excluded from the calculation of total retail leasable square feet through various exemptions under the Redevelopment Plan, and to include certain outdoor retail terraces proposed to become partially enclosed. This requested change to the allocation of leasable square feet of retail on Blocks 29-32 as well as the proposed development of hotel and residential uses on Blocks 29-30 are included in the “GSW Hotel / Residential Project” or “Project.” In addition to amendments to the Plan Documents, approval of the Project would require the Commission’s consideration of amendments to the Mission Bay South Blocks 29-32 Major Phase Application and to the Golden State Warriors Event Center and Mixed Use Development Combined Basic Concept/Schematic Design, both approved by the Commission on November 3, 2015.

Attachments 1 and 2 of this memorandum show the Plan Area, including Blocks 29-32, and neighborhood retail and community facilities.

Staff recommends the Commission’s:

1) *adoption of Environmental Review Findings Pursuant to the California Environmental Quality Act,*

- 2) *approval of a Report to the Board on the Plan Amendment and Authorization for Transmittal to the Board of Supervisors,*
- 3) *approval of the Plan Amendment,*
- 4) *authorization of a Seventh Amendment to the South OPA with FOCIL-MB LLC (“FOCIL”),*
- 5) *approval of an amendment to the D for D,*
- 6) *conditional approval of 1) an amendment to the Major Phase Application for Blocks 29-32 and 2) the GSW Hotel/Residential Project Basic Concept/Schematic Design (“BC/SD”), which amends the Golden State Warriors Event Center and Mixed-Use Development Combined BC/SD*

BACKGROUND

The Plan Area is a 238-acre development governed by the Plan Documents. The South OPA was executed between the San Francisco Redevelopment Agency (“Former Redevelopment Agency”) and the original landowner and master developer, Catellus Development Corporation (later transferred to FOCIL). The Plan Documents create the land use designations and the regulatory framework for development in the Plan Area. Pursuant to the South OPA, master developer FOCIL has sold vertical parcels to individual developers, who have then designed and constructed buildings according to the permitted land uses and development controls specified in the Plan Documents.

In August 2019, GSW finished construction of Blocks 29-32, including the Chase Center, two office towers, retail uses, a building known as the gatehouse that features a broadcast cabin, open space, and structured parking (together, “the Event Center Project”). Chase Center opened for its inaugural event in September 2019, and the first retail space within the Event Center Project opened to the public in October 2019.

GSW now proposes to demolish an existing three-story, retail building on Blocks 29-30, adjacent to the Chase Center on the northeast portion of the site, and replace it with 129 hotel rooms, 21 residential units and various retail spaces as part of the GSW Hotel/Residential Project. GSW is currently leasing the existing retail spaces to merchants on a short-term basis, providing the opportunity for new concepts to be tested as “pop-ups.”

DISCUSSION

Proposed Hotel / Residential Project Description

In November 2019, GSW submitted a draft design document that proposes to demolish existing retail spaces on Blocks 29 and 30, adjacent to the northeast side of Chase Center, and to replace them with 129 hotel rooms, 21 residential units and various retail spaces. This document was submitted as an amendment to the Golden State Warriors Event Center and Mixed-Use Development Combined BC/SD dated November 3, 2015 (“Blocks 29-32 BC/SD”). The proposal adds the GSW Hotel/Residential Project to Blocks 29 and 30, and adjusts the retail square footage, parking counts and open space on the entirety of Blocks 29-32.

As stated previously, the Plan Document amendments would allow residential and hotel uses on Blocks 29-30, would allow between zero and 21 residential units and between 129 and 230 hotel rooms and would increase the retail square footage in the Plan Area from 335,000 square feet to 400,000 square feet. While the Plan Document amendments reflect a range of development, the BC/SD document and its approval will specifically allow for a 129-room Hotel (including a ballroom, meeting areas and a fitness center), 21 residential units, and approximately 20,000 square feet of various retail areas (including food and beverage, spa, and sundry retail uses). If GSW elects to build up to 230 hotel rooms or as few as zero residential units, it will be required to resubmit a BC/SD document to amend the BC/SD program and design.

The GSW Hotel/Residential Project BC/SD document proposes a 160-foot-high, thirteen story building with an allowable 20-foot mechanical equipment penthouse, and a 16-foot high rooftop recreational space for the occupants of the building. The first eight levels of the building (including a mezzanine level) comprise the hotel (129 rooms) and retail uses, and the top five levels comprise the residential use (21 for-sale units). The ground floor level will be accessed from Warriors Way and will feature two lobbies and a large restaurant space accessed from Terry Francois Boulevard. A mezzanine level and level two will feature an approximately 3,500 square foot double height ballroom with an adjacent outdoor terrace, meeting rooms, and a café and outdoor terrace space. Levels four through seven are comprised of hotel rooms. The eighth level serves as both hotel use and as the hotel amenity level and will feature a restaurant and large terrace area associated with the restaurant overlooking Bayfront Park and the San Francisco Bay, an approximately 1,800 square foot spa and a fitness center. Levels nine through thirteen are designed as residential units with balconies that overlook Bayfront Park and the Bay and create a tiering effect to the building's exterior. The rooftop (level thirteen) is a residential amenity featuring plantings and outdoor seating as well as mechanical equipment and an inaccessible green roof.

