

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE  
REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 01-2021**

*Adopted January 25, 2021*

**CONDITIONALLY APPROVING A NINTH AMENDMENT TO THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT WITH FOCIL-MB, LLC, A DELAWARE LIMITED LIABILITY COMPANY, IN CONNECTION WITH THE DEVELOPMENT OF A MIXED-USE LIFE SCIENCES FACILITY ON BLOCK 43, PARCEL 7 (1450 OWENS STREET) IN THE MISSION BAY SOUTH PROJECT AREA; PROVIDING NOTICE THAT THIS APPROVAL IS WITHIN THE SCOPE OF THE MISSION BAY REDEVELOPMENT PROJECT APPROVED UNDER THE MISSION BAY FINAL SUBSEQUENT ENVIROMENTAL IMPACT REPORT (“FSEIR”), A PROGRAM EIR, AND IS ADEQUATELY DESCRIBED IN THE FSEIR FOR THE PURPOSES OF THE CALIFORNIA ENVIROMENTAL QUALITY ACT; AND, ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA**

WHEREAS, On September 17, 1998, the former Redevelopment Agency of the City and County of San Francisco (“Redevelopment Agency”) approved, by Resolution No. 190-98, the Redevelopment Plan for the Mission Bay South Redevelopment Project (“Redevelopment Plan”). The Redevelopment Agency also conditionally authorized, by Resolution No. 193-98, the execution of the Mission Bay South Owner Participation Agreement (“South OPA”) and related documents with Catellus Development Corporation, a Delaware corporation (“Catellus”). On November 2, 1998, the San Francisco Board of Supervisors (“Board of Supervisors”), adopted, by Ordinance No. 335-98, the Redevelopment Plan; and,

WHEREAS, FOCIL-MB, LLC, (“FOCIL-MB”), a subsidiary of Farallon Capital Management, LLC, assumed all of Catellus’ rights and obligations under the South OPA, as well as all responsibilities under the related public improvement agreements and land transfer agreements with the City and County of San Francisco (“City”). FOCIL-MB is bound by all terms of the South OPA and related agreements, including the requirements of the affordable housing program, equal opportunity program, and design review process; and,

WHEREAS, On February 1, 2012, state law dissolved the Redevelopment Agency and required the transfer of certain of its assets and obligations, including the South OPA, to the Successor Agency to the Redevelopment Agency, commonly known as the Office of Community Investment and Infrastructure (“Successor Agency” or “OCII”). Cal. Health & Safety Code §§ 34170 et seq. (the “Redevelopment Dissolution Law”); and,

- WHEREAS, Redevelopment Dissolution Law required creation of an oversight board to the successor agency and provided that with approval from its oversight board and the State Department of Finance (“DOF”), a successor agency may continue to implement “enforceable obligations” such as existing contracts, bonds and leases, that were executed prior to the suspension of redevelopment agencies’ activities; and,
- WHEREAS, On January 24, 2014, DOF finally and conclusively determined that the South OPA is an enforceable obligation under Health and Safety Code Section 34177.5(i); and,
- WHEREAS, Mission Bay South Block 43, Parcel 7, commonly known as 1450 Owens Street (“Property”) is a 1.13-acres site bounded by the Park P7 to the north, Owens Street on the east, A Street (a private street) on the south, and Caltrain right-of-way and I-280 freeway to the west; in the Mission Bay South Redevelopment Project Area (“Project Area”); and,
- WHEREAS, ARE-San Francisco No. 15, LLC is the owner and developer of the Property (“Developer”) that it acquired from Catellus on or about September 1, 2004 and is bound by the terms of the South OPA under an Assignment, Assumption and Release Agreement; and,
- WHEREAS, The Developer proposes to build on the Property a seven-story, 109-foot-high, mixed-use life sciences building consisting of 169,810 leasable square feet in total, which would include research and laboratory space, up to 49,999 square feet of office space, meeting rooms, and ground floor neighborhood-serving retail; and,
- WHEREAS, Approval of the Project requires an amendment to land use provisions of the Redevelopment Plan to add 170,000 leasable square feet to the total leasable square footage of Commercial Industrial uses authorized in the Project Area; provided that this additional leasable square feet is located only on Property and provided further that the maximum average floor area ratio for Commercial Industrial and Commercial Industrial/Retail uses is increased solely to account for new development on the Property (“Redevelopment Plan Amendment”). The Project also requires changes to the Design for Development for the Mission Bay South Project Area related to height, bulk, developable area, and freeway guidelines with respect to the Property and an amendment to the South OPA; and,
- WHEREAS, The Board of Supervisors of the City and County of San Francisco, acting as the legislative body of the community under the Community Redevelopment Law, is considering approval of the Redevelopment Plan Amendment at a public hearing scheduled for January 26, 2021. (The legislative record is available at [Board of Supervisors File No. 201331.](#)) The Redevelopment Plan Amendment does not add territory to, or expand or change the boundaries of the Project Area and does not increase the amount of tax increment necessary to fulfill OCII’s existing enforceable obligations; and,

WHEREAS, The Successor Agency has prepared a proposed ninth amendment to the South OPA (“OPA Amendment”), attached hereto as Exhibit A, that would implement the Redevelopment Plan Amendment to increase the total leasable square footage of Commercial Industrial uses that may be developed in the Project Area covered by the South OPA from 5,000,000 leasable square feet to approximately 5,170,000 leasable square feet, an increase of 170,000 Leasable square feet (the “Additional Development”). The Additional Development would be allocated to the Property and would result in a maximum Floor Area Ratio, as defined in the Redevelopment Plan, for the Property not to exceed 3.57:1. The proposed OPA Amendment would provide for development on the Property of an approximately 170,000 Commercial Industrial leasable square feet mixed-use life sciences facility including research and laboratory space, up to 49,999 square feet of office space, meeting rooms, and ground floor neighborhood-serving retail (“Project”). The Project would be required to pay impact fees to fund affordable housing and childcare, as well as comply with certain requirements related to small business hiring and local hiring and fund certain open space maintenance costs; and,

WHEREAS, On November 17, 2020, the Commission adopted Resolution No. 32-2020, attached hereto as Exhibit B, conditionally approving the OPA Amendment, subject to review and approval by the Oversight Board of the City and County of San Francisco (“Oversight Board”) and DOF; and,

WHEREAS, The Redevelopment Dissolution Law authorizes an oversight board, subject to review by DOF, to amend an enforceable obligation, if “it finds that amendments . . . would be in the best interests of the taxing entities.” Health and Safety Code Section 34181(e). Under this standard, an oversight board may consider all of the circumstances bearing on taxing entities’ interests. Among the factors that an oversight board may consider in determining the “best interests of the taxing entities” are a reduction in liabilities and an increase in net revenues to the taxing entities. *Id.* ; and,

WHEREAS, The Successor Agency has determined that the Project would generate additional revenues from property taxes payable to the taxing entities, including the City and County of San Francisco, the Bay Area Rapid Transit District, the San Francisco Community College District, the San Francisco Unified School District, the San Francisco County Office of Education, as well as the State of California. See Seifel Consulting, Inc., Fiscal Analysis of Proposed 1450 Owens Street, Mission Bay, San Francisco at page 1 (July 2020), (concluding that new development “would generate ongoing annual revenues as well as upfront, one-time revenues to the City’s General Fund, OCII and other public entities, providing a substantial positive fiscal benefit to a broad range of public agencies”)(*available at <https://sfocii.org/mission-bay>*), and attached as Exhibit C); and,

