

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 40-2022

Adopted November 1, 2022

APPROVING THE REPORT TO THE BOARD OF SUPERVISORS ON THE AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE TRANSBAY REDEVELOPMENT PROJECT AREA IN CONNECTION WITH THE DEVELOPMENT OF A MIXED-USE RESIDENTIAL PROJECT ON BLOCK 2 OF ZONE ONE OF THE TRANSBAY REDEVELOPMENT PROJECT AREA; AND AUTHORIZING TRANSMITTAL OF THE REPORT TO THE BOARD OF SUPERVISORS; TRANSBAY REDEVELOPMENT PROJECT AREA

WHEREAS, In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq. the “Community Redevelopment Law” or “CRL”), the Redevelopment Agency of the City and County of San Francisco (“Former Agency”) undertook programs for the redevelopment of blighted areas in the City and County of San Francisco (“City”), including the Transbay Redevelopment Project Area (“Project Area”); and,

WHEREAS, The Board of Supervisors of the City and County of San Francisco (“Board of Supervisors”) approved the Redevelopment Plan for the Transbay Redevelopment Project Area (“Project Area”) by Ordinance No. 124-05 (June 21, 2005) and by Ordinance No. 99-06 (May 9, 2006), as amended by Ordinance No. 84-15 (June 18, 2015) and Ordinance No. 62-16 (April 28, 2016) (“Redevelopment Plan”); and,

WHEREAS, On February 1, 2012, the State of California dissolved all redevelopment agencies including the Former Agency and required the transfer of certain of the Former Agency's assets and obligations to the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (“Successor Agency”), commonly known as the Office of Community Investment and Infrastructure (“OCII”) (Cal. Health & Safety Code §§ 34170 et seq., “Redevelopment Dissolution Law”). On June 27, 2012, the Redevelopment Dissolution Law was amended to clarify that successor agencies are separate public entities from the city or county that had originally established a redevelopment agency and they succeed to the organizational status of the former redevelopment agency to complete any work related to an approved enforceable obligation, Cal. Health & Safety Code § 34173 (g); and,

WHEREAS, The Board of Supervisors, acting as the legislative body of the Successor Agency, adopted Ordinance No. 215-12 (Oct. 4, 2012), which, among other matters: (a) acknowledged and confirmed that the Successor Agency is a separate legal entity from the City, and (b) established this Successor Agency Commission (“Commission”) and delegated to it the authority to (i) implement, modify, enforce and complete the Former Agency’s enforceable obligations; (ii) approve all contracts and actions related to the assets transferred to or retained by OCII, including, without limitation, the authority to exercise land use, development, and design approval, consistent with the applicable enforceable obligations; and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Commission deems appropriate, consistent with the Redevelopment Dissolution Law, to comply with such obligations; and,

