



118-2282022-002

Agenda Item **Nos. 5(c-h)**
Meeting of November 1, 2022

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Thor Kaslofsky, Executive Director

SUBJECT: Adopting environmental review findings pursuant to the California Environmental Quality Act related to the approval of amendments to the Redevelopment Plan for the Transbay Redevelopment Project Area and the Development Controls and Design Guidelines for the Transbay Redevelopment Project, the Schematic Designs for the development of two mixed-use residential projects on Block 2 of Zone One of the Transbay Redevelopment Project Area, and related actions, such activities being within the scope of the previously-approved Transbay Terminal/Caltrain Downtown Extension/ Redevelopment Project Final Environmental Impact Statement/Environmental Impact Report, a program environmental impact report, and adequately described therein for purposes of the California Environmental Quality Act; Transbay Redevelopment Project Area

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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

Approving an 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; referring the Plan Amendment to the Planning Commission for its report and recommendation to the Board of Supervisors; recommending the Plan Amendment to the Board of Supervisors for adoption

Approving an amendment to the Development Controls and Design Guidelines for the Transbay Redevelopment Project in conjunction with the approval of two mixed-use residential projects at Transbay Block 2

Conditionally approving the Schematic Design of a mixed-use affordable housing project of approximately 184 rental units, approximately 1,959 square feet of retail space, and an approximately 6,447 square foot childcare facility at the eastern half of Block 2 of Zone One of the Transbay Redevelopment Project Area

Conditionally approving the Schematic Design of a mixed-use affordable housing project of approximately 151 rental units for seniors and approximately 2,945 square feet of commercial space at the western half of Block 2 of Zone One of the Transbay Redevelopment Project Area

EXECUTIVE SUMMARY

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") is completing the enforceable obligations of the former Redevelopment Agency of the City and County of San Francisco ("Former Agency") in the Transbay Redevelopment Project Area ("Project Area"). These include implementing the Redevelopment Plan for the Transbay Redevelopment Project Area ("Redevelopment Plan"), acquiring and facilitating the development of the former Transbay Temporary Terminal site, and ensuring that at least 35% of all new housing in the Project Area is permanently affordable. To meet the Project Area affordability requirement, 100% of residential units on Transbay Block 2 ("Block 2"), except for on-site manager's units in each of the buildings, will be affordable. In addition to complying with the Project Area affordability requirement, the planned units on Block 2 will contribute significantly toward Mayor Breed's goal of increasing affordable housing in the City.

Block 2 is the southern portion of the former Transbay Temporary Terminal site (Assessor's Block 3739, Lot 010), generally located at 200 Folsom Street, bounded by Folsom, Main, and Beale Streets, and the planned extension of Clementina Street (the "Site").

Mercy Housing California ("Mercy") and Chinatown Community Development Center ("CCDC") were selected through a competitive Request for Proposals ("RFP") process to co-develop the Site (Mercy and CCDC together are the "Co-Developers"). Mercy is overseeing Site-wide planning and coordination and is the lead developer and long-term owner/operator of a proposed mixed-use residential building serving families and formerly homeless families on the eastern half of the Site (the "2 East Project"). CCDC is the lead developer and long-term owner/operator of a proposed mixed-use building serving 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".

In April 2021, the Commission approved, by Resolution No. 09-2021, a single Exclusive Negotiations Agreement (“ENA”) with the Co-Developers as parties. Also approved were two Predevelopment Loan Agreements, one each for the 2 East Project and the 2 West Project with subsidiaries of Mercy and CCDC, respectively. The loans enabled the Co-Developers to commence predevelopment activities, including preparation of the Project’s Schematic Design documents.

The Co-Developers have now submitted, a Schematic Design for the 2 East Project and a Schematic Design for the 2 West Project, see the Block 2 Project summary below (together “Schematic Designs”):

Block 2 Project

- 335 residential units.
- 11,351 square feet of commercial space.
- Publicly accessible mid-block pedestrian mews.
- Related streetscape improvements.

2 East Project (serving families)

- 184 rental housing units (183 affordable units and one unrestricted manager’s unit).
- Resident-serving amenities.
- 1,959 square feet of retail space.
- 6,447 square foot childcare facility.

2 West Project (serving seniors)

- 151 rental housing units (150 affordable units and one unrestricted manager’s unit).
- Resident-serving amenities.
- 2,945 square feet of retail space.

OCII staff has determined that the proposed 2 East Project as designed requires an amendment to the Redevelopment Plan to increase the amount of program and residential space through larger maximum floor plate areas for portions of the building. Both the 2 East and 2 West Projects require an amendment to the Development Controls and Design Guidelines for the Transbay Redevelopment Project (“Development Controls”). The RFP discussed the possibility of limited deviations from the Development Controls that would facilitate increased affordable housing development opportunities while adhering to the overall vision for the Block and complementing the neighborhood urban form. The Project as proposed conforms to the overall intent for Block 2 as established in the Redevelopment Plan and Development Controls. As the requested modifications also facilitate the inclusion of a greater number of affordable housing units and improve the Project’s financial feasibility, staff recommends the amendments and conditional approval of the Schematic Designs.

In conjunction with its review of the Project and its proposed designs, OCII, in consultation with the Planning Department, prepared a tenth addendum to the Final Environmental Impact Statement/Environmental Impact Report (“FEIS/EIR”) for the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project (“Addendum”). The Addendum describes and assesses the proposed Project and associated Redevelopment Plan and Development Controls amendments in relation to the Project Area project as analyzed in the FEIS/EIR. Overall, the Addendum determined that the Project would not cause 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.

Staff recommends that the Commission 1) adopt environmental review findings pursuant to the California Environmental Quality Act ("CEQA"); 2) approve the Report to the Board on the Plan Amendment and authorize its transmittal to the City and County of San Francisco Board of Supervisors ("Board of Supervisors"); 3) approve the Redevelopment Plan amendment; 4) approve the Development Controls amendment; 5) conditionally approve the Schematic Design for the 2 East Project; and 6) conditionally approve the Schematic Design for the 2 West Project.