- WHEREAS, The Successor Agency has determined that the OPA Amendment reduces its liabilities by requiring payment of the Jobs-Housing Linkage Fee and thus providing approximately \$6.5 million in affordable housing funding that will reduce the need for tax increment to fund the Successor Agency’s South OPA affordable housing obligation. Moreover, the OPA Amendment requires the Project to pay an annual \$50,000 open space maintenance fee (increased annually by CPI) that will reduce open space operating cost liabilities for the life of the Project; and,
- WHEREAS, The OPA Amendment does not propose any new capital expenditures by the Successor Agency or any change in the Successor Agency’s overall method of financing the redevelopment of the Mission Bay South Project Area; and,
- WHEREAS, By allowing for a privately-financed development responsive to market conditions, the proposed OPA Amendment would support the full economic use of Property and accelerate the completion of development under the Redevelopment Plan, the South OPA and the related enforceable obligations; and,
- WHEREAS, On July 9, 2020, the Mission Bay Citizens Advisory Committee considered the OPA Amendment and recommended approval of the OPA Amendment by the Oversight Board; and,
- WHEREAS, On November 17, 2020, the Successor Agency Commission (the “Commission”) adopted Resolution No. 29-2020 by which the Commission determined that the Mission Bay Final Subsequent Environmental Impact Report (“FSEIR”) (therein defined), together with further analysis provided in Addendum No. 10, 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 impact of the OPA Amendment (the “Environmental Findings”); and,
- WHEREAS, The Environmental Findings are attached as Exhibit D to this Resolution and are incorporated herein by reference; and,
- WHEREAS, The Oversight Board now desires to approve the OPA Amendment as contemplated by Commission Resolution No. 32-2020, attached as Exhibit B; now, therefore, be it
- RESOLVED, That the Oversight Board hereby finds that, for purposes of compliance with CEQA, the OPA Amendment is included in the actions identified in the Environmental Findings, attached as Exhibit D to this Resolution, and adopts the Environmental Findings as its own; and, be it further

RESOLVED, That the Oversight Board finds that the OPA Amendment is in the best interests of the taxing entities by increasing property tax revenues, reducing liabilities through Developer payments for affordable housing and open space maintenance, facilitating completion of the Redevelopment Plan with privately-financed development responsive to market conditions, and accelerating the wind down of redevelopment affairs; and, be it further

RESOLVED, That the Oversight Board approves the OPA Amendment, substantially in the form attached as Exhibit A to this Resolution, subject to the approval of this Resolution by the Department of Finance or by the expiration of the five-day statutory review period under Redevelopment Dissolution Law without a request by the Department of Finance to review this Resolution; and be it further

RESOLVED, That the Oversight Board authorizes the Executive Director of the Successor Agency to take all actions as may be necessary or appropriate, in consultation with counsel for the Oversight Board and the Successor Agency, to effectuate the purpose of this Resolution.

I hereby certify that the foregoing resolution was adopted by the Oversight Board at its meeting of January 25, 2021.

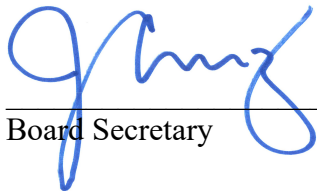
  
\_\_\_\_\_  
Board Secretary

Exhibit A: Ninth Amendment to Mission Bay South Owner Participation Agreement

Exhibit B: Commission Resolution No. 32-2020

Exhibit C: Fiscal Analysis of Proposed 1450 Owens by Seifel Consulting, Inc.

Exhibit D: Commission Resolution No. 29-2020

**EXHIBIT A**

**Ninth Amendment to Mission Bay South Owner Participation Agreement**

[Attached]

**Attachment A:**

Free Recording Pursuant to Government Code Section 27383 and 27388.1 at the Request of the Successor Agency to the Redevelopment Agency of the City and County of San Francisco

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

Successor Agency to the Redevelopment Agency of the City and County of San Francisco  
One South Van Ness Avenue, 5th Floor  
San Francisco, CA 94103  
Attn: Executive Director

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Block 8709, Lot 017  
1450 Owens St., SF, CA

(Space above this line reserved for Recorder's use only)

**NINTH AMENDMENT TO  
MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT**

**Dated as of \_\_\_\_\_**

**By and Between**

**THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY AND COUNTY OF SAN FRANCISCO**

**and**

**FOCIL-MB, LLC**

## Attachment A:

### NINTH AMENDMENT TO MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT

THIS NINTH AMENDMENT TO MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT (this “Amendment”), dated for reference as of \_\_\_\_\_, is by and between the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body established and existing under the laws of the State of California (the “Successor Agency”), commonly known as the Office of Community Investment and Infrastructure, and FOCIL-MB, LLC, a Delaware limited liability company (“Owner” or “FOCIL”). All initially capitalized terms in this Amendment shall have the meanings set forth in the “South OPA” (as defined below), unless otherwise specifically provided in this Amendment.

THIS NINTH AMENDMENT is made with reference to the following facts and circumstances:

- A. The Board of Supervisors of the City and County of San Francisco (“Board of Supervisors”) adopted the Redevelopment Plan for the Mission Bay South Redevelopment Project on November 2, 1998, by Ordinance No. 335-98, and amended such Redevelopment Plan on July 9, 2013, by Ordinance No. 143-13, on March 6, 2018, by Ordinance No. 032-18, on July 31, 2020, by Ordinance No. 129-20, and on October 9, 2020, by Ordinance No. 209-20 (as amended, the “Redevelopment Plan”). The Redevelopment Plan establishes, among other things, land use controls for the Mission Bay South Project Area (“South Plan Area”).
- B. The Redevelopment Agency of the City and County of San Francisco (“Former Agency”) entered into that certain Mission Bay South Owner Participation Agreement (“Original OPA”), dated as of November 16, 1998, and recorded December 3, 1998, as Document No. 98-G477258-00 in the Official Records of the City and County of San Francisco (“Official Records”), and which was subsequently amended by (i) that certain First Amendment to Mission Bay South Owner Participation Agreement, dated as of February 17, 2004, and recorded March 4, 2004, as Document No. 2004-H669955 in the Official Records (“First Amendment”); (ii) that certain Second Amendment to Mission Bay South Owner Participation Agreement, dated as of November 1, 2005, and recorded November 30, 2005, as Document No. 2005-I080843 in the Official Records (“Second Amendment”); (iii) that certain Third Amendment to Mission Bay South Owner Participation Agreement, dated as of May 21, 2013, and recorded December 9, 2013, as Document No. 2013-J802261 in the Official Records (“Third Amendment”); (iv) that certain Fourth Amendment to Mission Bay South Owner Participation Agreement dated as of June 4, 2013, and recorded December 9, 2013, as Document No. 2013-J802262 in the Official Records (“Fourth Amendment”), (v) that certain Fifth Amendment to Mission Bay South Owner Participation Agreement dated as of April 29, 2014, and recorded August 15, 2014, as Document No. 2014-J927657 (“Fifth Amendment”); (vi) that certain Sixth Amendment to Mission Bay South Owner Participation Agreement dated as of July 26, 2018, and recorded August 13, 2018, as Document No. 2018-K654772 (“Sixth Amendment”); (vii) that certain Seventh Amendment to Mission Bay South Owner



## Attachment A:

Participation Agreement dated as of \_\_\_\_\_, 2020, and recorded \_\_\_\_\_, 2020, as Document No. \_\_\_\_\_ (“Seventh Amendment”); and (viii) that certain Eighth Amendment to Mission Bay South Owner Participation Agreement dated as of \_\_\_\_\_, 2020, and recorded \_\_\_\_\_, 2020, as Document No. \_\_\_\_\_ (“Eighth Amendment”). The Original OPA, as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment, the Sixth Amendment, the Seventh Amendment, and the Eighth Amendment, is hereafter referred to as the “South OPA.” The South OPA establishes, among other things, terms for the private development of improvements within the South Plan Area, including limits on the amount of mixed office, research and development, and light manufacturing (collectively “Commercial Industrial”) uses.

- C. Owner and its successors have diligently pursued development within the South Plan Area, but portions of the South Plan Area remain vacant, underutilized, and otherwise contribute to conditions of blight within the South Plan Area. Such portions include Assessor’s Block 8709, Lot 017, commonly known as 1450 Owens Street, San Francisco, California, and more particularly described in Exhibit A attached hereto (herein, the “Property”). The Property is owned by ARE-San Francisco No. 15, LLC (“ARE-SF 15”), who was assigned certain rights and delegated certain obligations under the South OPA with respect to Mission Bay South Land Use Blocks 41, 42, and 43 (which includes the Property) pursuant to that certain Assignment, Assumption and Release Agreement, effective as of September 1, 2004, and recorded September 1, 2004, as Document No. 2004-H802114 in the Official Records (the “Assignment and Assumption Agreement”).
- D. On February 1, 2012, the State of California, pursuant to California Health and Safety Code §§ 34170 *et seq.* (the “Redevelopment Dissolution Law”), dissolved all redevelopment agencies in the state and established successor agencies to assume certain rights and obligations of the dissolved redevelopment agencies. Pursuant to the Redevelopment Dissolution Law, the Former Agency was dissolved and all of the Former Agency’s assets and obligations were transferred to the Successor Agency, except for certain affordable housing assets that were transferred to the City and County of San Francisco (the “City”) and placed under the jurisdiction of the Mayor’s Office of Housing and Community Development.
- E. On October 2, 2012, the Board of Supervisors, acting as the legislative body of the Successor Agency, adopted Ordinance No. 215-12, which was signed by the Mayor on October 4, 2012, and which, among other matters, delegated to the Successor Agency Commission, commonly known as the Commission on Community Investment and Infrastructure (“Commission”), the authority to (i) act in the place of the Former Agency Commission to implement, modify, enforce and complete the surviving redevelopment projects (including, without limitation, the Mission Bay South Project), certain affordable housing obligations (the “Retained Housing”).

