

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 8-2018

**CONDITIONALLY APPROVING THE BASIC CONCEPT AND SCHEMATIC DESIGN,
AND A VARIANCE TO THE 20-FOOT UPPER-FLOOR STEPBACK REQUIREMENT,
OF AN AFFORDABLE HOUSING PROJECT AT MISSION BAY SOUTH BLOCK 6W,
WHICH CONSISTS OF APPROXIMATELY 152 AFFORDABLE FAMILY RENTAL
UNITS INCLUDING ONE MANAGER'S UNIT, AND IS WITHIN THE SCOPE OF AND
ADEQUATELY DESCRIBED IN THE MISSION BAY REDEVELOPMENT PROJECT,
APPROVED UNDER THE MISSION BAY FINAL SUBSEQUENT ENVIRONMENTAL
IMPACT REPORT ("FSEIR"), A PROGRAM EIR; AND, ADOPTING
ENVIRONMENTAL FINDINGS PURSUANT TO THE CALIFORNIA
ENVIRONMENTAL QUALITY ACT; MISSION BAY SOUTH REDEVELOPMENT
PROJECT AREA**

WHEREAS, In furtherance of the objectives of the California Community Redevelopment Law (Health and Safety Code, section 33000 et seq. the "CRL"), the Redevelopment Agency of the City and County of San Francisco (the "Former Agency") undertook programs for the reconstruction and construction of blighted areas in the City and County of San Francisco (the "City"); and,

WHEREAS, In accordance with the CRL, the City, acting through its Board of Supervisors, approved a Redevelopment Plan (the "Plan") for the Mission Bay South Redevelopment Project Area (the "Project Area") by Ordinance No. 335-98 adopted on November 2, 1998. The Redevelopment Plan is referred to as the "South Plan." The Plan and its implementing documents, as defined in the Plan, constitute the "Plan Documents." Under the CRL, the Former Agency, with the assistance of the City, was "vested with the responsibility for carrying out the [South] Plan;" Health & Safety Code § 33372; and,

WHEREAS, The Mission Bay South Redevelopment Plan provides for the redevelopment, construction and revitalization of the area generally bounded by the China Basin Channel, Seventh and Mariposa Streets, and the San Francisco Bay and containing approximately 238 acres of land. The Mission Bay South Redevelopment Plan anticipates and describes a mixed-use development comprised of public open space, retail, commercial, entertainment uses, and parking and loading uses; and,

WHEREAS, The Mission Bay South Owner Participation Agreement (the "OPA") between the Former Agency and FOCIL-MB, LLC (the "Master Developer") provides that the Master Developer will contribute land to the Former Agency, at no cost, for the development of affordable housing and the Former Agency will oversee the development of up to one thousand two hundred eighteen (1,218) affordable housing units in the Project Area; and,

WHEREAS, Pursuant to the State law, California Health and Safety Code §§ 34170 et seq., ("Redevelopment Dissolution Law"), the Former Agency was dissolved as of

February 1, 2012 and a successor agency was formed with the authority, rights, powers, duties, and obligations previously vested with the Former Agency for the purpose of completing certain projects and winding down redevelopment activities; and,

WHEREAS, On November 1, 2005, the Former Agency approved, by Resolution No 178-2005, the Major Phase for Blocks 2-7 and 13 that initially included Mission Bay South Block 6 West as an affordable housing site; and,

WHEREAS, 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) (the “Successor Agency” or “OCII”) is completing the enforceable obligations of the Former Agency in the Project Area, under the authority of the CRL as amended by the Redevelopment Dissolution Law, and under San Francisco Ordinance No. 215-12 (Oct. 4, 2012) (establishing the Successor Agency Commission (“Commission”) and delegating to it state authority under the Redevelopment Dissolution Law); and,