- WHEREAS, The authority of the Commission includes authority to grant approvals under land use controls for the Project Area specified in the Redevelopment Plan and to recommend amendments to the Redevelopment Plan for the purpose of fulfilling enforceable obligations, subject to Board of Supervisors' approval, as provided under the CRL; and,
- WHEREAS, The Successor Agency now proposes to take certain actions related to Transbay Block 2 within Zone One of the Project Area (Assessor's Block 3739, Lot 014), an approximately 42,627 square-foot parcel generally located at 200 Folsom Street, bounded by Folsom, Main and Beale Streets and extending approximately 155 feet northwest from Folsom Street. Specifically, the Successor Agency proposes an amendment to the Redevelopment Plan ("Plan Amendment") that would increase the maximum building floor plate size applicable to Block 2 from 7,500 square feet to 11,100 square feet for the portion of buildings between 85 feet and 144 feet in height, and to 9,200 square feet for the portion of buildings between 144 feet and 165 feet in height; and,
- WHEREAS, The Plan Amendment is consistent with the Redevelopment Plan objectives to provide flexibility in the development of the Project Area, to respond readily and appropriately to market conditions, and to promote development of affordable housing within the Project Area; and,
- WHEREAS, On September 8, 2022, Transbay Citizens Advisory Committee considered the Plan Amendment and recommended its approval to the Commission and the Board of Supervisors; and,
- WHEREAS, In accordance with Sections 33352 and 33457.1 of the CRL, the Successor Agency has prepared the Report to the Board of Supervisors on the Plan Amendment ("Report to the Board") that contains only the information required by Health and Safety Code Section 33352 that is warranted by the scope of the Plan Amendment; and,
- WHEREAS, On November 1, 2022, the Commission adopted Resolution No. 39-2022 by which the Commission determined that the Final Environmental Impact Statement/Environmental Impact Report for the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project (the "FEIS/EIR" as defined in said resolution), together with further analysis provided in Addendum No. 10 to the FEIS/EIR (the "Addendum" as defined in said resolution), remains adequate, accurate, and objective and in compliance with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq., "CEQA") and the CEQA Guidelines (14 California Code of Regulations Sections 15000 et seq.) for purposes of evaluating the potential environmental effects of the Proposed Actions (including the Plan Amendment) and the Project; and,
- WHEREAS, The environmental effects of the Plan Amendment have been analyzed in the environmental documents as described in Commission Resolution No. 39-2022. Copies of the FEIS/EIR and Addendum No. 10 are on file with the Commission Secretary; now therefore be it
- RESOLVED, That in Resolution No. 39-2022, the Commission adopted findings that various actions, including the Development Controls Amendment, were in compliance with CEQA and the CEQA Guidelines, said findings, which are on file with the Commission Secretary, being in furtherance of the actions contemplated in this Resolution and made part of this Resolution by reference herein; and, be it further

RESOLVED, That for the purposes of compliance with CEQA and the CEQA Guidelines, the hereby adopts the findings and determinations set out in Resolution 39-2022, adopted concurrently herewith, that the Plan Amendment is within the scope of the project analyzed by the FEIS/EIR and Addendum No. 10; and, be it further

RESOLVED, That the Commission hereby approves the Report to the Board of Supervisors attached to this Resolution as Exhibit A; and, be it further

RESOLVED, That the Executive Director is hereby authorized to transmit said Report to the Board of Supervisors as required under CRL Section 33457.1 for its background information in considering the proposed Plan Amendment.

I hereby certify that the foregoing resolution was adopted by the Successor Agency Commission at its meeting of November 1, 2022.



Commission Secretary

EXHIBIT A: Report to the Board of Supervisors on the Amendment to the Redevelopment Plan for the Transbay Project Area



**REPORT TO THE BOARD OF SUPERVISORS
ON THE AMENDMENT
TO THE REDEVELOPMENT PLAN FOR THE
TRANSBAY REDEVELOPMENT PROJECT AREA**

Prepared By:

**Office of Community Investment and Infrastructure,
as the Successor Agency to the
San Francisco Redevelopment Agency**

November 1, 2022

**REPORT TO THE BOARD OF SUPERVISORS
ON THE AMENDMENT
TO THE REDEVELOPMENT PLAN FOR THE
TRANSBAY REDEVELOPMENT PROJECT AREA**

INTRODUCTION

The Board of Supervisors of the City and County of San Francisco ("Board of Supervisors") established the Transbay Redevelopment Project Area ("Project Area") and approved a Redevelopment Plan for the Project Area by Ordinance No. 124-05 (June 21, 2005) and by Ordinance No. 99-06 (May 9, 2006), as amended by Ordinance No. 84-15 (June 18, 2015) and Ordinance No. 62-16 (April 28, 2016) ("Redevelopment Plan").

The Redevelopment Plan establishes the land use controls for the Project Area and divides the Project Area into two subareas: (1) Zone One, in which the Redevelopment Plan and the Development Controls and Design Guidelines for the Transbay Redevelopment Project (as currently amended, the "Development Controls") define and regulate land uses, and (2) Zone Two, in which the San Francisco Planning Code applies.