BACKGROUND

Transbay Redevelopment Project Area

The Board of Supervisors established the Project Area and approved the Redevelopment Plan by Ordinances No. 124-05 (June 21, 2005) and No. 99-06 (May 9, 2006), as amended by Ordinances No. 84-15, (June 18, 2015) and No. 62-16 (April 28, 2016). The Redevelopment Plan establishes the land use controls for the Project Area, and divides the Project Area into two sub-areas:

- Zone One in which the Redevelopment Plan and Development Controls define the development standards, and
- Zone Two in which the San Francisco Planning Code applies.

A major focus of the Project Area is to redevelop 10 acres of former highway access ramp properties previously owned by the State of California (the "State-Owned Parcels") to generate funding for the Transbay Joint Powers Authority ("TJPA") to construct what is now the Salesforce Transit Center (the "Transit Center"). OCII's role is to complete the enforceable obligations that the State Department of Finance has finally and conclusively approved under Redevelopment Dissolution Law. These enforceable obligations include the Implementation Agreement between TJPA and the Former Agency, which requires OCII to facilitate the sale and development of certain State-Owned Parcels to third parties, to implement the Redevelopment Plan, and to comply with California Assembly Bill 812, codified in Section 5027.1 of the California Public Resources Code ("AB 812"). AB 812 requires that 35% of all new or rehabilitated residential units in the Project Area be affordable to low- and moderate-income households (the "Transbay Affordable Housing Obligation").

Within the Project Area, a total of 2,666 residential units have been completed, 28% of which are affordable. Based on overall Project Area construction to date and the inclusion of the Block 2 Project (as now proposed), the Project Area affordability is projected to be approximately 36%. However, this percentage may fluctuate over time as additional housing projects are proposed within Zone Two.

Block 2 is a formerly State-Owned Parcel located within Zone One of the Project Area. OCII acquired, by Resolution No. 23-2020 (August 18, 2020), the former Temporary Terminal site from the TJPA in January 2021.

Under the Redevelopment Plan and the Development Controls, Block 2 is planned for residential development with a 165-foot-high mid-rise building, two 85-foot-high podium buildings, and low-rise townhouses up to 50-feet in height situated around an open space parcel. As envisioned in the Development Controls, the Site is divided by a 25-foot-wide north-south pedestrian mews that creates a connection between Folsom Street and the planned Transbay Block 3 park on Clementina Street.

Block 2 Background

In June 2020 OCII issued an RFP seeking a team to develop, own, and operate mixed-use affordable rental family and senior housing units, including units set-aside for formerly homeless households, on Block 2. Based on the results of an interdisciplinary evaluation panel, OCII staff recommended the team led by Mercy and CCDC. According to the proposal, Mercy would be owner and property manager of the 2 East Project, a mixed-use family building with family supportive services provided by Episcopal Community Services, and CCDC would be owner, property manager and services provider of the 2 West Project, a mixed-use senior building. Development roles and responsibilities for the Co-Developers of Block 2 are described further in a Joint Development Agreement between Mercy and CCDC provided to the Commission when the ENA was approved on April 6, 2021.

On April 6, 2021, the Commission authorized the Executive Director to enter into an ENA with the Co-Developers as well as two Predevelopment Loan Agreements to fund predevelopment activities, one each for the 2 East and West Projects with affiliates of Mercy and CCDC, respectively.

As was described in the RFP for Block 2, OCII sought to maintain the design intent as set forth in the Redevelopment Plan and Development Controls while maximizing the potential for housing opportunities on the Site and ensuring high quality residences with appropriate amenities and open spaces. Thus, the ENA obligated the Co-Developers to work with OCII staff and explore approaches to increasing the building massing and/or height on a portion of the Site. As such, the Co-Developers and their design consultants, in collaboration with OCII staff, evaluated massing models and development scenarios with the aim of maximizing the number of affordable housing units on Block 2 and optimizing the financial viability of both the 2 East and 2 West Projects. All the while, the Co-Developers and OCII staff sought to avoid and/or minimize any potential negative impacts of an increased building massing.

The ENA included a Design Review and Document Approval Procedure (“DRDAP”) that sets forth the process for design submittals of the plans and specifications for the development of Block 2. According to the DRDAP, design approvals are conducted in three components:

1. *Schematic Design Documents*: Includes a schematic level of detail for the architectural design, site plan, and landscape design.
2. Design Development Documents.
3. Final Construction Documents.

Consistent with the DRDAP and based on the massing scenarios evaluated in consultation with OCII staff, the Co-Developers have submitted for review and approval Schematic Design Documents for the 2 East and 2 West Projects with 184 and 151 residential units, respectively.

DISCUSSION**Project Description**

As proposed, the overall Project is comprised of 335 total residential rental units. Except for two unrestricted manager’s units, all residential units will be restricted for affordability to households with incomes ranging from 15% to 70% of the Area Median Income (“AMI”) as published annually by the Mayor’s Office of Housing and Community Development (“MOHCD”). The Project will include units set-aside for formerly homeless households, which will be supported through an operating subsidy through

the City's Local Operating Subsidy Program ("LOSP"). In addition, a portion of units in the 2 West Project will be subsidized through the City's Senior Operating Subsidy ("SOS") program, allowing the Project to house seniors with extremely low incomes. Along with residential units, the Project includes resident amenity spaces, ground floor retail spaces, a childcare facility with dedicated indoor and outdoor space, public and private open spaces, streetscape improvements, and bicycle parking. A description of the Project is summarized in the table below.