Hotel guests, visitors and residential unit owners will access the mixed-use hotel and residential project through lobbies and entrances dedicated to each use type on Warriors Way. There will also be another entrance to the hotel from the Esplanade level of the Chase Center.

The proposed building design is curved and contoured to complement the curvature of Chase Center and to allow visual permeability into the existing site and surrounding uses. The exterior will be composed mainly of glass, with some natural stone tiles on the lower podium level. Residential and restaurant terraces incorporate landscaping to add to visual interest. Gensler, the GSW Hotel/Residential Project architect, and Bionic Landscape, the landscape designer, utilized the California coastline, the hills, contours and viewpoints of San Francisco as well as the city's contrast between urban and natural environments as their design inspiration for the site.

Amended Documents Related to the GSW Hotel/Residential Project

The GSW Hotel / Residential Project requires amendments to several Plan Documents. It also requires amendments to the Mission Bay South Blocks 29-32 Major Phase Application, as well as to the Golden State Warriors Event Center and Mixed Use Development Combined Basic Concept/Schematic Design ("Blocks 29-32 BC/SD"), by approval of the GSW Hotel/Residential Project BC/SD (attached). The amended documents to be considered by the Commission are described in the table below:

Document	Content Summary	Memo Attach. #
Mission Bay South Redevelopment Plan Amendment	<ul style="list-style-type: none"> - Increases the number of hotels permitted in the Mission Bay South Plan Area from one to two - Increases the number of hotel rooms in the Plan Area, within a range of 129 to 230 hotel rooms - Allocates up to 21 dwelling units to Blocks 29-30 - Allows for hotel and residential uses within the Commercial Industrial Land Use, but limits these uses to Blocks 29-30 - Increases the amount of leasable square footage of retail permitted in Zone A of the Redevelopment Plan, and allocates the increase of 65,000 sf of retail to Blocks 29-32 	4
D for D Amendment	<ul style="list-style-type: none"> - Allows an additional tower (defined as 160 feet) in Height Zone 5 and makes adjustments to the developable area allowed in that Zone - Increases the maximum allowed building height on Block 30 from 90 feet to 160 feet to allow for a tower - Allow for the Project to have a max plan length of 240 feet, increased from the current Commercial Industrial buildings max plan length of 200 feet - Defines the minimum allowed tower separation distance for the Project - Increases the percentage of total roof area that a recreation structure can occupy from 25% to 30% for the Project - Provides an increase in maximum canopy and projection dimensions 	6
Seventh Amendment to the South OPA	<ul style="list-style-type: none"> - Authorizes hotel and residential uses on Blocks 29-30, within a range of 129 to 230 hotel rooms and of zero to 21 residential dwelling units, and increases the total number of hotels, hotel rooms and residential dwelling units permitted by the South OPA accordingly - Increases the amount of Leasable square feet of retail space permitted on Blocks 29-32 by 65,000 - Defines augmented affordable housing fees and open space maintenance financial contribution required for the GSW Hotel/Residential Project 	5
Blocks 29-32 Major Phase Amendment	<ul style="list-style-type: none"> - Allows the inclusion of the GSW Hotel/Residential Project structure and corresponding improvements to Blocks 29-32 	7
GSW Hotel/Residential Project BC/SD	<ul style="list-style-type: none"> - Entitles the basic concept and schematic design of the GSW Hotel/Residential Project on Blocks 29-30 - Updates the total retail areas on Blocks 29-32 to conform to the Plan Amendment and the Seventh Amendment to the South OPA - Amends the Blocks 29-32 BC/SD to add the Hotel/Residential Project and make changes to retail, parking and open space 	8

Proposed Redevelopment Plan Amendment Related to the GSW Hotel/Residential Project

First, the Project requires amendments to the Redevelopment Plan to increase the number of hotels and hotel rooms allowed in the Plan Area, to allow hotel and residential uses on Blocks 29-30, to allocate up to 21 dwelling units to Blocks 29-30, and to increase the amount of leasable square footage of retail on Blocks 29-32. The Plan Amendment document attached highlights these proposed changes.

Redevelopment plans may be amended, per the process outlined under Community Redevelopment Law (“CRL”), stated in Sections 33450-33458 of the California Health and Safety Code. According to CRL, redevelopment plan amendments require approval by the redevelopment agency at a publicly noticed hearing and adoption by the legislative body. In alignment with CRL (Cal. Health & Safety Code § 33453) the San Francisco Planning Commission also provides findings of the Plan Amendment’s consistency with the San Francisco General Plan and priority policies of the Planning Code Section 101.1. CRL (Cal. Health & Safety Code § 33352) further requires preparation of a report on the plan amendment to provide relevant background information in support of the need, purpose, and impacts of the plan amendment; this report is transmitted to the legislative body or Board of Supervisors.