On November 1, 2022, the Successor Agency Commission (commonly known as the "Commission on Community Investment and Infrastructure) (the "Commission") held a public hearing to approve and recommend to the Board of Supervisors an amendment to the Redevelopment Plan in conjunction with proposed development of Transbay Block 2, an approximately 42,627 square-foot parcel generally located at 200 Folsom Street, bounded by Folsom, Main and Beale Streets and extending 155 feet northwest from Folsom Street (Assessor's Block 3739 Lot 014 ("Block 2" or the "Site"). Development on Block 2 is proposed to include a mixed-use affordable residential rental building serving low-income families and formerly homeless families on the eastern half of the Site (the "2 East Project") and a mixed-use affordable residential rental building serving low-income seniors and formerly homeless seniors on the western half of the Site (the "2 West Project"). Together the 2 East Project and 2 West Project are referred to as the "Project".

The proposed amendment ("Plan Amendment") would modify the Redevelopment Plan to increase the maximum building floor plate sizes applicable to a residential building on Block 2 that is within the height limit of 165 feet established by the Redevelopment Plan's Zone One Plan Map. The maximum floor plate size would increase from 7,500 square feet to 11,100 square feet for the portion of the building between 85 feet and 144 feet in height and from 7,500 to 9,200 square feet for the portion of the building between 144 feet and 165 feet in height. The precise portions of the Site subject to these height and bulk controls are regulated by the Development Controls. In all other respects, the land use controls of the Redevelopment Plan would remain in effect.

Pursuant to Section 33352 of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq., "CRL"), the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (commonly known as the Office of Community Investment and Infrastructure or "OCII") prepared this report to the Board of Supervisors to assist its review of the Plan Amendment and, should it determine to approve said amendment, provide a basis for necessary findings under the CRL.

The Plan Amendment would help achieve the Redevelopment Plan goals and objectives, including among others, (a) strengthen the community's supply of housing and affordable housing with the deepest levels of affordability; (b) develop high-density housing to capitalize on the transit-oriented opportunities within the Project Area and provide a large number of housing units close

to downtown San Francisco; (c) create a mixture of housing types and sizes to attract a diverse residential population, including families and people of all income levels.

The increased bulk limitation will allow for a larger 100 percent affordable housing mid-rise building on Block 2. This will increase the total number of affordable residential units to be constructed on the Site, thus supporting OCII's affordable housing mandate for the Project Area. In addition, the increase in buildable area will improve the financial feasibility of the 2 East Project, on which the mid-rise building will be located, while continuing to adhere to the design intent for the Site.

SCOPE OF THIS REPORT

This Plan Amendment is a minor plan amendment.¹ Under CRL Section 33352, a Plan Amendment submitted to the legislative body for approval must be accompanied by a report containing following information:

- The reason for the Plan Amendment;
- The proposed method of financing the redevelopment of the Project Area as applicable to the Plan Amendment;
- The report and recommendation of the San Francisco Planning Commission;
- The report on the environmental review required by Section 21151 of the Public Resources Code as applicable to the Plan Amendment; and
- A neighborhood impact report.

In approving the Redevelopment Plan in 2005 and 2006, the former Redevelopment Agency of the City and County of San Francisco ("Former Agency") and the Board of Supervisors relied on information about the conditions of physical and economic blight within the Project Area, the need for tax increment financing to carry out redevelopment in the Project Area, and other factors justifying the establishment of the Project Area. The Plan Amendment does not alter the blight and financial determinations made at the time the Project Area was originally adopted, but rather provides an effective approach for alleviating blight and promoting the financial feasibility of the Redevelopment Plan.

