MEMORANDUM

TO: Commission on Community Investment and Infrastructure

FROM: Tiffany Bohee
Executive Director

SUBJECT: Adopting environmental review findings pursuant to the California Environmental Quality Act and conditionally approving a Combined Basic Concept and Schematic Design for two residential buildings with 350 units on Block 1 in Mission Bay South, bounded by Third, Fourth and Channel Streets and Park P3, and an amendment to the Block 1 Major Phase pursuant to the Owner Participation Agreement with FOCIL-MB, LLC; Mission Bay South Redevelopment Project Area

EXECUTIVE SUMMARY

In accordance with the Owner Participation Agreement ("OPA") for Mission Bay South, Block 1 Associates ("Developer") has submitted a combined Basic Concept and Schematic Design ("Schematic Design") application for a residential project on Block 1 with 350 residential units in two buildings. The residential portion of Block 1 equals 2.2 acres in size and is bounded by Third, Fourth and Channel Streets, with Park P3 creating the northern boundary and the future hotel site on the southeast corner. Consistent with the development approval process contained in the OPA, the project on Block 1 was part of the "Major Phase" development program for Block 1 approved by the Commission on Investment and Infrastructure ("Commission") on May 21, 2013 (Resolution No. 19-2013). If the project is comprised of rental units, 15% of the units will be constructed as on-site affordable inclusionary housing affordable to low-income households earning up to sixty percent (60%) of the area median income ("AMI"). If the project is comprised of for-sale units, the Developer will be required to pay an affordable housing in-lieu fee equal to 20% of the residential units.

The proposed 350-unit project will be divided into two phases: (1) R-1, with 200 units; and (2) R-2, with 150 units, and approximately 15,000 square feet of retail uses between the two phases. Combined the project will have 339 parking spaces, 350 secured bicycle parking spaces, and private open space. The R-1 project will include a tower on the northeastern end of the site rising to 173 feet in height at the top of the rooftop screening. The balance of the project will be comprised of low and mid-rise buildings. The R-1 and R-2 components of the project have been designed to be visually distinct from each other to break up the massing of the site. The Mission Bay Citizens Advisory Committee ("CAC") discussed the Schematic Design on May 8, 2014 meeting and held a special meeting on May 21, 2014, where the Developer addressed the CAC's concerns. The Schematic Design will amend the Block 1 Major Phase to allocate 963 feet of excess Height Zone-2 Tower and 373 feet of excess Mid-Rise allocation to Block 1.

As part of its actions on September 17, 1998, establishing the Mission Bay Redevelopment Project Areas, the Former Redevelopment Agency Commission ("Former Commission")
certified the Final Subsequent Environmental Impact Report ("FSEIR") (Resolution No. 182-98) and adopted findings under the California Environmental Quality Act ("CEQA") (Resolution No. 183-98). This FSEIR includes by reference a number of addenda. OCII staff has reviewed the Schematic Design submitted by the Developer and finds it to be within the scope of the projects analyzed in the FSEIR and additional addendum and no additional environmental review is needed. As required by CEQA, the Commission must adopt environmental findings when approving the Schematic Design.

Staff recommends adopting environmental findings pursuant to the California Environmental Quality Act and conditionally approving the Combined Basic Concept and Schematic Design for two residential buildings with a total of 350 units to be built on Block 1 in Mission Bay South and an amendment to the Block 1 Major Phase.

BACKGROUND

Block 1 Approved Major Phase Application

Pursuant to the OPA, FOCIL MB LLC ("FOCIL"), the master developer for Mission Bay South, is required to submit its overall plans for development in "Major Phases" of one or more land use blocks, with each Major Phase consisting of the private development projects and related public infrastructure and park improvements on these blocks. Schematic designs for individual building projects can be submitted following the Major Phase approval and must be generally consistent with the Major Phase. The OPA allows for the amendment of a Major Phase as part of the schematic design approval process.

A Major Phase application for Block 1 was approved by the Commission on May 21, 2013 (Resolution No. 19-2013). The Major Phase included 350 residential units on two residential blocks, a 250-room hotel, and up to 25,000 square feet of retail uses, all bounded roughly by Channel Street, Third Street, Fourth Street, and Park P3.

DISCUSSION

The residential portion of Block 1 is approximately 2.2 acres in size and is bounded by Third, Fourth and Channel Streets, with Park P3 creating the northern boundary. The residential uses on the northern façade of the building directly abut the future Park P3 and the future Block 1 hotel site to the south at the corner of Third and Channel Streets abuts the residential uses.