Proposed South OPA Amendment Related to the GSW Hotel/Residential Project

A Seventh Amendment to the South OPA is required to authorize hotel and residential uses on Blocks 29-30 and increase the total leasable square footage on Blocks 29-32. The proposed amendment to the South OPA would allow a range of between 129 to 230 hotel rooms and between zero to 21 dwelling units on Blocks 29-30. It would also provide for corresponding increases in the total number of residential units, hotels, and hotel rooms permitted by the South OPA. In addition, the leasable square footage permitted on Blocks 29-32 would be increased by 65,000 square feet to account for existing retail areas excluded from the calculation of the total Leasable square feet of retail and for certain outdoor areas that will be partially enclosed, as described below. It would also define the affordable housing fees and open space maintenance financial contribution required for the GSW Hotel/Residential Project.

With regard to the South OPA, Redevelopment Dissolution Law authorizes Oversight Boards to approve amendments to enforceable obligations if it finds that an amendment would be in the best interest of the taxing entities. (Cal. Health & Safety Code Section 34181(e)). Therefore, the approval of the seventh amendment to the South OPA is conditioned upon the Oversight Board approval of the amendment and its determination of the benefit to the taxing entities, and then is further conditioned on the State of California Department of Finance’s subsequent review and approval of the Oversight Board’s action.

Proposed D for D Amendment Related to the GSW Hotel/Residential Project

The GSW Hotel/Residential Project also requires amendments to the D for D to, amongst other changes to the D4D’s development controls, increase heights from 90 feet to 160 feet on Block 30, allow an additional tower in Height Zone 5 and to increase the allowable building bulk on Blocks 29-30.

The Project is proposed for the northeast corner of Blocks 29-32, a multi-parcel block located in Height Zone 5 of the D for D. There are seven height zones in the D for D, which allow for heights ranging from a maximum base height of 65 feet to a maximum tower height of 160 feet. The Mission Bay South height zones prescribe different building height limits by location, in order to reflect neighborhood character and shape the urban form – for example allowing greater heights on wider commercial streets

versus limiting building heights on narrower residential streets. Each height zone is allocated a certain number of 160-foot tall towers. The proposed amendment would increase the number of towers for Height Zone 5 and would increase the height on Block 30 near the waterfront from 90 feet to 160 feet. The addition of another tower in Height Zone 5 requires a small increase in the amount of developable tower area, from 94,220 square feet to 96,104 square feet. This increase also requires a change to the percentage of total developable area that the tower can represent, from 10% to 10.2% and a decrease of the base height developable area, from 90% to 89.8%.

According to the D4D, the bulk standards control the length and width of towers to “preserve light, air and views that add to the character” of the built environment. The D for D designates a maximum plan length, above 90-feet in height, of 200 feet for the Commercial/Industrial buildings in Height Zones 5 through 8. The proposed amendment would also increase the allowed bulk for the GSW Hotel/Residential Project by allowing for a maximum plan length of 240 feet.

The GSW Hotel/Residential Project is planned for a site with a width dimension that is narrower than a typical development site for this type of project. Because the site is limited physically in width, it is necessary to increase the height and length of the proposed building to allow for an adequate number of hotel rooms and residential units within a building that is viable from a constructability standpoint. While the proposed height increase is located in close proximity to the waterfront, the building’s terraced design and descending stepdown in height on the Bayfront side significantly lessens any impact on views or urban character. Increasing the maximum plan length at this location allows for this linear terraced design, in addition to creating a sufficiently sized footprint for a functional, mixed-use project.

A proposed amendment to the tower separation requirements is ancillary to the height and bulk amendments and is also necessitated by a constrained development site. The D for D requires a minimum of 100 feet of separation between towers located on the same block, with a minimum separation of 40 feet between a tower and Event Center. GSW requests the allowance of an average distance of 31.5 feet and a minimum distance of 24.0 feet, between the Project tower (90 feet and above) and the Event Center. At the base height (below 90 feet), GSW requests the allowance of an average distance of 41.5 feet and a minimum distance of 20.5 feet. Finally, at the pedestrian level, GSW requests an allowance of a minimum distance of 23.25 feet. These changes are necessary given the Project is designed so that its south façade has a curvature that is meant to mimic the Chase Center’s sweeping circular structure. This design element adds to the overall character of the GSW Hotel/ Residential Project and integrates it into the existing character of Blocks 29-32. OCII staff finds these customized average distances reasonable due to the narrow width of the site and its proximity to the existing Chase Center. The distances are also in line with the existing conditions given the pedestrian-level distance between the northeast retail and the Event Center is approximately 24.67 feet.