¹ Generally, minor plan amendments are those that do not propose to (a) include a tax allocation provision into a redevelopment plan which does not uses tax increment financing; (b) add new territory to the project area of a redevelopment plan that uses tax increment financing; or (c) extend the time limits for meeting housing obligations or payments to taxing entities.

Furthermore, the Plan Amendment does not trigger the need for a Project Area Committee under CRL Section 33385 because it does not provide for the acquisition of, or the authorization of public projects on, property occupied by low- and moderate-income persons.

The Plan Amendment does not contemplate changes in the specific goals, objectives or expenditures of OCII for the Project Area.

THE REASON FOR THE PLAN AMENDMENT (CRL Section 33352(a))

The purpose of the Plan Amendment is to facilitate, on Block 2 of the Project Area, the development of a larger residential mid-rise building to increase the number of affordable units, which would be consistent with the following Redevelopment Plan goals and objectives:

- Strengthen the community’s supply of housing by assisting, to the extent economically feasible, in the construction and rehabilitation of affordable housing with the deepest levels of affordability, including the development of supportive housing for the homeless. Section 2.1.
- Create a mixture of housing types and sizes to attract a diverse residential population, including families and people of all income levels. Section 2.2.
- Develop high-density housing to capitalize on the transit-oriented opportunities within the Project Area and provide a large number of housing units close to downtown San Francisco. Section 2.2.

The Plan Amendment also allows the feasible development of sufficient residential units to satisfy affordable housing requirements under OCII's enforceable obligation (i.e. the Transbay Redevelopment Project Implementation Agreement), which incorporates State law requiring that at least 25% of all dwelling units developed within the Project Area shall be available at affordable housing cost to, and occupied by, persons and families whose incomes do not exceed 60% of the area median income, and that at least an additional 10% of all dwelling units developed within the Project Area shall be available at affordable housing cost to, and occupied by, persons and families whose incomes do not exceed 120% of the area median income, for a total 35% affordable housing obligation, Cal. Public Resources Code § 5027.1. (“Transbay Affordable Housing Obligation”).

Community Identity and Built Form

The Redevelopment Plan implements the transformation of former freeway land into a new high-rise residential district in the East Cut neighborhood. Through public workshops and meetings, in collaboration with the Transbay Citizens Advisory Committee, land in the Project Area formerly containing portions of the Embarcadero Freeway, its ramps and Terminal Separator Structure, was envisioned as a transit-oriented residential district as documented in the Transbay Redevelopment Project Area Design for Development completed in October 2003 (“Design for Development”). The Design for Development informed the creation of the Redevelopment Plan and the Development Controls, both adopted in 2005, and called for Zone One of the Project Area to become a complementary and exciting addition to the downtown and its skyline, designed as a grouping of slender residential towers interspersed among mid-rise and podium buildings.

The Plan Amendment will permit additional residential units to be developed through specific increases to the maximum floor plate area on portions of the mid-rise building within certain height ranges on Block 2. This increased bulk is consistent with and will be complementary to that of

nearby buildings in the Project Area. This change is appropriate to the mixed-use neighborhood context and the dense urban form of the surrounding district. In addition, the change does not compromise the “stepping up” effect of building heights from the proposed Block 3 Transbay Park north of the Site to the higher heights of existing buildings located to the south of Folsom Street, as envisioned in the Development Controls.

Housing Opportunities

The Redevelopment Plan’s Planning Goals and Objectives on housing opportunities include among others, the creation of a mixture of housing types and sizes to attract a diverse residential population, including families and people of all income levels, and to develop high-density housing to capitalize on the transit-oriented opportunities within the Project Area and to provide a large number of housing units close to downtown San Francisco. Zone One is a mixed-use, high-density residential district with no maximum residential density for living units.