WHEREAS, On January 24, 2014, the California Department of Finance (“DOF”) finally and conclusively determined that the OPA, the Mission Bay South Tax Increment Allocation Pledge Agreement, and the Mission Bay South affordable housing program are enforceable obligations that survived the dissolution of the Former Agency and require OCII to complete the development authorized under the South Plan, OPA, and related South Plan documents; and,

WHEREAS, On August 23, 2016, OCII issued a Housing Development Request for Proposals (the “RFP”), to develop and operate affordable rental housing units for low income families as well as a childcare facility space on Mission Bay South Block 6 West (“MBS 6W”) identified as Block 8711, Lot 020 of that Final Map No. 3936, recorded on February 22, 2006 and filed on pages 54-58 in Book BB of the County’s Survey Maps (the “Site”). OCII received five submittals in response to the RFP, and determined that the applicant team consisting of Mercy Housing California (“Mercy”) (“Developer”), and the architecture firm Paulett Taggart Architects was well-suited to develop the Site. On February 21, 2017 the OCII Commission approved the selection of the Developer as the MBS 6W project development team through Resolution No. 07-2017. On July 18, 2017 with Resolution No. 28-2017, the OCII Commission authorized the Executive Director to enter into a \$3,495,000 predevelopment loan agreement and promissory note (the “Predevelopment Loan Documents”) and an exclusive negotiations agreement (the “ENA”), which will lead to a long-term ground lease; and,

WHEREAS, The Plan and the Plan Documents, including the Design Review and Document Approval Procedure, designated as Attachment G to the South OPA (“DRDAP”), provide that development proposals in Mission Bay South will be reviewed and processed in major phases, as defined in and consistent with the Plan and the Plan Documents. Submission of design plans and documents for any specific building must be consistent with the requirements established for each major phase, though the DRDAP allows for a major phase to be amended by a schematic design

submittal if the overall submittal is still consistent with the Plan and Plan Documents. The DRDAP sets forth the review and approval process for major phases and projects therein; and,

WHEREAS, On November 1, 2005 by Resolution No. 178-2005, the Former Agency Commission approved the Master Developer's Major Phase Application for Blocks 2-7 and 13 ("Major Phase") in the Plan area. The Major Phase was amended twice by the Former Agency Commission, the first was dated on September 18, 2007 (Resolution No. 101-2007) and the second on June 7, 2011 (Resolution No. 77-2011) to adjust the maximum unit count for the private residential parcels, and once by the Oversight Board on June 11, 2012 (Resolution No. 7-2012) and the OCII Commission on January 1, 2014 (Resolution No. 6-2014) to adjust the maximum unit count for the private residential parcels; and,

WHEREAS, Pursuant to the Plan and Plan Documents, including the DRDAP, the Developer submitted a Combined Basic Concept and Schematic Design application for Mission Bay South Block 6 West as ("Schematic Design"). The residential building in the Schematic Design submittal consists of 152 affordable rental units, associated parking, a ground floor childcare facility, ground floor arts and activities space and open space; and,

WHEREAS, In connection with the Schematic Design submittal, Mercy has also submitted a request to the Executive Director of OCII for a determination under Section 302 of the South Plan that the ground floor childcare facility is a consistent secondary use within the Mission Bay South Residential land use district under Section 302.1 B of the South Plan; and,

WHEREAS, OCII staff has reviewed Mercy's request for a secondary use authorization of a ground floor childcare facility, has determined that the proposed facility would meet the South Plan's definition of Local-Serving Child Care Facility by primarily serving residents and workers of the immediately surrounding neighborhood on a frequent and recurring basis and has recommended that the OCII Executive Director approve the proposed childcare facility as a secondary use under the standards of Section 302 of the South Plan; and,

WHEREAS, The Schematic Design submittal also includes a request for approval of a variance ("Variance") from the Design for Development ("D for D"), as allowed by Section III, Design Standards, of the Design for Development. The Variance is from the required 20 foot stepback from the property line for buildings in Mission Bay South Height Zone -2 and Height Zone -3 along P5 (Mission Bay South Dog Park) and Kids' Park (P6) at or below 65 feet in height; and,