Two more minor proposed amendments to the D for D increase flexibility around the design of the GSW Hotel/Residential Project’s rooftop and allow for a larger architectural projecting canopy to mark the hotel lobby’s entryway. The D for D establishes controls around the size and height of rooftop structures to ensure a uniform skyline across the Plan Area. The proposed amendments would allow for a rooftop recreational structure no greater than 30% of the total roof area for the Block 29-30 Hotel, where 25% is the standard maximum allowed, as long as the height of the structure is no greater than 16 feet. OCII staff recommends these two changes to the D for D because the changes support the design of a usable amenity and thus result in a desirable open space for the building’s users. The proposed roof structure

also provides variation to the roofline, an important aspect to architectural character within a constrained site. The D for D also establishes controls on the length of architectural projections in order protect the streetwall character of the Plan Area. The hotel lobby's entryway canopy is proposed to preserve the minimum vertical clearance specified by the D for D, while extending horizontally five feet over the property line, increasing the three-foot D for D maximum projection by two feet. OCII staff recommends amending the D for D to allow this slight increase in the hotel's canopy maximum projection to create a pronounced visual cue for an entryway and thus support wayfinding for guests.

The D for D Amendment also includes language confirming that development on Blocks 29-32 can utilize existing development standards that allow for shared loading facilities on large sites (see Site Loading Circulation section below).

The D for D is not governed by the Cal. Health & Safety Code but rather is a regulatory document specific to the Redevelopment Plan. Amendments to the D for D require OCII Commission approval only.

GSW Hotel/ Residential Basic Concept / Schematic Design Document

GSW submitted the final GSW Hotel/Residential BC/SD on May 11, 2020. The design document provides schematic level designs for the Project as described in the above Project Description. This design document has been reviewed and conditionally approved by OCII staff. Each of the GSW Hotel/Residential Project BC/SD Conditions of Approval are referenced in Reso No. 10-2020. These conditions will be addressed in later stages of design.

Parking and Open Space

In addition to the proposal of a new project, the GSW Hotel/Residential Project BC/SD alters the parking counts and open space calculations on Blocks 29-32. Due to the building footprint of the GSW Hotel/Residential Project, the open space acreage across Blocks 29-32 will decrease from 3.8 acres to 3.6 acres. The Blocks 29-32 BC/SD included 950 parking spaces across the site, which was reduced to 923 spaces as the design of the site progressed towards construction. The GSW Hotel/Residential Project footprint and program will result in a decrease of 16 vehicular spaces under the development's podium, further reducing the total number of spaces on Blocks 29-32 to 907 spaces. Both the on-site open space square footage and the parking ratios will remain in compliance with the D for D's required standards.

Site Loading Circulation

The D for D requires commercial projects with more than 100,000 gross square feet of floor area to provide at least one loading space for deliveries. The GSW Hotel/Residential Project will provide one loading space for deliveries located on the ground level. In addition, the Project will have access to additional loading docks located in the existing multilevel parking garage on Blocks 29-32. On Warriors Way, there will be a 100-foot long, curbside passenger loading area, as well as commercial loading space designated for smaller trucks and vans. Larger trucks will enter the garage from 16th Street and will share a loading dock with the existing Event Center and office uses. The D for D allows for the aggregation of loading docks for multi-parcel developments and thus this shared loading dock complies with the D for D.

The D for D also requires hotel projects of a certain size to designate on- or off-street loading for tour buses. An off-street loading area is required for projects with greater than 200 rooms. In the case an amendment to the GSW Hotel/Residential Project BC/SD is proposed with greater than 200 rooms, the project applicant will apply for a white zone for an on-street tour bus loading area within an existing 240-foot yellow zone at the corner of Warriors Way and Terry Francois Boulevard.

The operational and management plans for each type of loading will be included in the Chase Center / Blocks 29-32 Transportation Management Plan, which is required under the Event Center Project's Mitigation Monitoring and Reporting Program established as part of the Final Environmental Impact Report for the Event Center and Mixed-Use Development at Mission Bay Blocks 29-32 Final Subsequent Environmental Impact Report ("FSEIR").

Blocks 29-32 Retail Square Footage Changes

In 2015 when GSW received its entitlements for the Event Center Project, the approvals included approximately 50,000 leasable square feet of retail. Once constructed, individual retail spaces that were excluded from the calculation of the 50,000 square feet of entitled retail were capped at a maximum size of 5,000 square feet pursuant to the Redevelopment Plan definition of Gross Floor Area. These caps are enforced by recorded Notices of Special Restrictions ("NSRs") on the site. These smaller-than-5,000-square-foot retail spaces currently comprise approximately 54,000 square feet of retail space excluded from the retail entitlement. The definition of Gross Floor Area, which is in turn used to calculate Leasable Floor Area, allows for the exclusion of retail spaces at or under 5,000 leasable square feet (among other exclusions), and is meant to foster the development of smaller retail spaces. While many of the retail spaces that comprise the approximately 54,000 leasable square feet will likely remain at or below 5,000 square feet, GSW wishes to entitle all of the previously excluded space and to terminate the NSRs in order to provide flexibility in leasing spaces and to accommodate potential tenants who may require more space. In addition to this previously excluded space, GSW requests to add approximately 11,000 square feet to address both outdoor retail terrace space that may be partially enclosed in order to comply with the D for D's definition of Gross Floor Area as well as a small amount of square footage to cover any inconsistencies in existing square footage measurements. The proposed 65,000 increase in leasable square feet of retail entitlement is reflected in the Plan Document amendments as an increase in the leasable retail square footage in Zone A of the Redevelopment Plan and is allocated to Blocks 29-32. GSW may choose in the future to pursue long- or short-term Secondary Uses, as defined in the Redevelopment Plan, for any of the spaces currently designated as retail, and if so, will submit a request to OCII staff for a determination in conjunction with a presentation and vote at the Mission Bay Citizens Advisory Committee. Table 6 Retail Area Summary and Cap in Chapter 1 of the GSW Hotel/Residential BC/SD tracks the retail entitlement for Blocks 29-32.