## Attachment A:

Obligations”), and all other enforceable obligations, except for those enforceable obligations for affordable housing transferred to the City and placed under the jurisdiction of the Mayor’s Office of Housing and Community Development (provided that the Commission may not modify the surviving redevelopment projects or the Retained Housing Obligations in any manner that would decrease the commitment of property tax revenue for affordable housing or materially change the obligations to provide affordable housing without obtaining the approval of the Board of Supervisors and any required approval of the Oversight Board of the City and County of San Francisco (the “Oversight Board”); (ii) approve all contracts and actions related to the assets transferred to or retained by the Successor Agency, including, without limitation, the authority to exercise land use, development and design approval authority for the surviving redevelopment projects, and the approval of amendments to redevelopment plans as allowed under the Redevelopment Dissolution Law and subject to adoption of such plan amendments by the Board of Supervisors and any required approval by the Oversight Board, consistent with applicable enforceable obligations; and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and other action that the Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, subject to any approval of the Oversight Board as may be required under the Redevelopment Dissolution Law.

- F. The Board of Supervisors’ delegation to the Commission includes authority to approve and amend all contracts and actions relating to the assets transferred to or retained by the Successor Agency, including the South OPA, subject to approval by the Oversight Board and review by the California Department of Finance (“DOF”), as provided under the Redevelopment Dissolution Law.
- G. On January 24, 2014, DOF finally and conclusively determined that the South OPA is an enforceable obligation under the Redevelopment Dissolution Law. Letter, J. Howard to T. Bohee, Re: “Request for Final and Conclusive Determination” (Jan. 24, 2014).
- H. ARE-SF 15 proposes to develop the Property with a mixed-use life sciences facility including approximately 170,000 Leasable square feet of Commercial Industrial uses (“Project”). Previous development in the South Plan Area has used all of the Leasable square footage available for Commercial Industrial uses and, thus, the Redevelopment Plan (which allows up to 5,953,600 Leasable square feet of Commercial Industrial uses for the entire South Plan Area) and the South OPA (which allows up to 5,000,000 Leasable square feet of Commercial Industrial uses for the portion of the South Plan Area covered by the South OPA) will have to be amended to allow for the increase of 170,000 Leasable square feet (the “Additional Development”), which such Additional Development would result in a maximum Floor Area Ratio, as defined in the Redevelopment Plan, for the Property not to exceed 3.57:1.

## Attachment A:

- I. Section 34181(e) of the Redevelopment Dissolution Law authorizes the Oversight Board to amend an enforceable obligation if it determines, subject to DOF review, that the amendment would be in the best interests of the taxing entities.
- J. FOCIL and the Successor Agency wish to enter into this Amendment to implement an amendment to the Redevelopment Plan approved by the Board of Supervisors (by Ordinance No. [\_\_\_\_\_-20] ([\_\_\_\_\_, 2021])) that authorizes the Additional Development. The Redevelopment Plan did not previously allow the Additional Development and, therefore, the affordable housing and open space obligations under the Redevelopment Plan and South OPA need to be supplemented to account for any potential effects related to the Additional Development. Accordingly, this Amendment requires the application of the City's Jobs-Housing Linkage Fee and an annual open space maintenance fee to the Project. These fees are not redundant of the affordable housing and open space program of the Redevelopment Plan and the South OPA and are necessary to account for any potential effects related to the development of the Project. In addition to these affordable housing and open space fees, the Project is also subject to those Development Fees or Fees authorized under Section 304.9.C(ii) of the Redevelopment Plan.
- K. This Amendment fulfills the following objectives:
  - (a) development of the Project would promote the objectives and policies of the Redevelopment Plan, including, among others, eliminating blighting influences; retaining and promoting within the City academic and research activities; providing flexibility in the development of the South Plan Area to respond readily and appropriately to market conditions; and providing opportunities for participation by owners in the redevelopment of their properties;
  - (b) as amended hereby, the South OPA will continue to benefit the taxing entities because it will directly and indirectly increase the amount of revenues to the taxing entities from the Property and the South Plan Area by facilitating the development of a blighted and undeveloped portion of the South Plan Area, promoting the revitalization of the South Plan Area consistent with the Redevelopment Plan, and permitting further investment in the South Plan Area; and
  - (c) this Amendment would facilitate the implementation of redevelopment of the Property with the Project without increasing the Successor Agency's obligation to commit any property tax revenues (formerly tax increment) for that redevelopment, and has no adverse fiscal impact on the completion of the remaining development required under the South OPA because implementation of redevelopment of the Property in conformance with this Amendment will result in increased tax revenues.

## Attachment A:

- L. The parties acknowledge and agree that concurrently with the execution hereof, FOCIL, ARE-SF 15, and the Successor Agency will enter into a first amendment to the Assignment and Assumption Agreement (the “Assignment and Assumption Amendment”), whereby ARE-SF 15 will agree to comply with all applicable terms and conditions set forth in this Amendment. Such Assignment and Assumption Amendment, under terms and conditions set forth therein, will release FOCIL from all applicable obligations set forth in this Amendment.
- M. The Oversight Board, consistent with its authority under the Redevelopment Dissolution Law, determined that amendments the South OPA that increase the total Leasable square footage of Commercial Industrial uses in the South Plan Area, and that make other conforming changes, are in the best interests of the taxing entities.
- N. Under the Redevelopment Dissolution Law, DOF must receive notice and information about all Oversight Board actions, which do not take effect until DOF has either not requested review within 5 days of the notice or requested review and approved the action within 40 days of its review request. On [\_\_\_\_\_, 2020], the Successor Agency provided a copy of Oversight Board Resolution No. [\_\_\_\_\_-2020] to DOF, which did not object to the amendment to the South OPA within the statutory time period for its review, or which approved the amendment to the South OPA within the statutory time period of the Successor Agency’s review request.
- O. FOCIL and the Successor Agency wish to enter into this Amendment to allow for the development of the Project.

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the Successor Agency and FOCIL agree as follows:

1. Amendments To South OPA.

1.1. Maximum Amount of Leasable Square Footage of Commercial Industrial Uses. Wherever the South OPA (as amended and including, without limitation, any Attachment thereto) contains a reference to the total leasable square footage of Commercial Industrial uses, including office, research and development, and light industrial uses, specifically “five million (5,000,000) Leasable square feet,” such references shall be deemed to be amended to refer to “5,170,000 Leasable square feet.” Of such 5,170,000 Leasable square feet, 170,000 Leasable square feet shall be allocated to the Property and cannot be used on any site other than the Property. In addition, the maximum Floor Area Ratio, as defined in the Redevelopment Plan, for the Property shall not exceed 3.57:1.

1.2. Scope of Development. Section I.B.4 of Attachment B (Scope of Development) is hereby amended and restated to read as follows:

I.B.4. Up to approximately 5,170,000 Leasable square feet of Commercial Industrial uses, as defined in the Mission Bay South Redevelopment Plan.

## Attachment A:

1.3. Open Space Maintenance. Section 4.3 is amended to include the following new subsection 4.3.2:

“4.3.2 Open Space Maintenance. In order to account for any potential effects related to the development of the “Project” (as defined in the Ninth Amendment to Mission Bay South Owner Participation Agreement (the “Ninth Amendment”)), Owner shall record, or have recorded, a declaration of restrictions requiring Owner to make a separate annual payment to the Successor Agency, or its designee, to be used solely for the maintenance of Open Space Parcels. Such payment shall be in an amount equal to \$50,000, shall begin as of the date when the First Construction Document (as defined in Article 4, Section 401 of the San Francisco Planning Code as of the date of the Ninth Amendment) for the Project has been issued, shall continue for so long as the Project remains in operation, and shall be adjusted annually to reflect annual changes in the average Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward, CA statistical area (all items, index base period 1982-84=100).”