WHEREAS, The D for D provides for a broad, discretionary standard for the approval of a variance from the provisions governing development. "The Agency may, in its discretion, grant variances to the design standards in this Design for Development where the enforcement would otherwise constitute an unreasonable limitation beyond the intent and purpose of the Design for Development and the [South] Plan

and is consistent with the public health, safety and welfare.” D for D, Section III at page 19; and,

WHEREAS, The requested variance is necessary to achieve a superior design for a building that lies at the end of a view corridor. One of the objectives of the South Plan is to create a distinctive character for the design of buildings, open space, and view corridors, “seen together.” South Plan, Section 104 B. Objective 3, Policy 4. Furthermore, the Residential Guidelines of the D for D emphasize that “[c]orner buildings should be given special architectural treatment to make them stand out from the building pattern along the rest of the block.” D for D at page 71. MBS 6W’s Schematic Design maximized the height of the northwest corner of the site, within the allowable D for D base heights and consistent with the D for D’s “neighborhood streets” average height of 55’ along the entirety of Block 6 (including the affordable housing development on Block 6E). Priority was given to the corner as it is a terminus of a view corridor originating from Mission Creek Park in Mission Bay North. MBS 6W’s increased height in the northwest corner creates a landmark tower element at the view corridor terminus called out in the D for D, but the tower element cannot also accommodate the required stepback. In addition, the proposed roofline of the podium structure adjacent to the tower, in relation to the tower height, is more appropriate without the stepback. Moreover, the tower element reduces the area that would otherwise be available for housing in the northwest corner. Requiring the stepback would remove or drastically alter the tower element and, as described below, would result in the loss of nine affordable housing units available to low income households; and,

WHEREAS, The requested variance is also necessary to maximize the number of affordable housing units in furtherance of the Redevelopment Plan’s objectives for affordable housing and the Mayor’s Office goals to construct 30,000 units by 2020. The South Plan has an objective of “[s]trengthening the community’s supply of housing by facilitating economically feasible, affordable housing through installation of needed site improvements and expansion and improvement of the housing supply.” South Plan, Section 103. G. Providing relief from the stepback requirement allows the Project to include nine additional affordable housing units available to low income households; and,

WHEREAS, Where a requested variance seeks relief from a required stepback, the D for D also requires an evaluation of the shadow impact on public open spaces under the standards for “Sunlight Access to Open Space” at pages 36-39 of the D for D (“Shadow Study”). These standards evaluate the amount of public open space in continuous shadow during March through September between 10 am and 4 pm, analyze aggregate shadow impacts from adjacent buildings over 40 feet in height, compare the impacts against an allowance of 17 percent shadow coverage, and consider other factors such as the “importance of sunlight to the use patterns of open spaces;” and,

WHEREAS, The Shadow Study conducted by Mercy show that the Project casts no shadow on Kids’ Park between mid-April to September, between 10 am and 4pm and has a minor shadow impact starting on March 1 when the Project, in combination with

Block 5, casts, for a time period shorter than 3 hours, an aggregate shadow on 22% of the Kids' Park. This shadow decreases each day after March 1st, until it falls under the allowable 17% threshold before May 1st, when according to the study, there is no shadow shown. Furthermore, the shadowing that MBS 6W imposes on the Kids' Park (P6) on March 1st at 10am falls on an un-programmed edge of the park, on the corner of Long Bridge and China Basin Streets, separate from the play area of the park. Accordingly, the shadow coverage on the Kids' Park (P6) resulting from MBS 6W on March 1st at 10am should have a minimal effect on the usage of the programmed area of the park; and,

WHEREAS, OCII staff recommends granting the Variance because the above-described facts establish (1) that requiring a stepback would constitute an unreasonable limitation beyond the intent and purpose of the design standards, which emphasize distinctive architectural treatment of corner buildings and maximize affordable housing, and (2) that development within the stepback area is consistent with the public health, safety and welfare in that it allows nine additional affordable units and has no adverse effect on the use and of Kids' Park (P6); and,