Public Benefits

GSW will pay the development impact fees required by the Redevelopment Plan and outlined in the City and County of San Francisco Planning Code Article 4 and the San Francisco Citywide Development Impact Fee Register, and as outlined in the Seventh Amendment to the South OPA. These one-time development impact fees include the Transportation Sustainability Fee, Mission Bay Artwork Fee, SFUSD's School Development Impact Fee and the Child Care Fee. In addition, pursuant to the Seventh Amendment to the South OPA, GSW will pay impact fees equivalent to the Jobs-Housing Linkage

Program Fee and Inclusionary Housing Program Fee. GSW will pay the standard amounts associated with these fees with the exception of the Inclusionary Housing Fee, for which they are proposing a higher payment pursuant to the Seventh Amendment to the South OPA. Additionally, GSW will pay an ongoing fee to support maintenance at the adjacent Bayfront Park. In total, the amount of one-time development impact fees is estimated at approximately \$12.3 million (not including the Bayfront Park maintenance fee), as shown in the following table. For further detail on development impact fees and on other fiscal impacts, including increases to property tax increment, please see Attachment 10, the Fiscal Analysis of Proposed Warriors Development, prepared by Seifel Consulting, Inc. Below is a summary of all proposed development impact fees:

Fee Summary (BC/SD Proposal)

Fee Category	Proposed Fee*	Payment Trigger
Inclusionary Housing Program**	\$4,116,800	First construction document
Transportation Sustainability	\$3,753,500	First construction document
Jobs – Housing Linkage**	\$2,782,900	First construction document
Mission Bay Artwork	\$1,300,300 (or onsite installation)	First construction document
Childcare	\$413,800	First construction document
<u>Subtotal One Time Fees to OCII / City</u>	<u>\$12,367,300</u>	
Park Maintenance	\$175,000 / year with potential adj.	Accrual begins upon opening of Bayfront Park (P22)
San Francisco Unified School District	\$285,800	First construction document

* Based on net new Gross Floor Area of development presented in BC/SD

** Fees payable under the Seventh Amendment to the South OPA are equal to or greater than the Jobs-Housing Linkage Program Fee and Inclusionary Housing Program Fee, respectively.

Proposed Amendments and Findings for Recommendation of Plan Document Amendments

Redevelopment Plan Amendment Findings:

By allowing for residential and hotel use on Blocks 29-30 within the existing Blocks 29-32 land use program, the proposed Redevelopment Plan amendment will support the full economic use of Blocks 29-32 and will accelerate the completion of development under the Mission Bay South Redevelopment Plan, the South OPA and the related enforceable obligations. In addition, the amendment allows GSW to respond to changes in market conditions that have occurred since the Redevelopment Plan was adopted in 1998.

OCII staff recommends this amendment as it will further advance the following Redevelopment Project Objectives as set forth in Section 103 of the Redevelopment Plan:

- *Section 103 E. Providing flexibility in the development of the Plan Area to respond readily and appropriately to market conditions.* Staff finds that the land uses created in the build out of the Mission Bay South Plan Area have created the need for an additional hotel in Mission Bay South. The proposed hotel use will complement the adjacent Chase Center and surrounding

neighborhood land uses by providing accommodation for visiting teams and fans, as well visitors of the UCSF campus and, more generally, business and tourist visitors to the San Francisco Bay Area. The proposed 21 residential units adds to the housing stock in San Francisco and supports Mayoral Directives to increase and accelerate the amount of housing in San Francisco issued beginning in 2017.

- Section 103 H. *Strengthening the economic base of the Plan Area and the community by strengthening retail and other commercial functions in the Plan Area...* Facilitating the addition of a hotel on Blocks 29-32 strengthens the economic base of the Plan Area by adding temporary construction and permanent jobs, as well as by increasing the assessed value of the Blocks 29-32 parcel and resultant tax increment. Finally, the proposed hotel use is a complementary land use to the existing entertainment-related land use of the Chase Center as well as surrounding UCSF medical and research uses. GSW expects event ticket holders, visiting NBA teams, and visiting medical professionals to be patrons of its proposed hotel use.

In addition, the GSW Hotel/Residential project also advances the following planning objectives for the Central Waterfront Plan of the City of San Francisco's General Plan. These objectives are listed in Section 104 of the Mission Bay South Redevelopment Plan.