The Block 1 residential project includes 350 residential units split between two buildings (R-1 and R-2), approximately 15,000 square feet of retail space, 339 parking spaces, 350 secured bicycle parking spaces, and open space. The project is pursing a LEED Silver rating. The project architect is Arquitectonica. Exhibits A, B and C depict the location of the project and its site plan.
Block 1 Schematic Design

The residential portion of Block 1 is divided into two residential buildings, R-1 and R-2. R-1 is located on the northeastern portion of the site, along Third Street, and R-2 is located on the southwestern portion of the site, along Fourth Street (shown on Exhibit B). The following provides a description of the design for both buildings. Exhibits D to I depict the design of the project.

Building R-1

R-1 contains 200 units, 6,530 square feet of retail, and is comprised of two components — a tower and a mid- and low-rise component. The defining feature of building-1 is a tower that rises to 159 feet at the rooftop, with mechanical screening that brings the total height to 173 feet. The tower is located at the northeastern most corner on Third Street, with low-rise segments of the building extending out from the tower along Third Street and Park P3.

The overall building mass is divided into smaller volumes that stack and intersect at the north corner of the site to form the high-rise portion of the building. Each component of the tower’s intersecting volume has its own color tone and façade treatment. Each side has either floor to ceiling glazing, or is punched with a grid of modernist bay windows. These varied articulations help breakup the overall massing and provide views for the residents of the bay and downtown skyline. R-1 will be clad in a mixture of GFRC panels, vision and spandrel glass, and metal panels.

The retail corner below the tower steps down in height to connect with the park and has a green roof above. It is anticipated that this retail space will house a restaurant that will spill into the park with seating and take advantage of the direct views to the ballpark to the east. Patios for individual units front Park P3 and provide secondary entrances to the units and help activate the park.

Building R-2

The R-2 building design achieves a warmer, softer character for the building compared to its more modernistic R-1 neighbor to the east. It contains 150 residential units and 8,550 square feet of retail at the corner of Fourth Street and along Channel Street. R-2 is smaller in scale, with a rooftop height of 65 feet with an additional 5 feet of screening, for a total height of 70 feet. It is designed to create the appearance of a line of brownstone townhomes along Park P3 clad with fiber cement lab siding in variable shades of the same color to add texture and warmth to the façade. The vertical stacks of windows help to define the breaks between the townhomes. As with R-1, patios for individual units front Park P3 and provide secondary entrances to the units and help activate the park.

At the corner of Channel and Fourth Streets, above the retail spaces, the building is stepped back with a green roof over much of the retail space. At this end of the building above the retail, the building is finished with smooth plaster and will be painted with a different color than the townhomes, again to reduce the visual massing of the building and add a level of finer grained
detail to the design. Finally, the retail base along Channel and Fourth Streets incorporates a brick veneer that further breaks down the massing and creates a more pedestrian scale for the retail storefronts. As with the R-1 building, the retail space is anticipated to spill out into Park P3 to help activate the park.

Open Space and Park P3

The project contains a significant open space amenity on the podium level. This shared open space area would provide a large outdoor gathering space with recreational opportunities for the residents of Block 1. The entire podium will ultimately be open to use by both buildings, though it is designed to allow it to be phased in the event that one of the residential buildings is constructed before the other. At build-out, the podium will offer residents access to a pool and hot tub, as well as seating areas with fire pits and shared barbecue facilities. Both buildings will have gym facilities that open out to the podium. Exhibits J to O depict the landscaping plan for the project and landscaping materials.

In addition to the private open space provided by the project, Block 1 abuts the future Park P3, which connects to the waterfront with a pedestrian and bicycle esplanade, picnicking and other seating areas to take advantage of Mission Creek. The design of the residential buildings also incorporates connections between the private spaces in the buildings and Park P3. Connecting the private podium to the public park is a green wall and staircase, reminiscent of the staircases found on some of the hillsides in San Francisco, such as the Filbert Steps. The residential units that front the park incorporate patios with secondary entrances to the units to activate the park frontage, with landscaping providing a transition between the private patios and public park space. Outside seating spilling out from the retail uses at each corner of the project also will help activate the park.

For the children living in Block 1, the project is located three blocks to the north of the new Mission Bay Children’s Park that is under construction.