	2 West Project	2 East Project
Residential units	151 units, including 1 manager's unit	184 units, including 1 manager's unit
Population/ AMI restrictions	Seniors, including 20 units set-aside for formerly homeless seniors	Families, including 40 units set-aside for formerly homeless families
Income levels <i>(AMI mix is tentative and will be confirmed at Commission consideration of ground leases/gap loans)</i>	• 15% AMI – 60 units (LOSP, SOS) • 25% AMI – 30 units (SOS) • 30% AMI – 22 units • 50% AMI – 18 units • 60% AMI – 20 units	• 30% AMI – 32 units (LOSP) • 40% AMI – 8 units (LOSP) • 50% AMI – 46 units • 60% AMI – 72 units • 70% AMI – 25 units
Unit types/sizes	• Studio: 39 (26%), avg. 410 sf • One-bed: 111 (74%), avg. 541 sf • Two-beds: 1 mgr's unit, 982 sf	• Studio: 17 (9%), avg. 433 sf • One-bed: 76 (41%), avg. 547 sf • Two-beds: 54 (30%), including one mgr's unit, avg. 809 sf • Three-beds: 37 (20%), avg. 1,115 sf
Commercial space	• 2,945 sf retail in 3 spaces with room for adjacent outdoor seating	• 1,959 sf retail in 2 spaces with room for adjacent outdoor seating • 6,447 sf childcare facility with adjacent dedicated outdoor space serving approximately 45 children
	• Leasable vendor cart pad in the mid-block pedestrian mews with utility lines and nearby public seating	
Resident amenity/open spaces	• Ground floor lounge and adjacent courtyard terrace • Ground floor multi-purpose room • Roof deck open space • Community room with kitchen • Two laundry rooms	• Two roof deck open spaces • Community room with kitchen • Flexible use program room (adjacent to upper roof deck open space) • Ground floor multi-purpose room • Three laundry rooms • Pet washroom

Public open space	• 25' central pedestrian mews with landscaping and public seating • Approximately 1,690 sf courtyard with seating and activities, open to the public for daytime use (closed for security purposes during certain evening/night hours)	
Streetscape improvements	Sidewalks and bulb-outs, street trees and other plantings, public seating, streetlights, and bicycle racks	
Parking/loading	No vehicular parking, on-street loading only	
Bicycle parking (Class I secured spaces)	12 bicycle spaces	92 bicycle spaces

Resident Mobility/Parking

While the Project will not offer resident vehicular parking, Block 2 benefits from exceptional walkability and access to city and regional transportation, including:

- Muni Rail – Embarcadero/Folsom Street stop with access to the N and T lines is less than a quarter mile (a five-minute walk).
- Muni Bus – Multiple local bus lines offer stops within a short radius of the Project, including the 5, 38, 12, 7, and 25.
- BART – Embarcadero Station is less than a half mile (an approximately 10-minute walk).
- Regional – Transbay Transit Center (located approximately one block away) offers service from AC Transit, SamTrans, Westcat and others.
- Car/Bike Share – Neighborhood offers several dedicated car share spaces, as well as bicycle and scooter rental hubs within a short radius of the Project.

The Co-Developers will pursue programs to secure free and/or reduced-cost transit passes for residents to take full advantage of the Site's proximity to numerous transit options. The Co-Developers acknowledge that some residents may require personal vehicles and as such have committed to exploring partnerships with existing area garages to facilitate monthly parking space rental opportunities for residents.

Along with access to transportation, the Site is near a wide variety of services and amenities. These include coffee shops, restaurants, pharmacies, gyms, retail stores, daycares and preschools (in addition to the childcare facility that will be constructed within the 2 East Project), and several parks and open spaces including the planned Block 3 park located directly adjacent to the Site. Several grocery stores are approximately one mile from the Site (two Safeway stores, Target, and Trader Joe's) and a smaller market is located across Folsom Street from the Site.

Loading

The Project's loading demand can be met at designated on-street loading spaces surrounding the Site without the need for an off-street loading space, curb cut or driveway, as shown by a Project Loading Scenario incorporated into the Schematic Design Documents. OCII staff has reviewed this loading scenario along with City staff at the San Francisco Public Works and San Francisco Municipal Transportation Agency, and representatives of the City's waste management contractor, Recology. Staff have determined that the Project Loading Scenario will fulfill the Project's future demand for commercial and residential loading, ongoing commercial and residential pick-up and delivery of goods and waste products, and passenger pick-up and drop-offs, without the need for an off-street loading

space on the Site. The Development Controls require one off-street loading space for a development the size of the Project, however, they also allow OCII to establish a lower loading ratio based on a development-specific loading requirement, as proposed for the Project.

Land Use and Development Document Amendments

The Project as proposed requires amendments to the Redevelopment Plan and Development Controls. Overall, these changes:

- 1) Facilitate an increased number of high quality affordable units;
- 2) Improve the financial feasibility of the Project; and
- 3) Meet the intent of the Development Controls.

Redevelopment Plan Amendment

As proposed, the 2 East Project design necessitates an amendment to the Redevelopment Plan to increase the maximum bulk restriction for the mid-rise building as described in the table below.

Control Type	Plan Standard	Proposed Amended Standard	Change
Bulk	Max. floor plate 7,500 sf (applies to all floors above 85’ in bldgs. with overall heights from 85’ to 250’)	Max. floor plate of 11,100 sf for portion of the building between 85’ and 144’ in height, and max. floor plate of 9,200 sf for the portion of the building between 144’ and 165’ in height on Block 2	+ 3,600 sf between 85’ and 144’ + 1,700 sf between 144’ and 165’

The proposed change is specific to Block 2 and serves to increase the developable area, thereby increasing the number of affordable units and spreading costs over a greater amount of square footage and number of units. This reduces the cost per unit, an important factor in scoring for upcoming competitive financing applications. In addition, this allows for a more efficient floorplate so that the 2 East Project can serve a greater number of low-income families. The change is appropriate to the mixed-use neighborhood context and the dense urban form of the surrounding district.

The increase in the Redevelopment Plan maximum floor plate area would affect eight floors of the mid-rise portion (floors 10 through 17) of the 2 East Project.

Development Controls Amendment

In addition to an amendment to the Redevelopment Plan, the Co-Developers are seeking an amendment to the Development Controls to facilitate a similar bulk change as well as other modifications to the development standards as outlined in the table in Attachment 2.

The proposed amendment introduces a revised development alternative into the Development Controls that, modifies the size of the designated mid-rise parcel, changes the podium parcel on 2 East to a mid-rise parcel with heights of 144/165 feet, eliminates certain setback requirements, and allows a ground-level building encroachment over a portion of the open space parcel to facilitate development of the childcare facility, as well as other modifications. The form of the proposed amendment to the Development Controls is attached as Exhibit A to the draft resolution conditionally approving the amendment to the Development Controls.

Schematic Designs

The Schematic Design Documents for the 2 East and 2 West Projects are enclosed as exhibits to the respective Schematic Design conditional approval resolutions. The overall Project aligns with the goals and objectives of the Redevelopment Plan through its programming, urban design, and architectural quality.