A. Land Use. Objective 1: *Create a vibrant urban community in Mission Bay South which incorporates a variety of uses including medical research, office, business services, retail, entertainment, hotel, light industrial, education, utility, housing, recreation and open space, and community facilities.* The Hotel/Residential project adds both hotel uses and residential uses, limited to portions of Blocks 29-32, to the Commercial Industrial Land Use District of the Plan Area and thus adds to the variety of uses on Blocks 29-32 while still complementing adjacent uses.

B. URBAN DESIGN. Objective 4: *Create a building form for the Mission Bay South area such that the scale of new development relates to the adjacent waterfront and to adjacent buildings.* The Hotel/Residential Project meets this objective through its design. While the Plan Document amendments allow for a height increase along the waterfront, the design recommended for approval in the BC/SD lessens any negative impact associated with this height increase, by the use of terraces that result in a stepping-down in height as the building nears the waterfront. The BC/SD application also speaks to the scale of neighboring buildings by matching the curvature of the Chase Center arena's design as well as by matching the 160 foot height of the two office buildings on Blocks 29-32.

E. COMMERCE AND INDUSTRY. Objective 7: *Maintain, enhance and diversify a sound and dynamic economic base for Mission Bay South and the City.* This objective is consistent with Section 103 H of the Plan and the Hotel/ Residential Project meets this objectives for the same reasons as mentioned above.

OPA Amendment Findings:

Staff recommends a seventh amendment to the South OPA in coordination with the Redevelopment Plan amendment. The change in permitted uses on Blocks 29-32 is expected to generate more revenues from property taxes payable to the taxing entities in comparison to existing conditions. These taxing

entities include the City and County of San Francisco, the Bay Area Rapid Transit District, the San Francisco Community College District, and the San Francisco Unified School District and the San Francisco County Office of Education. The Plan Area document amendments do not propose any new capital expenditures by the Successor Agency or any change in the Successor Agency's overall method of financing the redevelopment of Mission Bay South.

D for D Amendment Findings:

OCII staff recommends an amendment to the Design for Development for the Mission Bay South Plan Area in order to support the development of the proposed mixed-use hotel project, a land use that complements the adjacent Event Center on Blocks 29-32. The proposed amendments would allow for the development of the GSW Hotel/Residential Project by changing certain limitations on height and bulk controls. These altered limitations would only be applicable to the development site of the Project.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

Vehicle Miles Travelled Methodology for Analysis of Transportation Impacts

The California Environmental Quality Act (Pub. Res. Code Sec. 21000 et seq., "CEQA") requires public agencies to analyze and disclose the physical impacts of their actions on the environment and to adopt mitigation measures, when feasible, to reduce significant environmental impacts to less-than-significant levels. Both CEQA and the CEQA Guidelines, (14 Cal. Code Regs. Sec. 15000 et seq.) published by the Governor's Office of Planning and Research ("OPR"), establish requirements for the implementation of the statute's mandate.

Under CEQA and the CEQA Guidelines, public agencies may adopt thresholds of significance and methodologies of analysis necessary to identify significant impacts and analyze the mitigating effects of proposed mitigation measures. Thresholds of significance are identifiable quantitative, qualitative, or performance level measures of a particular environmental effect. (CEQA Guidelines Sec. 15064.7(a).) When adopting or using thresholds of significance, public agencies may consider those previously adopted or recommended by other public agencies or recommended by experts, provided the decision to adopt such thresholds is supported by substantial evidence. Id., at (c).

In 2019, OPR published CEQA Guidelines addressing new requirements for the analysis of transportation impacts under CEQA. (CEQA Guidelines Sec. 15064.3). Collectively, these CEQA Guidelines and CEQA Section 21099 require that public agencies' analyses of transportation impacts use an approach based on the amount and distance of automobile travel, known as vehicle miles travelled or "VMT." Most agencies have used traffic delay, or "LOS", for measuring the significance of transportation impacts; thus Section 15064.3 allows public agencies until July 1, 2020 to implement a VMT-based threshold for most actions.

However, for actions concerning projects within Transit Priority Areas,¹ CEQA Section 21099(b)(2) requires that a VMT-based threshold be used upon the OPR's recent certification of the CEQA

¹ Transit Priority Areas are those within one-half mile of either an existing major transit stop or one that is planned, as reflected in the Transit Improvement Program of the applicable regional transportation authority. In the case of OCII's projects, this is the Metropolitan Transportation Commission (MTC).

Guidelines Sec. 1504.3. Per the MTC, the Plan Area is located within Transit Priority Areas.² Thus, the Commission is required to adopt a VMT-based approach to analyzing transportation impacts for actions concerning the Plan Area and to apply that approach going forward.

OCII staff has reviewed OPR's Technical Advisory on Evaluating Transportation Impact in CEQA published December 2018 ("Technical Advisory"), which provides technical recommendations regarding assessment of VMT, thresholds of significance, and mitigation measures for transportation impacts.³ OCII staff have also reviewed the San Francisco Planning Department's Transportation Impact Analysis Guidelines ("TIA Guidelines"), which also provide guidance regarding methodology and impact analysis for land use development projects.⁴ Based on the technical considerations and analysis in the Technical Advisory, as supplemented by the TIA Guidelines, OCII staff recommend that the Commission adopt the following VMT-based significance criteria for the Mission Bay South Redevelopment Project Area:

- The Project would have a significant effect on the environment if it would cause substantial additional VMT.
- The Project would have a significant effect on the environment if it would substantially induce additional automobile travel by increasing physical roadway capacity in congested areas (i.e., by adding new mixed-flow lanes) or by adding new roadways to the network.