Parking and Transit

The Mission Bay South Design for Development allows a maximum of one parking space for each residential unit, 1 space for each 500 gross square feet ("gsf") of retail up to 20,000 gsf, and requires a minimum of one bicycle parking space for every 20 vehicular parking spaces. Consistent with the Design for Development, the project provides a total of 339 parking spaces for residents, accessed by an entry on Third Street to the R-1 building and one entry on Channel Street to the R-2 building. The parking will be shared between the two buildings. The project also includes 350 secured bicycle parking spaces, which is 333 spaces more than required.

Finally, the project will be well-served by transit; it is located approximately two blocks from the Muni Third Street/Mission Rock and 5th/King Light Rail stations and approximately three blocks from the San Francisco Caltrain station. In addition, the Muni 10-bus line will be extended and pass directly by the site along Third Street.
Inclusionary Housing Requirement

The Developer has not determined if the project will be rental, for-sale, or a combination of both. Per the OPA, any residential development on Block 1 would be required to pay a 20% in-lieu fee for affordable housing if condominiums are built, and provide a mix of 15% affordable inclusionary units targeting households at 60% of area median income ("AMI") for rental projects. It is anticipated that the taller R-1 building will be for-sale units, with the low-rise R-2 building rental. However, since the Developer will not determine the mix of rental vs. for-sale until the project is under construction, the Schematic Design identifies the location of housing units for both the R-1 and the R-2 buildings in the event that one or both of them are developed as rental projects.

The OPA requires that the inclusionary units be substantially equivalent in size, location, amenities and quality to reflect the mix of unit sizes and room configurations of the market rate residential units in the rental project, with a goal of comparability in square footage and interior features. The inclusionary units are also required to be dispersed throughout the rental project in a unit type mix that is representative of the market rate dwelling units.

The proposed allocation of the BMR units is consistent with the OPA requirements. The inclusionary units provide a bedroom mix that is comparable to the market-rate units, providing a mixture of junior 1-bedrooms, 1-bedrooms, 2-bedrooms, and 3-bedrooms, as shown in the table below. The units are located on every floor of the R-2 low-rise building. For the R-1 building, the inclusionary units are located within the first nine floors and the 11th floor, with no inclusionary units located above the 11th floor of the tower. The reason no units are included in the upper floors is to allow for the potential future conversion to condominiums of the units since HOA fees are typically higher on upper floors, which would make it more costly for existing tenants to qualify to purchase, and therefore remain in their unit. Exhibit P depicts the proposed location the inclusionary units.

Breakdown of Residential Units by Bedroom Size

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<td>Total Units</td>
<td>34</td>
<td>58</td>
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<td>% of Total</td>
<td>17%</td>
<td>29%</td>
<td>50.5%</td>
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<tr>
<td>BMR Units</td>
<td>5</td>
<td>9</td>
<td>15</td>
<td>1</td>
<td>30</td>
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<tr>
<td>% of BMR</td>
<td>17%</td>
<td>30%</td>
<td>50%</td>
<td>3%</td>
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<td>Jr 1 BR</td>
<td>1 BR</td>
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<td>3 BR</td>
<td>Total</td>
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<tr>
<td>Total Units</td>
<td>25</td>
<td>62</td>
<td>58</td>
<td>5</td>
<td>150</td>
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<tr>
<td>% of Total</td>
<td>17%</td>
<td>41%</td>
<td>39%</td>
<td>3%</td>
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<tr>
<td>BMR Units</td>
<td>4</td>
<td>9</td>
<td>9</td>
<td>1</td>
<td>23</td>
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<tr>
<td>% of BMR</td>
<td>17%</td>
<td>39%</td>
<td>39%</td>
<td>4%</td>
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Amendment to Block 1 Major Phase

The OPA allows for the modification of a Major Phase as part of subsequent design approval, such as a Schematic Design. The Major Phase for Block 1 allocated heights to Blocks 1, 12 and 13, which comprise Height Zone-2. The Major Phase identified that there was an excess of 15,813 feet of Mid-Rise Height and 8,990 feet of Tower allocation for Height Zone-2 that was not allocated to a specific block. The Developer for the residential portion of Block 1 has requested an additional 373 feet of Mid-Rise allocation and 704 feet of Tower allocation.

To assign additional Mid-rise and Tower height from the remaining allocation of Height Zone-2, the Schematic Design amends the Block 1 Major Phase to increase the Mid-Rise allocation for the residential buildings by 373 feet and the Tower allocation by 704 feet.