2. Small Business Enterprise Policy. Owner agrees to comply with the Successor Agency’s Small Business Enterprise Policy, as adopted by Commission Resolution No. 43-2015 (July 7, 2015), in the construction of the Project, including all tenant improvements constructed within the Project.
3. Fees or Exactions. Owner agrees to comply with the City’s Jobs-Housing Linkage Fee (as set forth in Planning Code Article 4, Section 413.5(d)(1) and (e)(1)) and Transportation Sustainability Fee, but exclusive of Fees or Exactions for open space.
4. Child-Care Requirements. Owner agrees the City’s Child-Care Requirements for Office and Hotel Development Projects (Planning Code Article 4, Section 414 or successor program) shall be applied to office and research and development uses of the Project.
5. Agency Costs. The costs incurred by the Successor Agency and the City Agencies in connection with the negotiation of the Project and this Amendment and related documents, including, without limitation, the amendment to the Redevelopment Plan, the amendment to the Design for Development, any amendment to the Major Phase applicable to the Property, and environmental review documentation to comply with the California Environmental Quality Act, shall be deemed, under Article 6 of the South OPA, to be Agency Costs.
6. General Provisions.
  - 6.1. South OPA in Full Force and Effect. Except as otherwise amended by this Amendment and as previously revised under instruments signed by the Successor Agency and the Owner to reflect various non-material changes, all terms, covenants, conditions and provisions of the South OPA shall remain unmodified, and in full force and effect.

## **Attachment A:**

6.2. Representations and Warranties By Parties. The parties represent and warrant to each other as follows:

6.2.1. Authority and Enforceability. Each party has the power and authority to enter into this Amendment. This Amendment, when executed and delivered by each of the parties, will be valid and binding and enforceable against each signatory party in accordance with its terms.

6.2.2. Advice of Counsel. Each party (i) has had the opportunity to seek the advice of counsel concerning this Amendment and the transactions contemplated hereby, (ii) has been fully advised of the meaning and effect of this Amendment and such transactions as are contemplated in this Amendment, and (iii) has executed this Amendment after independent investigation without reliance on any representation, warranty, promise or inducement not specifically set forth in this Amendment.

6.3. Successors and Assigns. This Amendment is binding upon and will inure to the benefit of the successors and assigns of the parties, subject to the limitations on assignment set forth in the South OPA.

6.4. Entire Agreement. This Amendment (together with the South OPA) constitutes the entire agreement between the parties with respect to the subject matter of this Amendment and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the terms and conditions mentioned in or incidental to this Amendment. No parole evidence of any prior draft of this Amendment shall be permitted to contradict or vary the terms of this Amendment.

6.5. Further Assurances. The parties agree to execute and acknowledge such other and further documents as may be necessary or reasonably required to express the intent of the parties or otherwise effectuate the terms of this Amendment. Subject to approvals required by law, the Successor Agency's Executive Director is authorized to execute on behalf of the Successor Agency any contracts, agreements, memoranda or similar documents with State, regional or local entities or other Persons that are necessary or proper to achieve the purposes and objectives of this Amendment and do not materially increase the liability or obligations of the Successor Agency under this Amendment, if the Executive Director, in consultation with the Successor Agency's General Counsel, determines that the document is necessary or proper for the purposes and objectives of this Amendment and in the Successor Agency's best interests. The Executive Director's signature of any such document shall conclusively evidence such a determination by him or her.

6.6. No Third Party Beneficiaries. This Amendment is made and entered into for the sole protection and benefit of the parties to this Amendment and their successors and assigns, which includes ARE-SF 15. No other Person shall have or acquire any right or action based upon any provisions of this Amendment.

6.7. Cooperation. In connection with this Amendment, FOCIL, on the one hand, and the Successor Agency, on the other hand, shall reasonably cooperate with one another to achieve the objectives and purposes of this Amendment.

## Attachment A:

### 6.8. Interpretation of Amendment.

6.8.1. Words of Inclusion. The use of the term “including,” “such as” or words of similar import when following any general term, statement or matter shall not be construed to limit such term, statement or matter to the specific items or matters, whether or not language of non-limitation is used with reference thereto. Rather, such terms shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such term, statement or matter.

6.8.2. No Presumption Against Drafter. This Amendment has been negotiated at arm’s length and amongst parties sophisticated and knowledgeable in the matters dealt with in this Amendment. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, this Amendment shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Amendment (including, but not limited to, California Civil Code Section 1654).

6.8.3. Recitals. The Recitals in this Amendment are included for convenience of reference only and are not intended to create or imply covenants under this Amendment. In the event of any conflict or inconsistency between the Recitals and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall control.

6.8.4. Captions. The captions preceding the Articles and Sections of this Amendment have been inserted for convenience of reference only. Such captions shall not define or limit the scope or intent of any provision of this Amendment.

6.9. Counterparts. This Amendment may be executed in any number of counterparts, all of which together shall constitute the original agreement hereof.

[The remainder of this page is intentionally left blank]

**Attachment A:**

IN WITNESS WHEREOF, the Successor Agency has caused this Amendment to be duly executed on its behalf and Owner has signed or caused this Amendment to be signed by duly authorized persons, all as of the day first above written.

Authorized by Successor Agency Resolution

No. \_\_\_\_\_, adopted \_\_\_\_\_, 2021.

<p><b>SUCCESSOR AGENCY:</b></p> <p>Successor Agency to the Redevelopment Agency of the City and County of San Francisco</p> <p>By: _____ Name: Nadia Sesay Title: Executive Director</p> <p>Approved as to Form:</p> <p>By: _____ Name: James Morales Title: General Counsel</p>	<p><b>OWNER:</b></p> <p>By: _____ Name: Title:</p>
--	--



**Attachment A:**

**EXHIBIT A  
Legal Description of Property**

Real property in the City of San Francisco, County of San Francisco, State of California, described as follows:

Lot 17, as shown on Final Map No. 4375, filed April 8, 2009, in Book CC of Survey Maps at Pages 123 through 131, inclusive, in the Office of the Recorder of the City and County of San Francisco, California.

[Assessor's Block 8709, Lot 017]

[The foregoing legal description does not include any exceptions or reservations or any easements or other rights that may be appurtenant to such real property]

**EXHIBIT B**

**Commission Resolution No. 32-2020**

[Attached]

# Attachment B:

## COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

### RESOLUTION NO. 32-2020

*Adopted November 17, 2020*

#### **CONDITIONALLY AUTHORIZING A NINTH AMENDMENT TO THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT WITH FOCIL-MB, LLC, A DELAWARE LIMITED LIABILITY COMPANY; AND, ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA**

- WHEREAS, On September 17, 1998, the former Redevelopment Agency of the City and County of San Francisco (“Redevelopment Agency”) approved, by Resolution No. 190-98, the Redevelopment Plan for the Mission Bay South Redevelopment Project (“Redevelopment Plan”). The Redevelopment Agency also conditionally authorized, by Resolution No. 193-98, the execution of the Mission Bay South Owner Participation Agreement (“South OPA”) and related documents with Catellus Development Corporation, a Delaware corporation (“Catellus”). On November 2, 1998, the San Francisco Board of Supervisors (“Board of Supervisors”), adopted, by Ordinance No. 335-98, the Redevelopment Plan; and,
- WHEREAS, FOCIL-MB, LLC, (“FOCIL-MB”), a subsidiary of Farallon Capital Management, LLC, assumed all of Catellus’s obligations under the South OPA, as well as all responsibilities under the related public improvement agreements and land transfer agreements with the City and County of San Francisco (“City”). FOCIL-MB is bound by all terms of the South OPA and related agreements, including the requirements of the affordable housing program, equal opportunity program, and design review process; and,
- WHEREAS, On February 1, 2012, state law dissolved the Redevelopment Agency and required the transfer of certain of its assets and obligations to the Successor Agency to the Redevelopment Agency (“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 that 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, 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) act in place of the Redevelopment Agency Commission to, among other matters, implement, modify, enforce and complete the Redevelopment Agency’s enforceable obligations, (ii) approve all contracts and actions related to the assets transferred to or retained by the Successor Agency, including, without limitation, the authority to exercise land use, development, and design approval, consistent with 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 this Commission deems appropriate, consistent with the Redevelopment Dissolution Law, to comply with such obligations; and,