The 2 East and 2 West Projects' building forms, materials and landscape design complement each other while each building is architecturally distinct. Both buildings feature a unifying low-rise townhouse element fronting the southern edge of the park, with bay windows that articulate the building massing and provide views for residents across the park. The building height steps up from the row of low-rise townhomes framing the planned Block 3 park to the north, transitioning to taller podium and mid-rise buildings fronting Folsom Street that complement the residential neighborhood towers surrounding the site.

The 2 East Project and 2 West Project buildings share a common masonry material sensibility that balances the glassy towers across Folsom Street. The townhouse units along Clementina Street feature private residential stoops which provide a transition to the park, and this frontage is anchored by a retail space at the corner of Beale Street.

A new childcare facility will be accessed from Clementina Street where Clementina meets the new mid-block pedestrian crossing at the center of the block. This new pedestrian mews is a publicly-accessible mid-block pedestrian walkway connecting Folsom Street to the Block 3 park and is flanked by a series of active uses including retail, flexible and fixed seating areas, resident- and community-serving amenity spaces and the residential courtyards.

The Folsom Street frontage is lined with flexible, double-height retail spaces, and features the southern pedestrian entrance to the mews as well as each of the building lobbies. The Folsom Street retail spaces wrap the building corners onto the mews, as well as the corners of Beale and Main Streets, where new streetscape elements include plantings and public seating areas.

2 East Project

The lead design architect for the 2 East Project is San Francisco-based Kennerly Architecture and Planning. The associate architect is YA Studio, and the landscape architect is Plural Studio. The 2 East Project building will range from five stories at the townhouse wing along Clementina Street to 17 stories in the mid-rise along Folsom Street. The building massing is an elegantly faceted volume that complements the highly articulated building on 2 West. The angled facades rendered in pre-cast panels of varied textures and deep earth tones will fold around corners and gesture into the mid-block mews.

The new childcare center anchors the corner of the mews and Clementina Street and occupies the 2 East Project courtyard open space. The childcare space includes a single-level pavilion that encroaches into the open space to provide sufficient enclosed area for the childcare provider while maximizing natural light to interior childcare rooms. The roof of the childcare pavilion is open space, creating stepped open play areas on two levels and visual interest from the mews.

The ground floor double-height lobby space is one of the many common gathering spaces within the building. Management, case management, and resident service offices are located off the lobby so staff can interact easily with residents. The main community room is in a central location on the sixth floor, opening out onto a shared roof deck above the townhomes. The seventh-floor amenity lounge and laundry room can be accessed via a convenience stair from the community room. On level 16 there is a multi-purpose room, laundry room, and an additional and secured roof terrace that offers sweeping city views. These amenity spaces provide indoor and outdoor private, secured spaces for residents to gather and for children and teenagers to play.

The residential units accommodate various family types with a mix of studios, one-bedroom, two-bedroom, and three-bedroom units. All residential units are designed to maximize ceiling heights by exposing the concrete slab, while minimizing dropped soffits where possible. Units also provide usable closets, large window opens that extend close to the ceiling, and flexible, open spaces that allow efficient furnishing opportunities. Lastly, there are some one-bedroom units that feature shared-light bedrooms so larger living spaces can be provided.

2 West Project

The lead design architect for the 2 West Project is MITHUN. The associate architect is Kerman Morris Architects, and the landscape architect is Plural Studio. The 2 West Project building will range from five stories at the townhouse wing along Clementina Street to nine stories in the podium along Folsom and Beale Streets.

The building exterior is conceived as a highly articulated form that expresses the rhythms and scale of the individual units while providing a generous pedestrian-level experience for the community. A richly textured precast concrete façade composes the primary volume above an expressed base with retail storefronts and the lobby entry along Beale and Folsom Streets. The townhouse volumes on Clementina Street are scaled to reflect typical San Francisco neighborhood streets and the light, warm-toned masonry façade will complement and contrast with the darker tones of the building on 2 East and the materials and colors of the adjacent glassy developments.

The building is designed to foster resident community, reduce isolation, and support the greater Transbay neighborhood. Forming the western half of the block, the building enfolds a central courtyard and engages with the mid-block mews. The building's ground floor promotes retail activity with flexible double-height commercial spaces that feature maximized glazing, canopies and integrated signage to enhance the pedestrian experience.

The residential lobby and lounge welcome residents from Folsom Street and provide views and a direct connection to the mid-block courtyard. Adjacent to the lounge is the main laundry room and a multipurpose room. This core of services and amenities provides a welcoming hub for the residents, focusing activity at the ground level to encourage engagement within the senior community adjacent to the outdoor courtyard and connecting to the neighborhood beyond.

At the sixth floor, a sunny, shared, and secure roof deck overlooks the park and provides views out to the city. The community room overlooks Beale Street and opens directly to the roof deck to encourage residents to meet and socialize outdoors. The ground level courtyard and upper-level roof deck provide a variety of zones for both quiet time as well as larger community gatherings.

Within the residential units, living areas are welcoming, with ample windows placed to maximize daylight while reducing solar heat gain and glare. Ceiling heights are maximized with skimmed concrete ceilings in the bedrooms and living areas.

Community Outreach

The Transbay Citizens Advisory Committee (“CAC”) has received regular status reports on predevelopment activities on Block 2 since the RFP issuance in 2020. In August 2022, OCII staff along with the Co-Developers presented an informational overview of the Project, focused on the housing and retail programs as well as resident transportation strategies. On September 8, 2022, the Transbay CAC voted unanimously to recommend that the Commission approve 1) the amendment to the Redevelopment Plan, 2) the amendment to the Development Controls, 3) the Schematic Design for the 2 East Project, and 4) the Schematic Design for the 2 West Project.

In addition to the Transbay CAC and public hearings, the Co-Developers have presented the Project at meetings of the East Cut Community Benefits District and IDEATE (a local resident group), and have been in communication with residents of Natalie Gubb Commons and with the South Beach/Rincon Hill Neighborhood Association. The Co-Developers will continue community outreach as the Project progresses.