Citizens Advisory Committee

The Mission Bay Citizens Advisory Committee (“CAC”) discussed the Schematic Design at its May 8, 2014 meeting, where it voted to conditionally approve the Schematic Design subject to the Developer returning to discuss remaining issues. As a result, the CAC held a special meeting on May 21, 2014. Issues raised by the CAC related to the low-rise R-2 building and the interface with Park P3, and few comments were made on the taller R-1 building. The CAC’s comments included a desire to break up the massing of the low-rise R-2 building so it is less boxy, add additional color, ensure that the green wall from the podium to Park P3 will be successful, ensure there is adequate access to elevators, and ensure that the design of Park P3 is closely integrated with the residential development along the park frontage.

In response to the issues, the Developer revised the building design of R-2 to incorporate more differentiation in the building materials. Specifically, a brick façade was proposed for the first floor retail spaces to visually differentiate the retail from the residential. The building material and color for western portion of R-2 that overhangs the retail space was changed to differ from the rest of the building. In addition, the window system for the areas between the vertical bays was changed to be more transparent to help strengthen the sense that the building is comprised of a row of townhouses separated by the transparent window breaks. In addition, the Developer has committed to design the green wall such that it can be retrofitted to be a more standard green wall with vines if the pocket wall does not survive in Mission Bay or is too expensive to maintain. Finally, the building design was confirmed to provide the necessary elevator capacity to comply with the building code and the Park P3 design is being coordinated with the building design since the same landscape architect is working on both projects.

The majority of the attendees at the special CAC meeting expressed that they were pleased with the proposed changes to the design. Conditions of approval have been identified below to require the Developer to work with OCII staff during the Design Development stage to continue to address the identified community issues and integrate features that help to breakdown the massing of R-1 and individualize the townhomes.
Equal Opportunity Program and Compliance with OCII Policies

The Developer shall comply with the OCII’s Nondiscrimination in Contracts, Minimum Compensation and Health Care Accountability policies and has worked closely with contract compliance staff to comply with the Small Business Enterprise ("SBE") Program on this development. To date, the Developer has achieved 52% SBE participation for professional services consultants. Of the total fees for the project, 49.4% represents San Francisco–based SBEs. In addition, while the Developer is not required to meet any goals for minority-owned or women-owned businesses ("MBE's" and "WBE's", respectively), staff has reviewed their contracts to date and determined that 36% of the total fees have been awarded to MBE's and 16% have been awarded to WBE's. All of the MBE's and WBE's are also San Francisco-based firms. A full list of consultants is included as Exhibit Q.

During the construction phase of this project, the Developer is committed to meeting OCII's requirements and goals which includes the 50% SBE construction subcontracting participation goal, payment of prevailing wages and the 50% local construction workforce hiring goal.

CEQA Environmental Review

As part of its actions on September 17, 1998 establishing the Mission Bay Redevelopment Project Areas, the Former Commission certified the FSEIR, adopted CEQA findings, adopted a series of mitigation measures, and established a comprehensive system for mitigation monitoring. The Board of Supervisors, the Planning Commission, and various City departments adopted similar findings and mitigation monitoring plans. This FSEIR includes by reference a number of addenda.

Copies of the full four-volume FSEIR were distributed to the Former Commission prior to the 1998 certification and adoption of the environmental findings. Copies of the FSEIR were provided to the OCII Commission as part of the March 5, 2013 OCII Commission memo for Block 40, and are also available for review at OCII's offices.

Staff has reviewed the Combined Basic Concept and Schematic Design submitted for the residential portion of Block 1 and has considered and reviewed the FSEIR and addenda. Staff finds the Combined Basic Concept and Schematic Design to be within the scope of the project analyzed in the FSEIR and subsequent addenda and no additional environmental review is required pursuant to State CEQA Guidelines Sections 15180, 15162, and 15163.

Next Steps

After approval of the Schematic Design, OCII staff will work with the Developer to review and approve the Design Development and Construction Drawings. The Developer anticipates starting construction in Spring of 2015, with completion in Spring of 2017.
STAFF RECOMMENDATION

Staff worked with the Developer and CAC to review and amend the proposed Basic Concept and Schematic Design for the residential portion of Block 1, providing feedback to ensure that the design is consistent with both the overall design goals for Mission Bay and the specific development standards contained in the Mission Bay South Design for Development. Based on the review process described above, staff finds that the proposed Combined Basic Concept and Schematic Design for the residential portion of Block 1 in Mission Bay South is consistent with the Redevelopment Plan, the Design for Development and other Plan documents. The proposed design will be an attractive addition to Mission Bay South.