WHEREAS, The Board of Supervisors’ delegation to this Commission includes the authority to grant approvals under specified land use controls for the Mission Bay Project consistent with the approved Redevelopment Plan and enforceable obligations, including amending an existing obligation as allowed by the Redevelopment Dissolution Law; and,

WHEREAS, Redevelopment Dissolution Law required creation of an oversight board to the successor agency and provided that with approval from its oversight board and the State Department of Finance (“DOF”), a successor agency may continue to implement “enforceable obligations” such as existing contracts, bonds and leases, that were executed prior to the suspension of redevelopment agencies’ activities. On January 24, 2014, DOF finally and conclusively determined, among other things, that the South OPA is an enforceable obligation pursuant to Health and Safety Code Section 34177.5(i); and,

WHEREAS, Redevelopment Dissolution Law authorizes an oversight board, subject to review by DOF, to amend an enforceable obligation, if “it finds that amendments . . . would be in the best interests of the taxing entities.” Health and Safety Code Section 34181(e). Among the factors that an oversight board may consider in determining the “best interests of the taxing entities” are a reduction in liabilities and an increase in net revenues to the taxing entities. Id. ; and,

WHEREAS, Mission Bay South Block 43, Parcel 7 (“Parcel 7”) is an 1.13-acres site bounded by the Park P7 to the north, Owens Street on the east, A Street (a private street) on the south, and Caltrain right-of-way and I-280 freeway to the west; and,

WHEREAS, ARE-San Francisco No. 15, LLC acquired Parcel 7 from Catellus on or about September 1, 2004; and,

WHEREAS, The Successor Agency has prepared a proposed ninth amendment to the South OPA (“OPA Amendment”) in conjunction with an amendment to the Redevelopment Plan to allow the development of mixed-use life sciences facility on Parcel 7 and to increase the total leasable square footage of Commercial Industrial uses that may be developed in the Mission Bay South Plan Area (“Plan Area”) from approximately 5,953,600 leasable square feet to approximately 6,123,600 leasable square feet; provided that this additional leasable square feet is located only on Parcel 7 and provided further that the maximum average floor area ratio for Commercial Industrial and Commercial Industrial/Retail uses is increased from 2.9:1 to 2.95:1 solely to account for new development on Parcel 7 ; and,

WHEREAS, The proposed OPA Amendment would provide for development on Parcel 7 of an approximately 170,000 Commercial Industrial leasable square feet mixed-use life sciences facility including research and laboratory space, up to 49,999 square feet of office space, meeting rooms, and ground floor neighborhood-serving retail (“Parcel 7 Project”). Mixed-use life sciences development on Parcel 7 would be required to pay impact fees to fund affordable housing and childcare, as well as comply with certain requirements related to small business hiring and local hiring and fund certain open space maintenance costs. These fees have the effect of reducing liabilities and increasing net revenue to the taxing entities; and,

WHEREAS, The maximum amount of Commercial Industrial uses allowed under the South OPA does not currently provide sufficient Commercial Industrial leasable square footage to accommodate development on Parcel 7; and,

WHEREAS, Parcel 7 has been used previously as a surface parking lot and is currently underutilized, thereby contributing to blight within the Project Area. Development of the Parcel 7 Project would promote the objectives and policies of the Redevelopment Plan; and,

WHEREAS, By allowing for the mixed-use life sciences facility, the OPA Amendment will support the full economic use of Parcel 7 and will accelerate the completion of development under the Redevelopment Plan, the South OPA and the related enforceable obligations. The increase in the limitation on Commercial Industrial allocated to Parcel 7 is expected to result in its development, which would generate more revenues from property taxes payable to the taxing entities, including the City and County of San Francisco, the Bay Area Rapid Transit District, the San Francisco Community College District, the San Francisco Unified School District, the San Francisco County Office of Education, as well as the State of California, compared with the existing conditions. The OPA Amendment does not propose any new capital expenditures by the Successor Agency or any change in the Successor Agency’s overall method of financing the redevelopment of the Mission Bay South Project Area, and will accelerate the completion of development under the Redevelopment Plan and the South OPA; and,

WHEREAS, The OPA Amendment is in the best interests of the taxing entities by increasing property tax revenues and accelerating the wind down of redevelopment affairs in the Plan Area; and,

WHEREAS, On July 9, 2020, the Mission Bay Citizens Advisory Committee considered the OPA Amendment and recommended approval of the OPA Amendment by the Successor Agency Commission; and,

WHEREAS, On November 17, 2020, the Commission adopted Resolution No. 29-2020, by which the Commission determined that the Final Mission Bay Subsequent Environmental Impact (therein defined), together with further analysis provided in Addendum No. 10, 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 OPA Amendment; and,

WHEREAS, The environmental effects of the OPA Amendment have been analyzed in the environmental documents as described in Commission Resolution No. 29-2020. Copies of the environmental documents are on file with the Commission Secretary; now, therefore be it

RESOLVED, That the Commission hereby finds that for purposes of compliance with CEQA, the OPA Amendment is included in the actions identified in Resolution No. 29-2020 adopted concurrently with this Resolution; and, be it further

RESOLVED, That in Resolution No. 29-2020, the Commission adopted findings that various actions, including the OPA Amendment, were in compliance with CEQA. Said findings, which are on file with the Commission Secretary, are in furtherance of the actions contemplated in this Resolution and are made part of this Resolution by reference herein; and, be it further

RESOLVED, That the Commission approves the OPA Amendment substantially in the form attached hereto as Exhibit A, subject to the approval of the fifth amendment of the Redevelopment Plan by the Board of Supervisors and subject further to the final approval of the OPA Amendment by the Oversight Board and the California Department of Finance.

I hereby certify that the foregoing resolution was adopted by the Successor Agency Commission at its meeting of November 17, 2020.


  
\_\_\_\_\_  
Commission Secretary

Exhibit A: Ninth Amendment to the Mission Bay South Owner Participation Agreement

**Exhibit A:**

Free Recording Pursuant to Government Code Section 27383 and 27388.1 at the Request of the Successor Agency to the Redevelopment Agency of the City and County of San Francisco

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

Successor Agency to the Redevelopment Agency of the City and County of San Francisco  
One South Van Ness Avenue, 5th Floor  
San Francisco, CA 94103  
Attn: Executive Director

---

Block 8709, Lot 017  
1450 Owens St., SF, CA

(Space above this line reserved for Recorder's use only)

**NINTH AMENDMENT TO  
MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT**

**Dated as of \_\_\_\_\_**

**By and Between**

**THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY  
OF THE CITY AND COUNTY OF SAN FRANCISCO**

**and**

**FOCIL-MB, LLC**

## Exhibit A:

### NINTH AMENDMENT TO MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT

THIS NINTH AMENDMENT TO MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT (this “Amendment”), dated for reference as of \_\_\_\_\_, is by and between the Successor Agency to the Redevelopment Agency of the City and County of San Francisco, a public body established and existing under the laws of the State of California (the “Successor Agency”), commonly known as the Office of Community Investment and Infrastructure, and FOCIL-MB, LLC, a Delaware limited liability company (“Owner” or “FOCIL”). All initially capitalized terms in this Amendment shall have the meanings set forth in the “South OPA” (as defined below), unless otherwise specifically provided in this Amendment.