Equal Opportunity Program and Compliance with OCII Policies

The Co-Developers are required to comply with OCII’s Nondiscrimination in Contracts, Minimum Compensation and Health Care Accountability policies, and will work closely with contract compliance staff to meet OCII’s Small Business Enterprise (“SBE”) Program goals on the Project. The Co-Developers have selected professional services providers and the general contractor with the dual goals of widely spreading opportunities by establishing smaller scopes and making them available to a larger number of providers and ensuring cohesive Project-wide design and construction efficiency. For example, while the 2 East Project and 2 West Project each have separate lead and associate architects, the landscape architect is working on the entire Project to design a thoughtful streetscape with consistent elements throughout the Site.

Professional Services

2 East Project

- The 2 East Project is currently exceeding OCII’s 50% SBE participation goal for professional services contracts. To date, the 2 East Project has achieved 92.3% SBE participation, 86.4% for San Francisco-based SBEs, 37.3% for Minority Business Enterprises (“MBEs”), 2.4% for Minority Woman-owned Business Enterprises (“M/WBEs”), and 42.7% for Woman-owned Business Enterprises (“WBEs”).

2 West Project

- The 2 West Project is also exceeding OCII’s 50% SBE participation goal for professional services contracts. To date, the 2 West Project has achieved 88.9% SBE participation, 84.8% for San Francisco-based SBEs, 10.3% for MBEs, 2.8% for M/WBEs, and 68.4% for WBEs.

Construction Contracting (2 East and West Projects)

- The Co-Developers selected Swinerton Builders and Rubecon Builders (a San Francisco-based SBE/MBE) joint venture as the general contractor for the Project. During the construction phase of the Project, the Co-Developers are 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.

Please see Attachment 3 for a SBE Consultant Summary and Attachment 4 for the biographies of select participating SBE firms.

California Environmental Quality Act

On June 15, 2004, the Board of Supervisors affirmed, by Motion No. 04-67, the certification under CEQA of the Final Environmental Impact Statement/Environmental Impact Report for the Transbay Terminal/Caltrain Downtown Extension/Redevelopment Project ("FEIS/EIR"). Subsequently, the Board of Supervisors adopted, by Resolution No. 612-04 (October 7, 2004), findings that various actions related to the Project complied with CEQA and the Former Agency Commission adopted, by Resolution No. 11-2005 (January 25, 2005), findings and a statement of overriding considerations and mitigation and monitoring program adopted in accordance with CEQA. Subsequent to the adoption of the FEIS/EIR, the Former Agency Commission or Commission have approved and incorporated nine addenda into the analysis of the FEIS/EIR.

OCII, in consultation with the Planning Department, has prepared Addendum No. 10 to the FEIS/EIR, dated October 26, 2022 (enclosed as Exhibit A to the resolution to adopt environmental findings). Addendum No. 10 evaluates the potential environmental effects of the proposed Project (including accompanying amendments to the Redevelopment Plan and Development Controls, as well as the conditional approval of the Schematic Designs) and concludes that the Project and accompanying approvals is within the scope of the project analyzed in the FEIS/EIR and will not result in any new significant impacts or a substantial increase in the severity of previously identified significant effects, and no new information has become available that shows that the Transbay Redevelopment Project will cause new or more severe significant environmental impacts.

Therefore, staff recommends that the Commission make CEQA Findings that state that no subsequent or supplemental environmental review is required under CEQA beyond Addendum No. 10 and determine that the Project (including accompanying approvals) is within the scope of the project analyzed in the FSEIR and require no further environmental review beyond the FEIR pursuant to CEQA and CEQA Guidelines Sections 15180, 15162, and 15163.

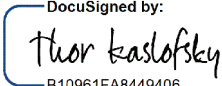
Staff Recommendation and Next Steps

OCII staff recommends that the Commission adopt environmental review findings, approve the proposed amendments to the Redevelopment Plan and Development Controls, and conditionally approve the Schematic Designs for the 2 East and 2 West Projects.

Upon Commission approval of each action, Mercy will proceed to seek actions from the Planning Commission and the Board of Supervisors for the approval of the Plan Amendment that is only required for the proposed 2 East Project.

The Co-Developers will then proceed to further develop designs, obtain building permits, and seek to secure financing. The Co-Developers will each return to the Commission in late 2023 or early 2024 to seek approvals for ground leases and gap funding for the 2 East and 2 West Projects for a projected construction start by mid-2024 and completion by early/mid-2026.

(Originated by Kim Obstfeld, Senior Development Specialist)

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Thor Kaslofsky
Executive Director