As is typical, there remain a number of detailed design issues that must be resolved in subsequent design stages. Therefore, staff recommends the following conditions of approval that shall be subject to further review and approval by the Executive Director, or her designee:

1. To ensure that any resulting rental project provides 15% inclusionary units in compliance with the OPA, adjustments to the location and unit mix of the inclusionary units may be allowed from what is approved in the Schematic Design once the Developer has determined if either of the buildings will be rental as long as the location of the inclusionary units continue to meet the requirements of the OPA that the inclusionary units be substantially equivalent in size, location, amenities and quality to reflect the mix of unit sizes and room configurations of the market rate residential units in the rental project, with a goal of comparability in square footage and interior features. The inclusionary units shall be dispersed throughout the rental project in a unit type mix that is representative of the market rate dwelling units.

2. The building and landscaping materials, colors, finishes, and architectural detailing shall be subject to further review and approval during the Design Development phase to ensure the richness, quality and diversity shown in the Schematic Design is achieved. Material and color samples shall be provided as part of the review. A material and color mock-up of sufficient size to be built on the construction site during an early phase of construction shall be prepared for review and approval to ensure consistency with this Schematic Design. The color and material selection shall ensure that the R-1 and R-2 residential buildings read as two separate projects with a variety of materials and stronger colors incorporated as appropriate to add additional visual interest to the project. The Developer will also continue to work during the Design Development stage to identify opportunities to individualize the R-2 townhomes, such as through the use of different color doors, window treatments, balconies, and additional setbacks of the window stacks.

3. The design of the corners at the ends of Park P3 shall be subject to further design and review during the Design Development stage to ensure that the buildings retain a strong presence above the ground level.

4. The design of the first floor shall be subject to further review and approval during the Design Development phase to ensure that the pedestrian realm is as active and visually
interesting as possible with a varied approach to the glazing system, recognizing the need to locate utility rooms and vehicular access along Channel Street.

5. The landscaping of the Block 1 residential project shall continue to be integrated with the design of Park P3. In addition, the Block 1 landscaping along the Park P3 frontage shall be designed to ensure that a clear delineation for maintenance between the park and private property is made to facilitate the on-going maintenance of the public and private landscaping.

6. The design of the green wall connecting the podium with Park P3 shall be designed to allow it to be retrofitted for the growth of vines, versus pocket planting, if the pocket planters were to fail or be determined to be too costly to maintain.

7. The design of the trash and recycling areas shall be subject to further review and approval during the Design Development phase to ensure that they allow for internal pick-up by the solid waste collector to avoid trash and recycling bins on-street.

8. All building signage shall be subject to further review and approval. A signage plan shall be prepared prior to or concurrent with Design Development documents for approval, pursuant to the Mission Bay South Signage Master Plan.

9. To avoid noise impacts to adjacent residents, prior to the start of any construction, the Developer and their general contractor shall meet with OCII to discuss noise regulations and hours of construction operation to ensure that they understand the existing regulations and do not work outside the allowed hours of operations.

Staff recommends the approval of the Combined Basic Concept and Schematic Design for two residential buildings with a total of 350 units to be built on Block 1 in Mission Bay South, subject to the conditions above.

(Originated by Catherine Reilly, Project Manager)

Tiffany Bohrer  
Executive Director

Exhibit A: Mission Bay Location Map  
Exhibit B: Site Plan - Circulation  
Exhibit C: Level 1 Floor Plan  
Exhibit D: View from Park P3  
Exhibit E: View Across Third Street  
Exhibit F: View from 4th Street Bridge  
Exhibit G: View Along Channel Street
<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
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<tbody>
<tr>
<td>H</td>
<td>Aerial View</td>
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<td>Ia and b</td>
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<td>J</td>
<td>Block 1/P3 Interface</td>
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<td>K</td>
<td>P3 Planted Buffer at R1 – Looking East</td>
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<td>L</td>
<td>View: From P3 Promenade</td>
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<td>M</td>
<td>Materials and Planting Palette: Ground Level</td>
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<tr>
<td>Pa to k</td>
<td>Breakdown of Inclusionary Units</td>
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<td>Q</td>
<td>Professional Consultant List</td>
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