THIS NINTH AMENDMENT is made with reference to the following facts and circumstances:

- A. The Board of Supervisors of the City and County of San Francisco (“Board of Supervisors”) adopted the Redevelopment Plan for the Mission Bay South Redevelopment Project on November 2, 1998, by Ordinance No. 335-98, and amended such Redevelopment Plan on July 9, 2013, by Ordinance No. 143-13, on March 6, 2018, by Ordinance No. 032-18, and on \_\_\_\_\_, 2020, by Ordinance No. \_\_\_\_\_ (as amended, the “Redevelopment Plan”). The Redevelopment Plan establishes, among other things, land use controls for the Mission Bay South Project Area (“South Plan Area”).
- B. The Redevelopment Agency of the City and County of San Francisco (“Former Agency”) entered into that certain Mission Bay South Owner Participation Agreement (“Original OPA”), dated as of November 16, 1998, and recorded December 3, 1998, as Document No. 98-G477258-00 in the Official Records of the City and County of San Francisco (“Official Records”), and which was subsequently amended by (i) that certain First Amendment to Mission Bay South Owner Participation Agreement, dated as of February 17, 2004, and recorded March 4, 2004, as Document No. 2004-H669955 in the Official Records (“First Amendment”); (ii) that certain Second Amendment to Mission Bay South Owner Participation Agreement, dated as of November 1, 2005, and recorded November 30, 2005, as Document No. 2005-I080843 in the Official Records (“Second Amendment”); (iii) that certain Third Amendment to Mission Bay South Owner Participation Agreement, dated as of May 21, 2013, and recorded December 9, 2013, as Document No. 2013-J802261 in the Official Records (“Third Amendment”); (iv) that certain Fourth Amendment to Mission Bay South Owner Participation Agreement dated as of June 4, 2013, and recorded December 9, 2013, as Document No. 2013-J802262 in the Official Records (“Fourth Amendment”), (v) that certain Fifth Amendment to Mission Bay South Owner Participation Agreement dated as of April 29, 2014, and recorded August 15, 2014, as Document No. 2014-J927657 (“Fifth Amendment”); (vi) that certain Sixth Amendment to Mission Bay South Owner Participation Agreement dated as of July 26, 2018, and recorded August 13, 2018, as Document No. 2018-K654772 (“Sixth Amendment”); (vii) that certain Seventh Amendment to Mission Bay South Owner



## Exhibit A:

Participation Agreement dated as of \_\_\_\_\_, 2020, and recorded \_\_\_\_\_, 2020, as Document No. \_\_\_\_\_ (“Seventh Amendment”); and (viii) that certain Eighth Amendment to Mission Bay South Owner Participation Agreement dated as of \_\_\_\_\_, 2020, and recorded \_\_\_\_\_, 2020, as Document No. \_\_\_\_\_ (“Eighth Amendment”). The Original OPA, as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the Fifth Amendment, the Sixth Amendment, the Seventh Amendment, and the Eighth Amendment, is hereafter referred to as the “South OPA.” The South OPA establishes, among other things, terms for the private development of improvements within the South Plan Area, including limits on the amount of mixed office, research and development, and light manufacturing (collectively “Commercial Industrial”) uses.

- C. Owner and its successors have diligently pursued development within the South Plan Area, but portions of the South Plan Area remain vacant, underutilized, and otherwise contribute to conditions of blight within the South Plan Area. Such portions include Assessor’s Block 8709, Lot 017, commonly known as 1450 Third Street, San Francisco, California, and more particularly described in Exhibit A attached hereto (herein, the “Property”). The Property is owned by ARE-San Francisco No. 15, LLC (“ARE-SF 15”), who was assigned certain rights and delegated certain obligations under the South OPA with respect to Mission Bay South Land Use Blocks 41, 42, and 43 (which includes the Property) pursuant to that certain Assignment, Assumption and Release Agreement, effective as of September 1, 2004, and recorded September 1, 2004, as Document No. 2004-H802114 in the Official Records (the “Assignment and Assumption Agreement”).
- D. On February 1, 2012, the State of California, pursuant to California Health and Safety Code §§ 34170 *et seq.* (the “Redevelopment Dissolution Law”), dissolved all redevelopment agencies in the state and established successor agencies to assume certain rights and obligations of the dissolved redevelopment agencies. Pursuant to the Redevelopment Dissolution Law, the Former Agency was dissolved and all of the Former Agency’s assets and obligations were transferred to the Successor Agency, except for certain affordable housing assets that were transferred to the City and County of San Francisco (the “City”) and placed under the jurisdiction of the Mayor’s Office of Housing and Community Development.
- E. On October 2, 2012, the Board of Supervisors, acting as the legislative body of the Successor Agency, adopted Ordinance No. 215-12, which was signed by the Mayor on October 4, 2012, and which, among other matters, delegated to the Successor Agency Commission, commonly known as the Commission on Community Investment and Infrastructure (“Commission”), the authority to (i) act in the place of the Former Agency Commission to implement, modify, enforce and complete the surviving redevelopment projects (including, without limitation, the Mission Bay South Project), certain affordable housing obligations (the “Retained Housing”).

## Exhibit A:

Obligations”), and all other enforceable obligations, except for those enforceable obligations for affordable housing transferred to the City and placed under the jurisdiction of the Mayor’s Office of Housing and Community Development (provided that the Commission may not modify the surviving redevelopment projects or the Retained Housing Obligations in any manner that would decrease the commitment of property tax revenue for affordable housing or materially change the obligations to provide affordable housing without obtaining the approval of the Board of Supervisors and any required approval of the Oversight Board of the City and County of San Francisco (the “Oversight Board”); (ii) approve all contracts and actions related to the assets transferred to or retained by the Successor Agency, including, without limitation, the authority to exercise land use, development and design approval authority for the surviving redevelopment projects, and the approval of amendments to redevelopment plans as allowed under the Redevelopment Dissolution Law and subject to adoption of such plan amendments by the Board of Supervisors and any required approval by the Oversight Board, consistent with applicable enforceable obligations; and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and other action that the Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, subject to any approval of the Oversight Board as may be required under the Redevelopment Dissolution Law.

- F. The Board of Supervisors’ delegation to the Commission includes authority to approve and amend all contracts and actions relating to the assets transferred to or retained by the Successor Agency, including the South OPA, subject to approval by the Oversight Board and review by the California Department of Finance (“DOF”), as provided under the Redevelopment Dissolution Law.
- G. On January 24, 2014, DOF finally and conclusively determined that the South OPA is an enforceable obligation under the Redevelopment Dissolution Law. Letter, J. Howard to T. Bohee, Re: “Request for Final and Conclusive Determination” (Jan. 24, 2014).
- H. ARE-SF 15 proposes to develop the Property with a mixed-use life sciences facility including approximately 170,000 Leasable square feet of Commercial Industrial uses (“Project”). Previous development in the South Plan Area has used all of the Leasable square footage available for Commercial Industrial uses and, thus, the Redevelopment Plan (which allows up to 5,953,600 Leasable square feet of Commercial Industrial uses for the entire South Plan Area) and the South OPA (which allows up to 5,000,000 Leasable square feet of Commercial Industrial uses for the portion of the South Plan Area covered by the South OPA) will have to be amended to allow for the increase of 170,000 Leasable square feet (the “Additional Development”), which such Additional Development would result in a maximum Floor Area Ratio, as defined in the Redevelopment Plan, for the Property not to exceed 3.57:1.

## Exhibit A:

- I. Section 34181(e) of the Redevelopment Dissolution Law authorizes the Oversight Board to amend an enforceable obligation if it determines, subject to DOF review, that the amendment would be in the best interests of the taxing entities.
- J. FOCIL and the Successor Agency wish to enter into this Amendment to implement an amendment to the Redevelopment Plan approved by the Board of Supervisors (by Ordinance No. [\_\_\_\_\_-20] ([\_\_\_\_\_, 2020]) that authorizes the Additional Development. The Redevelopment Plan did not previously allow the Additional Development and, therefore, the affordable housing and open space obligations under the Redevelopment Plan and South OPA need to be supplemented to account for any potential effects related to the Additional Development. Accordingly, this Amendment requires the application of the City's Jobs-Housing Linkage Fee and an annual open space maintenance fee to the Project. These fees are not redundant of the affordable housing and open space program of the Redevelopment Plan and the South OPA and are necessary to account for any potential effects related to the development of the Project. In addition to these affordable housing and open space fees, the Project is also subject to those Development Fees or Fees authorized under Section 304.9.C(ii) of the Redevelopment Plan.
- K. This Amendment fulfills the following objectives:
  - (a) development of the Project would promote the objectives and policies of the Redevelopment Plan, including, among others, eliminating blighting influences; retaining and promoting within the City academic and research activities; providing flexibility in the development of the South Plan Area to respond readily and appropriately to market conditions; and providing opportunities for participation by owners in the redevelopment of their properties;
  - (b) as amended hereby, the South OPA will continue to benefit the taxing entities because it will directly and indirectly increase the amount of revenues to the taxing entities from the Property and the South Plan Area by facilitating the development of a blighted and undeveloped portion of the South Plan Area, promoting the revitalization of the South Plan Area consistent with the Redevelopment Plan, and permitting further investment in the South Plan Area; and
  - (c) this Amendment would facilitate the implementation of redevelopment of the Property with the Project without increasing the Successor Agency's obligation to commit any property tax revenues (formerly tax increment) for that redevelopment, and has no adverse fiscal impact on the completion of the remaining development required under the South OPA because implementation of redevelopment of the Property in conformance with this Amendment will result in increased tax revenues.