Attachment 1: Map of Transbay Project Area

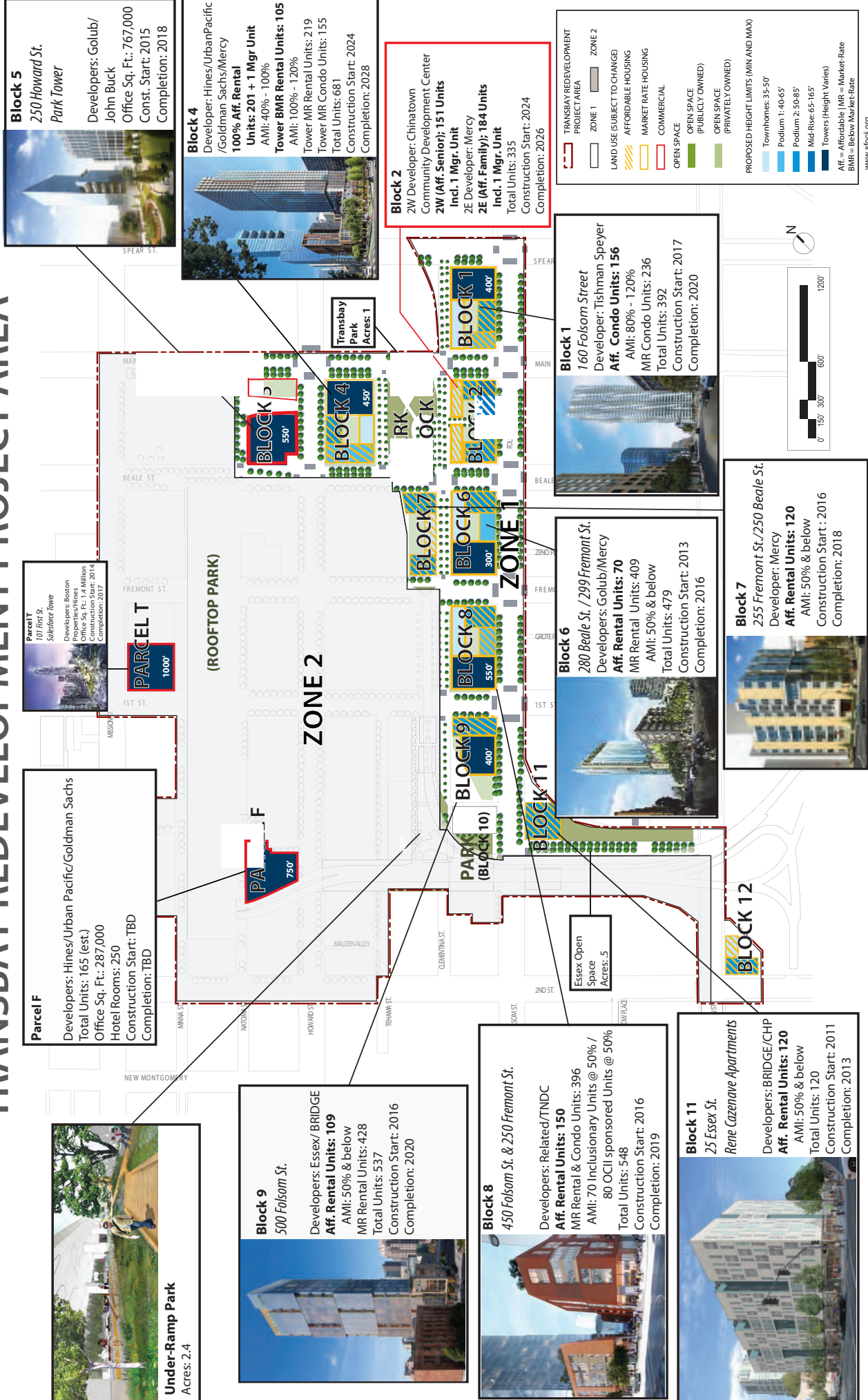
Attachment 2: Development Controls Amendment Summary

Attachment 3a: SBE Consultant Summary for the 2 East Project

Attachment 3b: SBE Consultant Summaries for the 2 West Project

Attachment 4: SBE Biographies

TRANSBAY REDEVELOPMENT PROJECT AREA



Attachment 2: Development Controls Amendment Summary

Transbay Block 2 Requested DCDG Amendments			
No.	Topic	Development Control	Proposed Amendment
Block 2 Alternative Development Controls: Alternative Development Map			
1	Townhouse Setbacks	Townhouse Setbacks of 8 to 10 feet are required along Main and Beale Streets.	Eliminate Townhouse Setback requirements along Main and Beale Streets.
2	Podium Parcel on TB 2E	A Podium Parcel is located between the Mid-Rise Parcel and the Townhouse Parcel on the eastern side of the block.	Expand the Mid-Rise Parcel to incorporate the Podium Parcel on the eastern side of the block.
3	Podium Parcel Height Limit	Podium Parcel height limit range is 50 – 85 ft.	Create distinct height limit districts of 144 ft. and 165 ft. over the former Podium Parcel (now expanded Mid-Rise Parcel) on the eastern side of the block.
Block 2 Alternative Development Controls: Overall Block			
4	Retail Bays	Retail bays must be created every 25-35' to allow multiple storefronts, even if initial retail tenants occupy more than one bay.	Retail bays must be created every 20 to 35 feet to allow multiple storefronts, even if initial retail tenants occupy more than one bay.
5	Active Ground Floor Uses	Ground floor commercial spaces are required along the Folsom Boulevard frontage, along the retail mews of Block 2, and at the corners of buildings on Howard Street. These commercial spaces must conform to the general standards and guidelines for ground floor retail development below.	The Block 2 mews shall include a mix of retail, childcare and affordable housing supportive service uses.
6	Open Space Parcel Softscape	At least 40 percent of the shared open space parcel must be softscaped.	At least 19 percent of the shared open space parcel must be softscape.
7	Open Space Parcel Allocation	A portion of an open space parcel may be reserved for childcare facilities.	The first floor of the eastern building may encroach onto the open space parcel to accommodate childcare services or neighborhood-serving retail. The roof of the encroachment shall be open space.
Block 2 Alternative Development Controls: Townhouse Parcels			
8	Townhouse Floors	The "Maximum Number of Floors" in the Townhouse Parcels shall be four.	The "Maximum Number of Floors" in the Townhouse Parcels shall be five.
9	Townhouse Projections	Projections, either bay windows or those of a purely architectural or decorative character such as cornices, eaves, sills and belt courses, must meet the dimensional requirements of Planning Code Section 136.	Bay window projection dimensions over the setback on Clementina Street shall not exceed 4 feet in depth and 12 feet in width. The maximum area of any individual projection shall be 48 square feet.
10	Retail Floor Height	Ground floor commercial spaces must have at least 15' floor-to-floor heights.	Ground floor commercial spaces with an entrance from a Townhouse Parcel must have at least 11-foot floor-to-floor heights.
11	Retail Depth	In order to make commercially viable spaces, the minimum depth of any retail space shall be 30'. Exceptions may be made for finer retail designed to wrap around larger floor plate retailers.	Retail spaces fronting Clementina Street shall have a minimum depth of 27 feet.
12	Townhouse Setback Softscape	At least 40% of the front yard setback area for townhouses must be softscaped, and a maximum of 60% of the space may be hardscaped, impermeable surfaces.	At least 24 percent of the front yard setback area for townhouses must be softscaped, and a maximum of 76 percent of the space may be hardscaped, impermeable surfaces.
13	Retaining Wall Height	Retaining and/or decorative walls between the right-of-way and front yard setback may not exceed 3' in height.	Retaining and/or decorative walls between the right-of-way and front yard setback may not exceed 5 feet 9 inches in height.