When utilizing these thresholds, the VMT assessment should analyze transportation conditions and identify transportation impacts based on the following:

For residential projects, a project would generate substantial additional VMT if it exceeds the regional household VMT per capita minus 15 percent. For office projects, a project would generate substantial additional VMT if it exceeds the regional VMT per employee minus 15 percent. For retail projects, a project would generate substantial additional VMT if it exceeds the regional VMT per retail employee minus 15 percent. For mixed-use projects, each proposed land use is evaluated independently, per the criteria described above.

OCII staff find that the Project or the Project Variant is a mixed-use land use development project consistent with the types of projects intended to be addressed by the Technical Advisory and the TIA Guidelines.⁵ Thus, the Technical Advisory and the TIA Guidelines provide substantial evidence for establishing the foregoing VMT-based thresholds of significance as appropriate standards for analyzing the transportation impacts of vehicle trips generated by the Project or the Project Variant, as identified in Addendum No. 1 to the FSEIR. OCII staff recommend that the Commission adopt the above thresholds of significance. In doing so, the Commission would comply with CEQA Guidelines Section 15064.7(c) concerning the adoption of thresholds of significance generally, and CEQA Guidelines

² http://opendata.mtc.ca.gov/datasets/d97b4f72543a40b2b85d59ac085e01a0_0?geometry=-122.789%2C37.618%2C-121.91%2C37.808 .

³ The Technical Advisory is available at http://opr.ca.gov/docs/20190122-743_Technical_Advisory.pdf, is incorporated herein and a copy of is on file with the Commission Secretary.

⁴ The TIA Guidelines is available at http://default.sfplanning.org/publications_reports/TIA_Guidelines.pdf, and a copy is on file with the Commission Secretary.

⁵ See, [e.g., Technical Advisory at p. 17; TIA Guidelines at pp. 1, 15.

15064.3 and CEQA Section 21099 specifically concerning the adoption of VMT-based methodologies in analyzing transportation impacts.

California Environmental Quality Act Findings for the Project

On November 3, 2015, the Commission prepared and certified the FSEIR for the Event Center Project. See references to the Final Subsequent Environmental Impact Report at <https://sfocii.org/warriors>.

On the same date, the Commission adopted findings pursuant to CEQA (“CEQA Findings”), including findings regarding the alternatives, mitigation measures and significant environmental effects analyzed in the FSEIR, a statement of overriding considerations and a mitigation monitoring and reporting program for the Event Center Project. See references to OCII Resolution No. 70-2015 and Exhibits A and B at <https://sfocii.org/warriors>. On November 3, 2015, the San Francisco Board of Supervisors certified the FSEIR.

OCII, in consultation with the Planning Department, has prepared Addendum No. 1 to the FSEIR, dated May 13, 2020 (Attachment 9). Addendum No. 1 evaluates the potential environmental effects of the proposed Project and a Project Variant and concludes that the Project and the Project Variant is within the scope of the project analyzed in the FSEIR and will not result in any new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR.

Based on the analysis in Addendum No. 1, OCII concludes that the analyses conducted and the conclusions reached in the FSEIR on November 3, 2015, remain valid and the Project or the Project Variant will not cause new significant impacts not identified in the FSEIR, or substantially increase the severity of previously identified significant impacts, and no new mitigation measures will be necessary to reduce significant impacts. Further, as described in Addendum No. 1, no changes have occurred with respect to either the Event Center Project or circumstances surrounding the Event Center Project that will require major revisions of the FSEIR due to the involvement of new significant effects or a substantial increase in the severity of previously identified significant effects, and no new information has become available that shows that the Event Center Project will cause new or more severe significant environmental impacts.

Therefore, staff recommends that the Commission make CEQA Findings that state that no subsequent or supplemental environmental review is required under CEQA beyond Addendum No. 1, and determine that the Project and the Project Variant are within the scope of the project analyzed in the FSEIR and require no further environmental review beyond the FEIR pursuant to CEQA and CEQA Guidelines Sections 15180, 15162, and 15163.

EQUAL OPPORTUNITY PROGRAM AND COMPLIANCE WITH OCII POLICIES

GSW shall comply with the South OPA Program in Diversity/Economic Development Program, which includes OCII’s Small Business Enterprise (SBE) Program, and has already worked closely with contract compliance staff to comply with OCII programs.

GSW is in the process of selecting professional services sub-contractors and consultants for its predevelopment stage. Based on its recommendations, GSW is on track to meet and exceed the SBE participation goals for design services for the GSW Hotel/Residential Project. Notably, GSW has not only affirmed its compliance with the SBE Program for future construction activities but they also have agreed to apply the SBE Program to all tenant improvements of the GSW Hotel/Residential Project (with the exception of the residential units). This is a positive step forward in opening opportunities to small businesses in tenant improvements, which, unless performed by an owner as part of owner improvements, are currently excluded from the SBE Program.