## Exhibit A:

- L. The parties acknowledge and agree that concurrently with the execution hereof, FOCIL, ARE-SF 15, and the Successor Agency will enter into a first amendment to the Assignment and Assumption Agreement (the “Assignment and Assumption Amendment”), whereby ARE-SF 15 will agree to comply with all applicable terms and conditions set forth in this Amendment. Such Assignment and Assumption Amendment, under terms and conditions set forth therein, will release FOCIL from all applicable obligations set forth in this Amendment.
- M. The Oversight Board, consistent with its authority under the Redevelopment Dissolution Law, determined that amendments the South OPA that increase the total Leasable square footage of Commercial Industrial uses in the South Plan Area, and that make other conforming changes, are in the best interests of the taxing entities.
- N. Under the Redevelopment Dissolution Law, DOF must receive notice and information about all Oversight Board actions, which do not take effect until DOF has either not requested review within 5 days of the notice or requested review and approved the action within 40 days of its review request. On [\_\_\_\_\_, 2020], the Successor Agency provided a copy of Oversight Board Resolution No. [\_\_\_\_\_-2020] to DOF, which did not object to the amendment to the South OPA within the statutory time period for its review, or which approved the amendment to the South OPA within the statutory time period of the Successor Agency’s review request.
- O. FOCIL and the Successor Agency wish to enter into this Amendment to allow for the development of the Project.

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the Successor Agency and FOCIL agree as follows:

1. Amendments To South OPA.

1.1. Maximum Amount of Leasable Square Footage of Commercial Industrial Uses. Wherever the South OPA (as amended and including, without limitation, any Attachment thereto) contains a reference to the total leasable square footage of Commercial Industrial uses, including office, research and development, and light industrial uses, specifically “five million (5,000,000) Leasable square feet,” such references shall be deemed to be amended to refer to “5,170,000 Leasable square feet.” Of such 5,170,000 Leasable square feet, 170,000 Leasable square feet shall be allocated to the Property and cannot be used on any site other than the Property. In addition, the maximum Floor Area Ratio, as defined in the Redevelopment Plan, for the Property shall not exceed 3.57:1.

1.2. Scope of Development. Section I.B.4 of Attachment B (Scope of Development) is hereby amended and restated to read as follows:

I.B.4. Up to approximately 5,170,000 Leasable square feet of Commercial Industrial uses, as defined in the Mission Bay South Redevelopment Plan.

## Exhibit A:

1.3. Open Space Maintenance. Section 4.3 is amended to include the following new subsection 4.3.2:

“4.3.2 Open Space Maintenance. In order to account for any potential effects related to the development of the “Project” (as defined in the Ninth Amendment to Mission Bay South Owner Participation Agreement (the “Ninth Amendment”)), Owner shall record, or have recorded, a declaration of restrictions requiring Owner to make a separate annual payment to the Successor Agency, or its designee, to be used solely for the maintenance of Open Space Parcels. Such payment shall be in an amount equal to \$50,000, shall begin as of the date when the First Construction Document (as defined in Article 4, Section 401 of the San Francisco Planning Code as of the date of the Ninth Amendment) for the Project has been issued, shall continue for so long as the Project remains in operation, and shall be adjusted annually to reflect annual changes in the average Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward, CA statistical area (all items, index base period 1982-84=100).”

2. Small Business Enterprise Policy. Owner agrees to comply with the Successor Agency’s Small Business Enterprise Policy, as adopted by Commission Resolution No. 43-2015 (July 7, 2015), in the construction of the Project, including all tenant improvements constructed within the Project.
3. Fees or Exactions. Owner agrees to comply with the City’s Jobs-Housing Linkage Fee (as set forth in Planning Code Article 4, Section 413.5(d)(1) and (e)(1)) and Transportation Sustainability Fee, but exclusive of Fees or Exactions for open space.
4. Child-Care Requirements. Owner agrees the City’s Child-Care Requirements for Office and Hotel Development Projects (Planning Code Article 4, Section 414 or successor program) shall be applied to office and research and development uses of the Project.
5. Agency Costs. The costs incurred by the Successor Agency and the City Agencies in connection with the negotiation of the Project and this Amendment and related documents, including, without limitation, the amendment to the Redevelopment Plan, the amendment to the Design for Development, any amendment to the Major Phase applicable to the Property, and environmental review documentation to comply with the California Environmental Quality Act, shall be deemed, under Article 6 of the South OPA, to be Agency Costs.
6. General Provisions.
  - 6.1. South OPA in Full Force and Effect. Except as otherwise amended by this Amendment and as previously revised under instruments signed by the Successor Agency and the Owner to reflect various non-material changes, all terms, covenants, conditions and provisions of the South OPA shall remain unmodified, and in full force and effect.

## **Exhibit A:**

6.2. Representations and Warranties By Parties. The parties represent and warrant to each other as follows:

6.2.1. Authority and Enforceability. Each party has the power and authority to enter into this Amendment. This Amendment, when executed and delivered by each of the parties, will be valid and binding and enforceable against each signatory party in accordance with its terms.

6.2.2. Advice of Counsel. Each party (i) has had the opportunity to seek the advice of counsel concerning this Amendment and the transactions contemplated hereby, (ii) has been fully advised of the meaning and effect of this Amendment and such transactions as are contemplated in this Amendment, and (iii) has executed this Amendment after independent investigation without reliance on any representation, warranty, promise or inducement not specifically set forth in this Amendment.

6.3. Successors and Assigns. This Amendment is binding upon and will inure to the benefit of the successors and assigns of the parties, subject to the limitations on assignment set forth in the South OPA.

6.4. Entire Agreement. This Amendment (together with the South OPA) constitutes the entire agreement between the parties with respect to the subject matter of this Amendment and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the terms and conditions mentioned in or incidental to this Amendment. No parole evidence of any prior draft of this Amendment shall be permitted to contradict or vary the terms of this Amendment.

6.5. Further Assurances. The parties agree to execute and acknowledge such other and further documents as may be necessary or reasonably required to express the intent of the parties or otherwise effectuate the terms of this Amendment. Subject to approvals required by law, the Successor Agency's Executive Director is authorized to execute on behalf of the Successor Agency any contracts, agreements, memoranda or similar documents with State, regional or local entities or other Persons that are necessary or proper to achieve the purposes and objectives of this Amendment and do not materially increase the liability or obligations of the Successor Agency under this Amendment, if the Executive Director, in consultation with the Successor Agency's General Counsel, determines that the document is necessary or proper for the purposes and objectives of this Amendment and in the Successor Agency's best interests. The Executive Director's signature of any such document shall conclusively evidence such a determination by him or her.

6.6. No Third Party Beneficiaries. This Amendment is made and entered into for the sole protection and benefit of the parties to this Amendment and their successors and assigns, which includes ARE-SF 15. No other Person shall have or acquire any right or action based upon any provisions of this Amendment.

6.7. Cooperation. In connection with this Amendment, FOCIL, on the one hand, and the Successor Agency, on the other hand, shall reasonably cooperate with one another to achieve the objectives and purposes of this Amendment.

## **Exhibit A:**

### 6.8. Interpretation of Amendment.

6.8.1. Words of Inclusion. The use of the term “including,” “such as” or words of similar import when following any general term, statement or matter shall not be construed to limit such term, statement or matter to the specific items or matters, whether or not language of non-limitation is used with reference thereto. Rather, such terms shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such term, statement or matter.

6.8.2. No Presumption Against Drafter. This Amendment has been negotiated at arm’s length and amongst parties sophisticated and knowledgeable in the matters dealt with in this Amendment. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, this Amendment shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Amendment (including, but not limited to, California Civil Code Section 1654).

6.8.3. Recitals. The Recitals in this Amendment are included for convenience of reference only and are not intended to create or imply covenants under this Amendment. In the event of any conflict or inconsistency between the Recitals and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall control.

6.8.4. Captions. The captions preceding the Articles and Sections of this Amendment have been inserted for convenience of reference only. Such captions shall not define or limit the scope or intent of any provision of this Amendment.

6.9. Counterparts. This Amendment may be executed in any number of counterparts, all of which together shall constitute the original agreement hereof.

[The remainder of this page is intentionally left blank]

**Exhibit A:**

IN WITNESS WHEREOF, the Successor Agency has caused this Amendment to be duly executed on its behalf and Owner has signed or caused this Amendment to be signed by duly authorized persons, all as of the day first above written.