WHEREAS, In accordance with the DRDAP, OCII staff has determined that the MBS 6W Schematic Design submission, subject to the satisfaction of the conditions of approval attached to this Resolution as Exhibit A (and incorporated herein by reference) (the "Conditions of Approval"), is consistent with the Mission Bay South OPA, Mission Bay South Redevelopment Plan and the Mission Bay South Design for Development Documents ("D for D"); and,

WHEREAS, In addition to its review, OCII staff informed the Mayor's Mission Bay Citizens Advisory Committee ("CAC") of the details of the MBS 6W Schematic Design during its March 2018 meeting and at that meeting, the CAC recommended Commission approval of the MBS 6W Schematic Design; and,

WHEREAS, OCII's remaining discretionary approvals for MBS 6W consist of approval of a commitment of permanent financing and a long-term ground lease; and,

WHEREAS, On September 17, 1998, the Agency Commission adopted Resolution No. 182-98 which certified the Final Subsequent Environmental Impact Report ("FSEIR") for Mission Bay North and South pursuant to the California Environmental Quality Act ("CEQA") and State CEQA Guidelines Sections 15168 (Program EIR) and 15180 (Redevelopment Plan EIR). On the same date, the Agency Commission also adopted Resolution No. 183-98, which adopted environmental findings (and a statement of overriding considerations), in connection with the approval of the Plan and other Mission Bay project approvals (the "Mission Bay Project"). The San Francisco Planning Commission ("Planning Commission") certified the FSEIR by Resolution No. 14696 on the same date. On October 19, 1998, the Board of Supervisors adopted Motion No. 98-132 affirming certification of the FSEIR by the Planning Commission and the Agency, and Resolution No. 854-98 adopting environmental findings and a statement of overriding considerations for the Mission Bay Project; and,

- WHEREAS Subsequent to certification of the FSEIR, the Agency issued several addenda to the FSEIR (the “Addenda”). The Addenda do not identify any substantial new information or new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the FSEIR; and,
- WHEREAS, The FSEIR is a program EIR under CEQA Guidelines Section 15168 and a redevelopment plan EIR under CEQA Guidelines Section 15180. Approval of the Schematic Design, including the request for the Variance from the design standards in the Design for Development is an undertaking pursuant to and in furtherance of the Plan in conformance with CEQA Section 15180 (“Implementing Action”); and,
- WHEREAS, OCII has reviewed the Schematic Design, including the request for the Variance from the design standards in the Design for Development, for purposes of compliance with CEQA and the State CEQA Guidelines; and,
- WHEREAS, OCII is making the necessary findings for the Implementing Action contemplated herein, considered and reviewed the FSEIR, and has made documents related to the Implementing Actions and the FSEIR files available for review by the Commission and the public, and these files are part of the record before the Commission; and,
- WHEREAS, The FSEIR findings and statement of overriding considerations adopted in accordance with CEQA by the Redevelopment Agency Commission by Resolution No. 183-98 dated September 17, 1998, reflected the independent judgment and analysis of the Redevelopment Agency, were and remain adequate, accurate and objective and were prepared and adopted following the procedures required by CEQA, and the findings in said resolutions are incorporated herein by reference as applicable to the Implementing Action; and,
- WHEREAS, OCII has reviewed the Schematic Design, including the Variance, submitted by Mercy Housing California and finds it acceptable and recommends approval thereof, subject to the resolution of certain conditions; and, now therefore, be it
- RESOLVED, That the Commission finds and determines that the Schematic Design approval, including the request for the Variance from the 20-foot upper floor setback requirement of the Design for Development is an Implementing Action within the scope of the Mission Bay Project analyzed in the FSEIR and requires no further environmental review beyond the FSEIR pursuant to the State CEQA Guidelines Section 15180, 15162 and 15163 for the following reasons:
- (1) the Implementing Action is consistent with the project analyzed in the FSEIR and does not require major revisions to the FSEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant impacts; and,
 - (2) no substantial changes have occurred with respect to the circumstances under which the “Mission Bay Project” analyzed in the FSEIR will be undertaken that would require major revisions to the FSEIR due to the involvement of new

significant environmental effects, or a substantial increase in the severity of effects identified in the FSEIR; and,