In addition, because the GSW Hotel/Residential Project is commercial in nature, local permanent hiring will be subject to the City's First Source Hiring Program pursuant to the South OPA, which will ensure that San Francisco residents are given first consideration for the hotel's permanent entry-level employment, with a 50% goal of the entry-level positions being filled by San Francisco residents (with the exception of residential units and retail, commercial or entertainment spaces that are 25,000 leasable square feet or smaller).

COMMUNITY OUTREACH: MISSION BAY CITIZENS ADVISORY COMMITTEE

The Mission Bay Citizens Advisory Committee voted favorably to recommend the proposed GSW Hotel/Residential BC/SD and required Plan Document amendments to the Commission at its meeting on January 9, 2020. Because the OPA amendment included public benefit fee amounts that were not yet finalized, the CAC voted in favor of the amendment, contingent on OCII staff review and acceptance of the final proposed fees and update to the CAC. This feedback has been relayed to CAC members on May 14, 2020 through the distribution of this memorandum. Specifically, the CAC took separate votes on four actions related to GSW Hotel/Residential Project item: 1) recommendation of the proposed amendment to the Redevelopment Plan, 2) recommendation of the proposed amendments to the Design for Development 3) recommendation of the proposed amendments to the Owner Participation Agreement, contingent on OCII staff review of the final proposed fees and 4) recommendation of the approval of the BC/SD for the GSW Hotel/Residential Project. While the votes in favor differed for each action, all actions passed by majority.

Below is a summary of the CAC votes for the GSW Hotel/Residential project items:

1. GSW Redevelopment Plan Amendment: 9 votes in favor, 1 opposed
2. GSW Design for Development Amendment: 9 votes in favor, 1 abstained
3. GSW OPA Amendment: 10 votes in favor
4. GSW BC/SD: 8 votes in favor, 2 abstained

The GSW representative member of the CAC who was present at the meeting excused herself from the room during the GSW Hotel/Residential Project item presentation and votes.

STAFF RECOMMENDATION

OCII staff recommends the Commission approve the proposed amendments to the Redevelopment Plan, the South OPA, and the D for D. Staff recommends the Commission conditionally approve the proposed amendments to the Mission Bay South Blocks 29-32 Major Phase Application and the GSW Hotel/Residential Project Basic Concept/Schematic Design.

Upon Commission approval of each action and consistent with Community Redevelopment Law, the GSW Hotel/Residential Project sponsor will proceed to seek necessary approval actions from the Planning Commission and the Board of Supervisors for the Plan Amendment, as well as the Oversight Board and the California Department of Finance for the OPA Amendment.

If the amendments to the Plan Documents are approved, GSW plans to begin construction of the proposed mixed-use hotel and residential project in the first half of 2021 with a completion date in 2023.

(Originated by Gretchen Heckman, Development Specialist)



Nadia Sesay
Executive Director

Attachments:

- Attachment 1: Mission Bay Land Use Map
- Attachment 2: Mission Bay Amenities Map
- Attachment 3: Report to Board on the Plan Amendment
- Attachment 4: Amendment to the Redevelopment Plan for the Mission Bay South Redevelopment Project
- Attachment 5: Seventh Amendment to the Mission Bay South Owner Participation Agreement
- Attachment 6: Amendment to the Design for Development for the Mission Bay South Project Area
- Attachment 7: Mission Bay Major Phase Blocks 29-32 Amendment
- Attachment 8: Blocks 29-30 Hotel/Residential Project Basic Concept / Schematic Design
- Attachment 9: Addendum No. 1 to the FSEIR
- Attachment 10: Fiscal Analysis of Proposed Warriors Development



**Attachments to the Memo for Agenda Item Nos. 5(b) through 5(g)
Meeting of May 19, 2020**

Attachments:

- Attachment 1: [Mission Bay Land Use Map](#)
- Attachment 2: [Mission Bay Amenities Map](#)
- Attachment 3: [Report to Board on the Plan Amendment](#)
- Attachment 4: [Amendment to the Redevelopment Plan for the Mission Bay South Redevelopment Project](#)
- Attachment 5: [Seventh Amendment to the Mission Bay South Owner Participation Agreement](#)
- Attachment 6: [Amendment to the Design for Development for the Mission Bay South Project Area](#)
- Attachment 7: [Mission Bay Major Phase Blocks 29-32 Amendment](#)
- Attachment 8: [Blocks 29-30 Hotel/Residential Project Basic Concept / Schematic Design Part I](#)
[Blocks 29-30 Hotel/Residential Project Basic Concept / Schematic Design Part II](#)
[Blocks 29-30 Hotel/Residential Project Basic Concept / Schematic Design Part III](#)
- Attachment 9: [Addendum No. 1 to the FSEIR](#)
- Attachment 10: [Fiscal Analysis of Proposed Warriors Development](#)