Attachment 2: Development Controls Amendment Summary

14	Townhouse Module Width	Development is to consist of individually accessible townhouse units with a maximum width of 30' per unit, facing along alleyways and neighborhood streets.	The 30-foot maximum width of the Townhouse modules shall be applied to the architectural facade expression of the Townhouse Parcel, and not to the interior demising walls of the units.	This modification retains the individually accessible Townhouse units and allows for additional residential unit area on Floors 2-5 and will not be perceived from the exterior.
Block 2 Alternative Development Controls: Podium 2 Parcel				
15	Podium 2 Floors	The "Maximum Number of Floors" in the Podium 2 Parcel shall be eight.	The "Maximum Number of Floors" in the Podium 2 Parcel shall be nine.	This modification allows for additional 100% affordable residential units within the DCDG-prescribed Podium 2 building envelope.
Block 2 Alternative Development Controls: Mid-Rise Parcel				
16	Mid-Rise Floor Plate	The "Maximum Floor Plate" area for the portion of the Mid-Rise Building between 85 feet and 250 feet shall be 7,500 square feet.	A "Maximum Floor Plate" area of 11,100 square feet is permitted for the portion of the building between 85 feet and 144 feet in height and a "Maximum Floor Plate" area of 9,200 square feet is permitted for the portion of the building between 144 feet and 165 feet in height.	This modification allows for additional 100% affordable residential units and allows for stepped floor plates to create vertical articulation between the Mid-Rise, Podium and Townhouse Parcels.
17	Mid-Rise Maximum Plan Dimension	The "Maximum Plan Dimension" for the Mid-Rise Building shall be 100 feet.	The "Maximum Plan Dimension" for the Mid-Rise Building shall be 125 feet.	This modification allows for additional 100% affordable residential units and allows for stepped floor plates to create vertical articulation between the Mid-Rise, Podium and Townhouse Parcels.
18	Mid-Rise Maximum Floor Plate Aspect Ratio	The "Maximum Floor Plate Aspect Ratio" for the Mid-rise Building shall be 1:6.	The "Maximum Floor Plate Aspect Ratio" for the Mid-Rise Building shall be 1:1.76.	This modification allows for additional 100% affordable residential units and allows for stepped floor plates to create vertical articulation between the Mid-Rise, Podium and Townhouse Parcels.
19	Mid-Rise Projections	Projections, either bay windows or those of a purely architectural or decorative character such as cornices, eaves, sills and belt courses, must meet the dimensional requirements of Planning Code Section 136.	Building projection dimensions over the setback on Folsom Street shall not exceed 8 feet-5 inches in depth and 60 feet-4 inches in width. The maximum area of any individual projection shall be 254 square feet.	This modification allows for usable, easily furnishable interior rooms and additional 100% affordable residential units.

Attachment 3a_SBE Consultant Summary
Transbay Block 2 East

Professional Consultant List

Professional Consultant List									For Informational Purposes Only			
Consultant	Discipline	Fee	SBE Credit	SF-SBE	MBE	M/WBE	WBE	Ethnicity				
Kennery Architecture & Planning	Prime Architect	\$ 1,556,750	\$ 1,556,750	\$ 1,556,750								
YA Studio	Associate Architect	\$ 838,250	\$ 838,250	\$ 838,250	\$ 838,250		\$ 1,556,750	African American				
Luk & Associates	Civil	\$ 71,000	\$ 71,000			\$ 71,000		Asian				
Regent Construction Management	Construction Manager	\$ 148,638	\$ 148,638	\$ 148,638	\$ 148,638			Latinx				
Fire Consultants	Code Consultant	\$ 75,400	\$ 75,400									
Plural	Landscape	\$ 164,744	\$ 164,744	\$ 164,744			\$ 164,744					
DCI/OLMM	Structural (Prime + Associate)	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000			SE Asian				
Meysers + SJ	Mechanical/Plumbing/Fire (Prime + Associate)	\$ 327,000	\$ 327,000	\$ 327,000	\$ 327,000			Asian				
Highline Consulting	Exterior Building Maintenance	\$ 54,000	\$ 54,000									
Tucci	Lighting	\$ 63,475	\$ 63,475	\$ 63,475			\$ 63,475					
CSDA Design Group	Acoustic	\$ 33,100	\$ 33,100									
AR Green Consulting	Green Consultant / Energy Modeling	\$ 28,500	\$ 28,500	\$ 28,500		\$ 28,500		Latinx				
California Housing Partnership	Financial	\$ 75,000										
PaleoWest LLC	Archaeology	\$ 7,700										
Martin Ron Associates Inc.	Surveyor	\$ 15,500	\$ 15,500									
AEW Engineering	Environmental	\$ 21,900	\$ 21,900	\$ 21,900	\$ 21,900			Asian				
Langan (association with Divis)	Geotech	\$ 233,100	\$ 233,100	\$ 233,100								
Newport Realty Advisors, LLC	Market Study	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500			Latinx				
American Trash Management	Trash	\$ 13,600										
Urban Design Consulting Engineers	Jt. Trench Consultant	\$ 53,555	\$ 53,555	\$ 53,555	\$ 53,555			Asian				
Dale Durrett Consulting	Permit Expeditor	\$ 108,500										
4EA	Envelope	\$ 91,600										
Person & Hahn	Elevator	\$ 23,450										
Tree Management Experts	Arborist	\$ 5,040	\$ 5,040	\$ 5,040								
Total		\$ 4,178,302	\$ 3,858,452	\$ 3,609,452	\$ 1,557,843	\$ 99,500	\$ 1,784,969					
% of Total Fees			92.3%	86.4%	37.3%	2.4%	42.7%					

* Full SBE credit is granted to joint ventures and associations where the SBE partner performs at least 35% of the joint venture or association agreement.

*** Ethnicity and/or gender data were gathered from third-party sources and presented for informational purposes only. Such data have not been verified.