- (3) no new information of substantial importance relating to the development of affordable housing on Mission Bay South Block 6W has become available, which would indicate that (i) MBS 6W will have significant effects not discussed in the FSEIR; (ii) significant environmental effects will be substantially more severe; (iii) mitigation measures or alternatives found not feasible, which would reduce one or more significant effects, have become feasible; or (iv) mitigation measures or alternatives, which are considerably different from those in the FSEIR, will substantially reduce one or more significant effects on the environment that would change the conclusions set forth in the FSEIR; and, be it further

RESOLVED, The Commission has reviewed and considered the FSEIR and Addenda, and hereby adopts the CEQA findings set forth in Resolutions No. 182-98 and No. 183-98 and hereby incorporates such findings by reference as though fully set forth in this Resolution; and be it further

RESOLVED, That the Commission approves the Combined Basic Concept and Schematic Design for MBS 6W subject to the Conditions of Approval being resolved to the satisfaction of the Executive Director and any changes included in subsequent design stages, beginning with the Design Development phase; and be it further

RESOLVED, That the Commission authorizes the Executive Director to approve subsequent design documents related to this Mission Bay South Block 6W Schematic Design submission, beginning with the Design Development phase, that the Executive Director reasonably determines are in OCII's best interest or are necessary or convenient to implement the development of the Site and the Major Phase, as applicable, and to further the goals of the Plan and the OPA; and, be it further

RESOLVED, That the Commission authorizes the Executive Director to take such other actions as may be necessary or appropriate, in consultation with OCII counsel, to effectuate the purpose of the intent of this resolution.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of March 20, 2018.

Commission Secretary

Exhibit A: Conditions of Approval for Mission Bay South Block 6W

EXHIBIT A

CONDITIONS OF APPROVAL FOR MISSION BAY SOUTH BLOCK 6W

The 8-2018 Resolution to which these Conditions of Approval are attached conditionally approves Schematic Design submission for the MBS 6W housing project within the Mission Bay South Redevelopment Plan Area. The Schematic Design is approved subject to satisfaction of the following Conditions:

During Design Development (“DD”), the Developer shall:

- 1. Materials and Colors.** Continue to develop and refine the building materials palette, including the main building entrance at China Basin Street, wall systems, glazing, screening and other materials, in coordination with OCII staff. Materials palette must demonstrate durability, quality, color, variety, and visual interest, especially at the ground floor. Explore opportunities to incorporate locally sourced materials to establish a palette that works with climate, light, neighborhood context, history, and culture. Sustainable and recycled materials are highly encouraged.
- 2. Architectural Mock-Up Scope.** Prior to Construction Document submittal and in advance of building materials purchasing, provide scope and plans for design mock-up, including primary building materials, color palette, wall systems, glazing and detail installation. OCII staff shall approve a) mock-up plans prior to mock-up construction, and of b) mock-up materials, as per Construction Documents, and their application, after OCII’s staff mock-up observations and prior to materials purchases and shipping.
- 3. Design Elements.**

OCII to review and approve design development studies concerning the below design elements:

- a. **Stair Tower:** Maintain approximately 33% glazed surface area on the China Basin facade and approximately 12% glazed surface area on the Merrimac Street facade, as shown in Schematic Design submittal. Also study interior architectural treatments to create the perception of warmth and illumination in the stairtower when viewed from the exterior.
- b. **Ground-Floor Glazing:** Clear, untinted low-reflectivity glass should be used at and near the street level to allow maximum visual interaction between sidewalk areas and the interior of buildings. An exception is the yellow-translucent and yellow-opaque glass that is intended to provide color accents and warmth to all elevations of the ground-floor façade.
- c. **Exterior Corridors/Open-Air Pedestrian Circulation:** Continue to develop the materiality and design of the exterior residential corridors. Refine the expression of the pedestrian bridges on the Merrimac and Mission Bay Boulevard South facades by relating their design to the urbanity of Mission Bay; consider design elements that mitigate the horizontal emphasis, that characterize the building masses adjacent to the bridges and provide visual interest.