The Plan Amendment would result in an increase in the number of affordable dwelling units in a larger mid-rise building on Block 2. The Plan Amendment alone would add approximately 31 residential units to the Project, while the amendment to the Development Controls, which modified the requirements for setbacks, number of floors, and building projections, added approximately 45 residential units, for a total increase of 76 residential units. With the exception of two unrestricted manager’s units, 100% of the Block 2 units will be restricted for affordability to households with incomes ranging from 15% to 70% of the area median income. Thus, the Plan Amendment would further the attainment of the Redevelopment Plan Goals and Objectives of creating high density, mixed-income housing, and make a significant contribution to achieving the Transbay Affordable Housing Obligation.

PROPOSED METHOD OF FINANCING/ECONOMIC FEASIBILITY OF AMENDMENT (CRL Section 33352(e))

The Plan Amendment does not increase the amount of obligated property tax necessary to fulfill existing enforceable obligations. The Plan Amendment does not propose new capital expenditures by OCII, involve any new indebtedness of the OCII, or change OCII’s overall method of financing the redevelopment of the Project Area. By facilitating increased density on Block 2 the Plan Amendment provides for greater efficiencies in OCII’s efforts to comply with the Transbay Affordable Housing Obligations.

In separate actions, OCII has taken, and will take, steps to fund the Block 2 affordable project in compliance with existing enforceable obligations. OCII has provided predevelopment loans in amounts not to exceed Three Million Five Hundred Thousand Dollars (\$3,500,000) each to the 2 East Project and 2 West Project to fund predevelopment activities. These loans were authorized by Commission Resolution Nos. 10-2021 and 11-2021, respectively. OCII intends to increase the loans to provide for permanent gap financing for the 2 East Project and 2 West Project. Preliminary funding amounts of Sixty-Four Million Five Hundred Thousand Dollars (\$64,500,000) for the 2 East Project and Forty-Six Million Two Hundred Sixty Thousand Dollars (\$46,260,000) for the 2 West Project. These amounts are included in the 2022-23 Annual Recognized Obligation Payment Schedule, as approved by the State of California Department of Finance (“DOF”) and may be adjusted in the future, subject to Commission and DOF review.

PLANNING COMMISSION REPORT AND RECOMMENDATIONS ON CONFORMANCE TO THE GENERAL PLAN (CRL Section 33352(h))

The Commission has referred the Plan Amendment to the Planning Commission for its report and recommendation on the Plan Amendment and its conformance with the General Plan. The Planning Commission's resolution regarding its report and recommendation on the Redevelopment Plan Amendment and its conformity to the General Plan will be incorporated in a revised Report to the Board of Supervisors.

The Planning Commission's report and recommendation and the update of this Report will be provided to the Board of Supervisors to permit the Board to consider adopting an ordinance amending the Redevelopment Plan.

ENVIRONMENTAL REVIEW (CRL Section 33352(k))

In April 2004, the Final Environmental Impact Statement/Environmental Impact Report ("FEIS/EIR") for the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project was certified by the Former Redevelopment Agency and the Board of Supervisors. OCII, as the Successor Agency to the Former Redevelopment Agency, has land use and California Environmental Quality Act ("CEQA") review authority of the Project Area.

CEQA Guidelines Section 15164 provides for the use of an addendum to document the basis for a lead agency's decision not to require a Subsequent or Supplemental EIR for a project that is already adequately covered in an existing certified EIR. The lead agency's decision to use an addendum must be supported by substantial evidence that the conditions that would trigger the preparation of a Subsequent EIR, as provided in CEQA Guidelines Section 15162, are not present. An addendum documents the assessment and determination that the modified project is within the scope of the FEIS/EIR and no additional environmental review is required.

