MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Workshop on the revised conceptual designs for a proposed 550-foot tall approximately 700,000 square foot commercial project on Transbay Block 5 (Assessor’s Block 3718, portion of Lot 025 and portion of Lot 027), located on Howard Street between Beale and Main Streets; Transbay Redevelopment Project Area

EXECUTIVE SUMMARY

On September 12, 2014, the Commission on Community Investment and Infrastructure (“Commission”) authorized the Executive Director of the Office of Community Investment and Infrastructure (“OCII”) to enter into an Exclusive Negotiation Agreement (“ENA”) with MA West, a joint venture comprised of the Golub Real Estate Corporation (“Golub”) and The John Buck Company (“John Buck”) to develop Transbay Block 5, located on Howard between Beale and Main Streets. The other members of the team that were selected through the Request for Proposals (“RFP”) process include Goettsch Partners (“Goettsch”) with Solomon Cordwell Buenz Architects (“SCB”) and Butler Enterprise Group (“Butler”), together referred to as the Development Team.

The project as enumerated in the ENA includes a purchase price of $172,500,000 payable at the transfer of title and approximately 675,000 rentable square feet of office space in a 550-foot-tall tower (the “Project”). The Development Team’s response to the Transbay Block 5 RFP had the highest overall score, but it did not receive the highest score on design. The Selection Panel found that the design of the ground floor, and the massing and the cladding of the building, needed to be coordinated and improved to make a positive contribution to the public realm. One of the requirements included in the ENA was a resubmission of the Development Team’s conceptual design.

Attachment 1 to this memorandum is the revised conceptual design that complies with the Redevelopment Plan as proposed to be amended. Transbay Block 5 is in Zone 1 of the Project Area, therefore the Transbay Design Guidelines and Development Controls (“Development Controls”) dictate the allowable zoning. Due to the adjacency of the site to the commercial core of the Transbay neighborhood, and the parcel configuration constraints which makes a residential project challenging, Block 5 was offered as a commercial office development. This use is allowed under the current zoning, however the Development Controls were created mainly for residential uses and don’t contemplate certain commercial zoning requirements, such as bulk controls, in the same manner as the City’s Planning Code. Therefore, OCII intends to amend the Redevelopment Plan and the Development Controls to maximize the developable square feet and
create an efficient and leasable office building. The proposed Redevelopment Plan Amendment will require that the development adhere to Planning Code Sections for commercial buildings in Zone 2 of the Transbay Redevelopment Project Area ("Project Area"). The Development Team has been able to acquire the approximately 2,600 square foot privately-owned parcel on the southwest corner of the block. The acquisition has provided a more regular development Site and has helped the Development Team improve upon the ground floor plane. The revised design includes approximately 6,000 square feet of publicly accessible open space that makes a positive contribution to the neighborhood. The revised design has an improved massing which gives a clearer and more refined identity to the project. It also clarifies the three building elements: the main tower that creates a more intriguing form towards the crown; the smaller mass that better relates to the Transbay Transit Center; and the podium that helps establish the street wall. The balconies have been better integrated with the form of the building and the orientation of the site.

Staff will continue to work with the team to develop the designs through the Schematic Design Phase for presentation to the Commission with the Disposition and Development Agreement ("DDA") in Spring 2015.

DISCUSSION

The Project Area was adopted in 2005 with the purpose of redeveloping 10 acres of property owned by the State of California (the "State-owned Parcels") in order to generate funding for the Transbay Joint Powers Authority ("TJPA") to construct the new Transbay Transit Center (the "TTC"). The Office of Community Investment and Infrastructure, as the successor agency to the Redevelopment Agency of the City and County of San Francisco ("OCII" or the "Successor Agency"), is required to "prepare and sell [certain State-owned Parcels that OCII is authorized to acquire] to third parties," pursuant to Section 2.1 (a) of the Transbay Redevelopment Project Implementation Agreement between OCII and the TJPA (the "Implementation Agreement").