Attachment 3b_SBE Consultant Summary
Transbay Block 2 West

Professional Consultant List

			For Informational Purposes Only									
Consultant	Discipline	Fee	SBE	SF-SBE	MBE	M/WBE	WBE	Ethnicity				
Mithun Solomon with Kerman Morris)	Architectural (Prime & Associate)	\$ 2,395,000	\$ 2,395,000	\$ 2,395,000								
Luk & Associates	Civil	\$ 71,000	\$ 71,000				\$ 2,395,000	Asian				
Regent Construction Management	Construction Manager	\$ 148,638	\$ 148,638	\$ 148,638	\$ 148,638	\$ 71,000		Latinx				
	Code Consultant	\$ -	\$ -	\$ -	\$ -							
Plural	Landscape	\$ 139,766	\$ 139,766	\$ 139,766								
DCI/OLMM	Structural (Prime + Associate)	\$ 178,000	\$ 178,000	\$ 178,000	\$ 178,000							
Engineering 350	Mech/Plumbing/Fire	\$ 187,400	\$ 187,400	\$ 187,400	\$ 187,400							
Highline Consulting	Exterior Building Maintenance	\$ 41,000	\$ 41,000					Asian				
Tucci	Lighting	\$ 63,475	\$ 63,475	\$ 63,475			\$ 63,475					
CSDA Design Group	Acoustic Consultant	\$ 28,350	\$ 28,350									
4EA	Waterproofing	\$ 59,900										
IDH Corrosion Consultants	Corrosive Soils	\$ 12,750										
AR Green Consulting	Green Consultant / Energy Modeling	\$ 37,205	\$ 37,205	\$ 37,205				Latinx				
California Housing Partnership	Financial	\$ 75,000					\$ 37,205					
PaleoWest LLC	Archaeology	\$ 3,850										
Martin Ron Associates Inc.	Surveyor	\$ 15,500	\$ 15,500					Asian				
AEW Engineering	Environmental	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000							
Langan	Geotech	\$ 134,900						Latinx				
Newport Realty Advisors	Market Study	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500							
American Trash Management	Trash	\$ 10,000										
Urban Design Consulting Engineers	Jt. Trench Consultant	\$ 46,555	\$ 46,555	\$ 46,555	\$ 46,555			Asian				
Dale Durrett Consulting	Permit Expeditor	\$ 127,250										
Tree Management Experts	Arborist	\$ 5,040	\$ 5,040	\$ 5,040								
Total		\$ 3,800,079	\$ 3,376,429	\$ 3,220,579	\$ 392,693	\$ 108,205	\$ 2,598,241					
% of Total Fees			88.9%	84.8%	10.3%	2.8%	68.4%					

* Full SBE credit is granted to joint ventures and associations where the SBE partner performs at least 35% of the joint venture or association agreement.

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Attachment 4: Consultant Biographies - TB2E

KennerlyArchitecture&Planning(PrimeArchitect)

Founded in 2004, Kennerly Architecture & Planning, Inc. has made urban buildings and place-making a cornerstone of its practice. Working primarily in San Francisco, the work reconciles the sensitivities of neighborhood context with the high level of design and amenity which stakeholders demand. Starting with multi-unit infill buildings and residences, the projects have grown to include complex mixed-use and high-rise projects on challenging infill and brown-field sites throughout the Bay Area. Working at a range of scales from homes to high rises, interior design to urban planning, the firm has developed a reputation for the thoughtful integration of program, constraints, and high-design aspiration. Kennerly Architecture & Planning is a Woman-Owned San Francisco Local Business Enterprise and Micro Local Business Enterprise.

Plural(LandscapeArchitect)

Plural co-founders Carrie, Scott, and Haley built a friendship founded on mutual respect and an appreciation of each other's design approaches, values, and commitment to building great places. After collaborating for many years we came together in 2019 to form Plural, a Women-Owned San Francisco Local Business Enterprise & Micro Local Business Enterprise. Respect and delight guide our practice. We respect the diverse cultures, communities, and environments in which we work and the ideas and the contributions of our many collaborators. We bring delight to our process, to our designs, and to the people who experience them. Plural's body of work comprises over twenty years of experience on a variety of landscape types. We believe great places require many different people working together to envision, to build, and to steward them. And great places welcome everyone.

ARGreen Consulting (Sustainability)

AR Green Consulting is a certified small, woman-owned, local business in San Francisco founded by Adhamina Rodriguez in 2015. AR Green specializes in green building consulting, certification, and training, and is a recognized Innovator Green Business by SF Environment. Having worked on hundreds of projects, AR Green brings solid experience to the team, and a holistic approach to green buildings that anticipates gaps in scope, highlights the synergies among the different systems, and maximizes the points in the desired green building certification rating system.

OLMM (StructuralEngineer)

OLMM Consulting Engineers, a local minority owned business is a reputable and award-winning structural engineering firm with offices in San Francisco and Oakland. We provide complete structural design, seismic analysis, and retrofit design services to both public and private sector clients. Firm is highly disciplined and has always prided itself in meeting schedules and bringing in projects within established budgets. Our solutions to structural challenges are not only imaginative and innovative but also practical and cost-effective. Our contributions have helped achieve LEED and Green Point certification for major projects.

RegentConstructionManagementLLC(ConstructionManager/Owner'sRepresentative)

This company is a minority owned business that has been in business for 27 years. I have built, managed, estimated, or consulted on a wide variety of projects throughout the Bay Area, Sacramento, Napa Valley, and parts of the Central Valley. In 2007, I established Regent Construction Management, LLC. Prior to establishing Regent, I worked for Cahill Contractors, Inc., one of San Francisco's leading and most reputable General Contractors. While at Cahill I held positions ranging from hands on Field Engineer, to Pre-Con Estimator/Project Manager and for the last 6 years I served as Sr. Project Manager, overseeing multiple teams, and earning a reputation for hands on involvement and attention to detail. Regent Construction Management incorporates into the project team and provides services necessary to keep Pre-Construction, Construction and Turn Over successfully moving forward, on schedule and budget.

NewportRealtyAdvisors(MarketStudy)

Newport Realty Advisors LLC is a Real Estate Consulting Firm providing Economic and Market Advisory Services to Financial Institutions, Public Agencies, Private Real Estate Investment Firms, Syndicators, Equity Partners, Debt Lenders, Not-For-Profit Development Firms and Market Rate Developers throughout California. Newport Realty

Attachment 4: Consultant Biographies - TB2W

KERMAN MORRIS ARCHITECTS LLP (Associate Architect)

Established in 1994, Kerman Morris Architects is a small, woman-owned business recognized by the City and County of San Francisco as a Green Business. The firm brings a deep commitment to excellence in design and creating responsive, well-crafted places for living and working. Our practice specializes in a range of residential developments, including infill housing, affordable housing, custom homes, and mixed-use projects as well as developing projects themselves.

Plural (Landscape Architect)

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