The Plan Amendment increases a certain bulk limitation that results in an increase in the number of residential units than what otherwise be feasible with the smaller building massing allowed under the Redevelopment Plan and the Development Controls. Nonetheless, the proposed number of units on Block 2 falls below the number of units analyzed on the Site under the FEIS/EIR. The modifications to building bulk controls under both the Redevelopment Plan and the Development Controls do require an additional evaluation of which impacts could worsen due to additional building bulk. These topics include wind and shadow. All other features of the Block 2 development, including demolition, land use types, building square footage, retail square footage, and number of dwelling units, would be consistent with the Redevelopment Plan and the FEIS/EIR. The Addendum presents an update to the FEIS/EIR's transportation study and applies the utilization of the Vehicle Miles Traveled ("VMT") methodology for transportation effects, as the VMT methodology did not exist at the time of the publication of the FEIS/EIR, and it is now the sole methodology allowed to be used in accordance with state law.

Accordingly, OCII, in consultation with the Planning Department, prepared the tenth addendum to the FEIS/EIR dated October 26, 2022, focusing on transportation, wind and shadow ("Addendum"). The shadow study that was conducted as part of the Addendum process focused its analysis of potential shadow impacts generated by the proposed development on Block 2 onto

three parks/open spaces located within the shadow fan of Block 2: Transbay Park Block 3, a planned public park to the north of Block 2, and Main Street Plaza and Urban Park, both privately owned public spaces. The maximum net new shadow size at any park would grow by less than one percent due to the proposed bulk increase. Activities in the affected portions of the parks and open spaces consisted primarily of passive activities, such as eating lunch, resting, and making phone calls. Areas that would be newly shaded would, in most cases, be located at the edges of the affected parks and open spaces. Given the limited increase in shadow size and duration, the proposed bulk increase on Block 2 would not create new shadow in a manner that substantially affects outdoor recreation facilities or other public areas.

The Addendum determined the Plan Amendment and Project would not cause new significant impacts not identified in the FEIS/EIR, nor would the Project cause significant impacts previously identified in the FEIS/EIR to become substantially more severe. No new mitigation measures would be necessary to reduce significant impacts. No changes have occurred with respect to circumstances surrounding the Project that would cause significant environmental impacts to which the Project would contribute considerably, and no new information has become available that shows that the Project would cause significant environmental impacts. Therefore, the analyses conducted and the conclusions reached in the Final FEIS/EIR certified on April 22, 2004 remain valid and no supplemental environmental review is required beyond this Addendum.

NEIGHBORHOOD IMPACT REPORT (CRL Section 33352(m))

At the time of Redevelopment Plan adoption, the Project Area did not contain low- or moderate-income housing. Since then, OCII has started implementing the affordable housing requirements under the Transbay Affordable Housing Obligation. Based on residential projects complete, under construction, approved and in process (including the 2 East Project and 2 West Project as proposed), the number of housing units currently anticipated to be built in the Project Area will comply with the Transbay Affordable Housing Obligation. The means of financing the low- and moderate-income housing units are developer-subsidized below-market-rate inclusionary units, tax increment financing, revenue from the sales of public properties within the Project Area, and development fees.

Currently, six affordable housing developments in Zone One of the Project Area have been completed and are now occupied. The Rene Cazenave development (120 affordable units) is now occupied by formerly homeless households at 25 Essex Street. Other completed and occupied affordable housing development include Block 1 (391 units including 156 affordable units), Block 6 podium building (70 affordable units), Block 6 tower (409 market rate units), Block 7 (120 affordable units), Block 8 (546 total units including 150 affordable units), and Block 9 (545 total units including 109 affordable units). In process and planned future projects within Zone 1 are Blocks 2, 4 and 12 which collectively will provide for approximately 718 affordable units.

The Plan Amendment, by facilitating a greater density of development at a site designated for residential use, will increase the supply of housing and affordable housing in the Project Area. The site subject to the Plan Amendment is the location of the former Transbay Temporary Terminal, which was permanently closed in 2020, and is currently being used under a license agreement for temporary uses. Therefore, the Plan Amendment does not adversely affect the physical and social quality of the neighborhood because it will not cause the destruction or removal

of housing units from the low- and moderate-income housing market and will not cause the displacement of low- or moderate-income households.