- d. **Bicycle Parking/Workshop:** Refine the layout of the bicycle workshop and parking room along Merrimac Street and maintain active workshop uses located at the building perimeter. Coordinate the bicycle workshop facade and streetscape design to maximize the visibility of ground-floor active use at this location. Consider reconfiguring bicycle parking into one or two spaces, rather than spread out over three locations, for resident accessibility and ease of management.
 - e. **Blank Wall:** Mitigate the appearance of blank wall at the upper-level southern façade of the China Basin Wing (exterior elevation of the exit stairwell), as visible from Mission Bay Boulevard and the Mews. Consider architectural treatment such as texture, façade articulation or artistic expression.
 - f. **Utility Room and Garage Entry Doors.** Refine screening, materiality and architectural treatment of the Merrimac Street utility room doors. Doors should screen mechanical uses while providing visual interest to the public realm through utilizing design features such as high-quality materials, texture, artistic expression and transparency.
 - g. **Corten Steel Planters:** Ensure that the Corten steel planter material does not leach or stain over time.
4. **Landscape Plan.** Provide a detailed landscape plan, including plans for all setback zones and common open spaces. The setback zone shall be used either to create high quality, usable open space for street-facing units, or in the case of building entrances, to create a transition zone between private use and the public realm. Permitted uses within the setback zone include street-facing stairs, stoops, porches, patios, landscaping, driveways and entry plazas. The setback zone shall be landscaped with high quality materials from the building edge to the public sidewalk. Ensure that Bamboo species will not cause future structural damage.
 5. **Lighting Plan.** Provide a detailed lighting plan. Lighting should be subtle and reinforce the overall façade design.
 6. **Graffiti treatment:** Confirm how each material type will be protected from or replaced in the case of graffiti—especially those materials located on ground-floor facades
 7. **Roofscape:**
 - a. Roof design should utilize non-reflective, low intensity colors.
 - b. Further develop any rooftop mechanical equipment screening. Rooftop mechanical equipment, with the exception of solar PV infrastructure, shall be screened from view of neighboring units. Mechanical screens shall form part of the building top composition and consist of materials consistent with the overall building color and material palette.
 - c. As the lowest rooftop in the project, the Mews Wing roof will be visible from the surrounding units. Further develop the roofscape design to be as visually interesting and/or unobtrusive as possible from neighboring units.
 8. **Noise.** Prior to the start of construction, the Developer and its general contractor shall meet with OCII staff 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. During construction, the Developer shall designate a single point of contact to address all construction-related concerns from OCII, the City, residents of Mission Bay and other stakeholders.

- 9. Trash and Recycling.** The design of the trash and recycling areas shall be subject to further review and approval by staff to ensure that they allow for internal pick-up by the solid waste collector to avoid on-street location of trash and recycling receptacles.
- 10. Signage.** All building signage shall be subject to further OCII staff review and approval. Developer shall submit a signage plan prior to or concurrent with the Design Development submittal, pursuant to the Mission Bay South Signage Master Plan.
- 11. Environmental.** Developer shall comply with all applicable mitigation measures in the adopted Mitigation Monitoring and Reporting Program (“MMRP”) as provided by the schedule in the MMRP.

In advance of Building Permit and before procurement and Tenant Improvements (“TI”), the Sponsor shall:

- 1. Architectural Mock-Up.** Construct physical material mock-up to allow for OCII and contractor review of material durability, texture, color and detail installation.