Transbay Block 5 Selection Process

On April 2, 2014, pursuant to the Implementation Agreement, OCII issued a Request for Proposals ("RFP") for the sale of one of the State-owned Parcels, which is slated for a 550-foot-tall office tower (also known as Block 5 (Assessor's Block 3718)). The property for sale under the RFP includes a 26,300-square-foot portion of Lot 025 (the "Site"). The RFP also requires the developer to build open space on adjacent TJPA-owned property.

Proposals from development teams to design and develop an approximately 700,000-square-foot commercial office building on the Site were due on June 25, 2014. Development teams were asked to submit qualifications, a basic development concept, and a financial proposal. On September 12, 2014, OCII entered into an ENA with MA West. The project as enumerated in the ENA includes a purchase price of $172,500,000 payable at the transfer of title and approximately 665,000 rentable square feet of office space in a 550-foot-tall tower (the "Project"). The Project also includes:

- approximately 15,000 square feet of publicly accessible ground floor open space;
- an underground parking facility with 117 parking spaces in mechanical stackers;
- streetscape improvements including the extension of a portion of Natoma Street;
• ground-floor retail space of approximately 5,000 square feet; and,
• a minimum LEED Gold level of certification for sustainability.

While the Development Team had the highest overall score, it did not receive the highest score on design. The selection panel found that the design of the ground floor, and the massing and the cladding of the building, needed to be coordinated and improved to make a positive contribution to the public realm. The Development Team has since redesigned their building to respond to these comments.

**Design Changes**

The project has a revised massing which overall gives a clearer and more refined identity to the project. It also clarifies the three building elements: the main tower that creates a more intriguing form towards the crown; the smaller mass that better relates to the Transbay Transit Center; and the podium that helps establish the street wall. The balconies have been better integrated with the form of the building and the orientation of the site.

During the redesign the Development Team was able to acquire an approximately 2,500 square foot site on the corner of Howard and Beale that was privately owned and served as the required open space for the office building across the street at 301 Howard Street. The inclusion of the corner site gives the project a stronger connection to its block and adjacent properties. The public space at the base of the building and revised retail locations have the opportunity to provide engaging active uses and connection between the interior and exterior spaces; this will need to be developed through a programmed and developed streetscape and landscape plan. The open space that was on the corner site is incorporated into the ground floor of the Project and is in addition to the open space required as part of the Project.

**Bulk Exception and ongoing Design Refinements**

Section 270 and 272 of the Planning Code will apply after the Redevelopment Plan and Development Controls are amended. Specifically Section 272 includes the ability for project sponsors to request an exception from strict application of the bulk controls and said exception could be granted if it results in an "achievement of a distinctly better design, in both a public and a private sense, than would be possible with strict adherence to the bulk limits, avoiding an unnecessary prescription of building form while carrying out the intent of the bulk limits." The Development Team has requested an exception which would result in an additional approximately 22,000 square feet of building area in exchange for a superior building design and an additional 6,000 square foot public open space on the ground level. Planning Department and OCII Staff have reviewed the requested bulk exception and concluded that the revised project works better from a volume and bulk perspective and satisfies the goals for establishing a streetwall and a more slender, elegant tower.

**Community Input**

The Transbay CAC reviewed and approved the revised conceptual designs at its meeting on November 6, 2014. The CAC was pleased with the redesign and commented that it responded well to the concerns raised at the August 14, 2014 CAC regarding the ground floor plane.
NEXT STEPS

Staff expects to bring the DDA, along with the schematic designs, before the Commission for its consideration at the conclusion of the exclusive negotiation period (early 2015). In addition, staff expects to bring the required amendments to the Transbay Redevelopment Plan and the Transbay Development Controls and Design Guidelines to the Commission for its consideration in early-2015. Staff expects to close escrow on the Site on or before September 1, 2015. Construction is expected to begin in early 2016, and the Project is expected to take 2.5 years to complete.

*(Originated by Courtney Pash, Acting Project Manager)*

[Signature]

Tiffany Bohan
Executive Director

Attachment 1: Block 5 Conceptual Designs