Authorized by Successor Agency Resolution

No. \_\_\_\_\_, adopted \_\_\_\_\_, 2020.

<p><b>SUCCESSOR AGENCY:</b></p> <p>Successor Agency to the Redevelopment Agency of the City and County of San Francisco</p> <p>By: _____ Name: Nadia Sesay Title: Executive Director</p> <p>Approved as to Form:</p> <p>By: _____ Name: James Morales Title: General Counsel</p>	<p><b>OWNER:</b></p> <p>By: _____ Name: Title:</p>
--	--



**Exhibit A:**

**EXHIBIT A  
Legal Description of Property**

Real property in the City of San Francisco, County of San Francisco, State of California, described as follows:

Lot 17, as shown on Final Map No. 4375, filed April 8, 2009, in Book CC of Survey Maps at Pages 123 through 131, inclusive, in the Office of the Recorder of the City and County of San Francisco, California.

[Assessor's Block 8709, Lot 017]

[The foregoing legal description does not include any exceptions or reservations or any easements or other rights that may be appurtenant to such real property]

**EXHIBIT C**

**Fiscal Analysis of Proposed 1450 Owens by Seifel Consulting, Inc.**

[Attached]

# Attachment C: Project Fiscal Benefit Report

## REPORT

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Fiscal Analysis of Proposed  
1450 Owens Street

Mission Bay, San Francisco

Prepared by:

Seifel Consulting Inc.



July 2020

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**Fiscal Analysis of Proposed 1450 Owens Street Development**  
**Mission Bay, San Francisco**

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# I. Introduction

This report presents the preliminary findings of the fiscal analysis conducted by Seifel Consulting for the proposed mixed use project at 1450 Owens Street. The fiscal analysis projects the anticipated annual and one-time fiscal benefits from the development proposal submitted by the property owner and developer, ARE-San Francisco No. 15, LLC (ARE). The report begins with a summary of key findings, and the remainder of the report is organized as follows:

- Overview of the proposed mixed use project.
- Description of the methodology and key assumptions used to project fiscal benefits to public entities.
- Projections of the annual fiscal revenues to the City and County of San Francisco's General Fund (City's General Fund) and the Office of Community Investment and Infrastructure (OCII), as well as projected public revenues that would be generated to fund transportation, provide other dedicated and restricted revenues for the City, and provide payments to other taxing entities from the tax increment generated by the project.
- Projections of one-time fiscal revenues to the City's General Fund and to the San Francisco Unified School District (SFUSD) in the form of development impact fees and other payments.

The report also includes the supporting tables that were used to conduct the fiscal analysis in an Appendix at the end of the report.

## A. Summary of Projected Fiscal Benefits from 1450 Owens Street

Seifel Consulting (Seifel) prepared a fiscal analysis to project the potential fiscal benefits from the proposed project. As summarized below and further described in this report, the proposed project would generate ongoing annual revenues and upfront, one-time revenues to the City's General Fund, OCII and other public entities, providing a substantial positive fiscal benefit to a broad range of public agencies.

### 1. Ongoing Annual Fiscal Revenues

The proposed mixed use project at 1450 Owens Street is projected to generate the following annual revenues in Fiscal Year (FY) 2019/20 dollars, as illustrated below in Figure 1:<sup>1</sup>

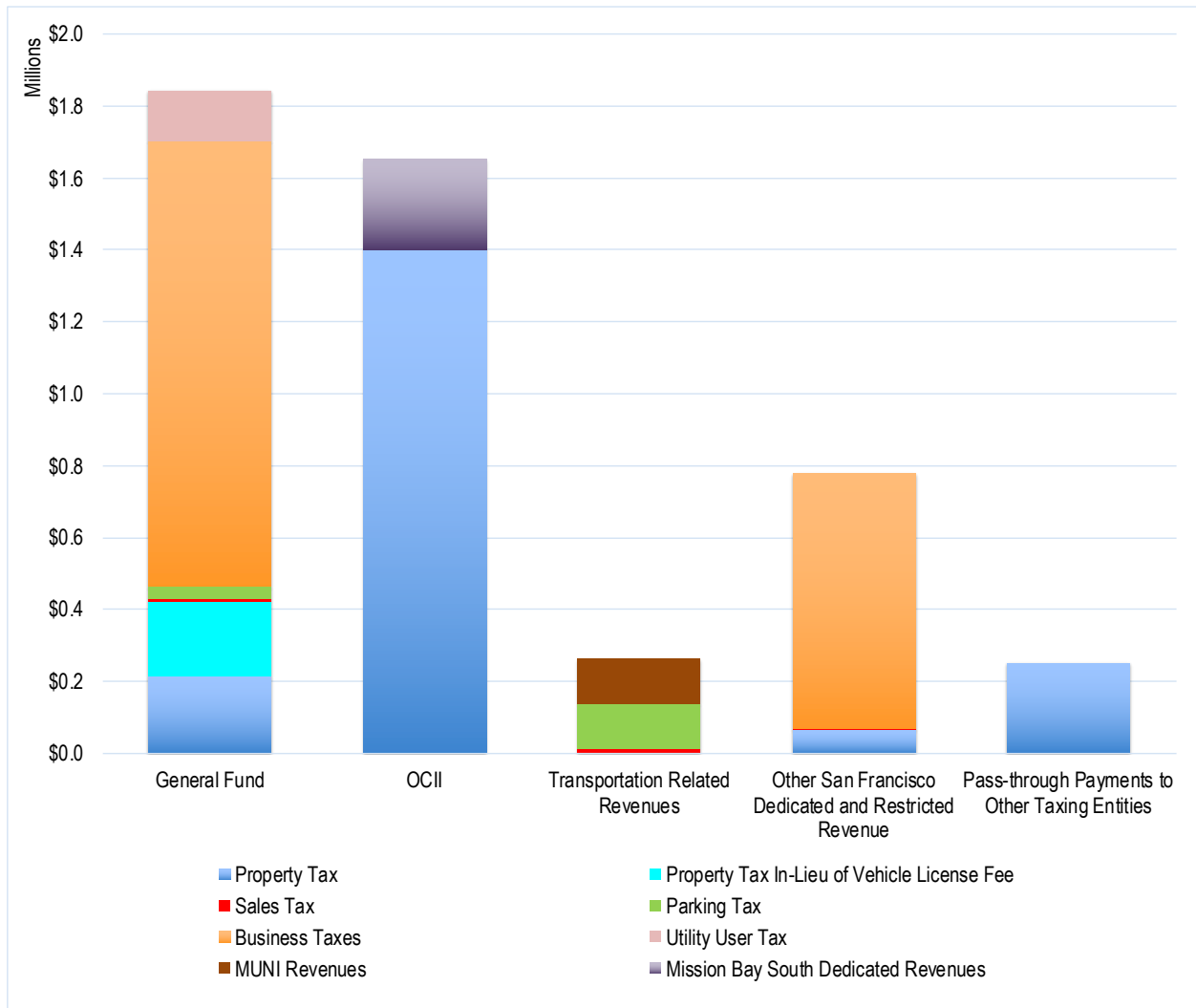
- Approximately \$4.8 million in annual revenues to all of the public entities studied in this report.
- Approximately \$1.8 million in annual revenues to the City's General Fund, of which the largest revenue source is from gross receipts tax revenue.
- Approximately \$1.7 million in tax increment revenue to OCII and dedicated revenues for Mission Bay South, including approximately \$390,000 to be set-aside for affordable housing, about \$1.0 million of unrestricted funding for housing and non-housing projects, and about \$260,000 in dedicated revenues.
- Approximately \$260,000 in transportation related annual revenues, of which the largest revenue would be from parking taxes to the San Francisco Municipal Transportation Agency (SFMTA).
- Approximately \$780,000 in various dedicated and restricted annual revenues to the City.
- Approximately \$250,000 in additional payments to various taxing entities from tax increment, including SFUSD.

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<sup>1</sup> The key results of the fiscal analysis are presented in constant FY 2019/20 dollars throughout this report unless noted otherwise, including in this summary.

Figure 1 illustrates the projected fiscal revenues to the City’s General Fund and OCII, as well as projected public revenues that would be generated to fund transportation, provide other dedicated and restricted revenues for the City, and make pass through payments to other taxing entities from tax increment generated by the project.

**Figure 1**  
**Projected Annual Revenues for San Francisco**  
**1450 Owens Street**  
**(In Constant FY 2019/2020 Dollars)**



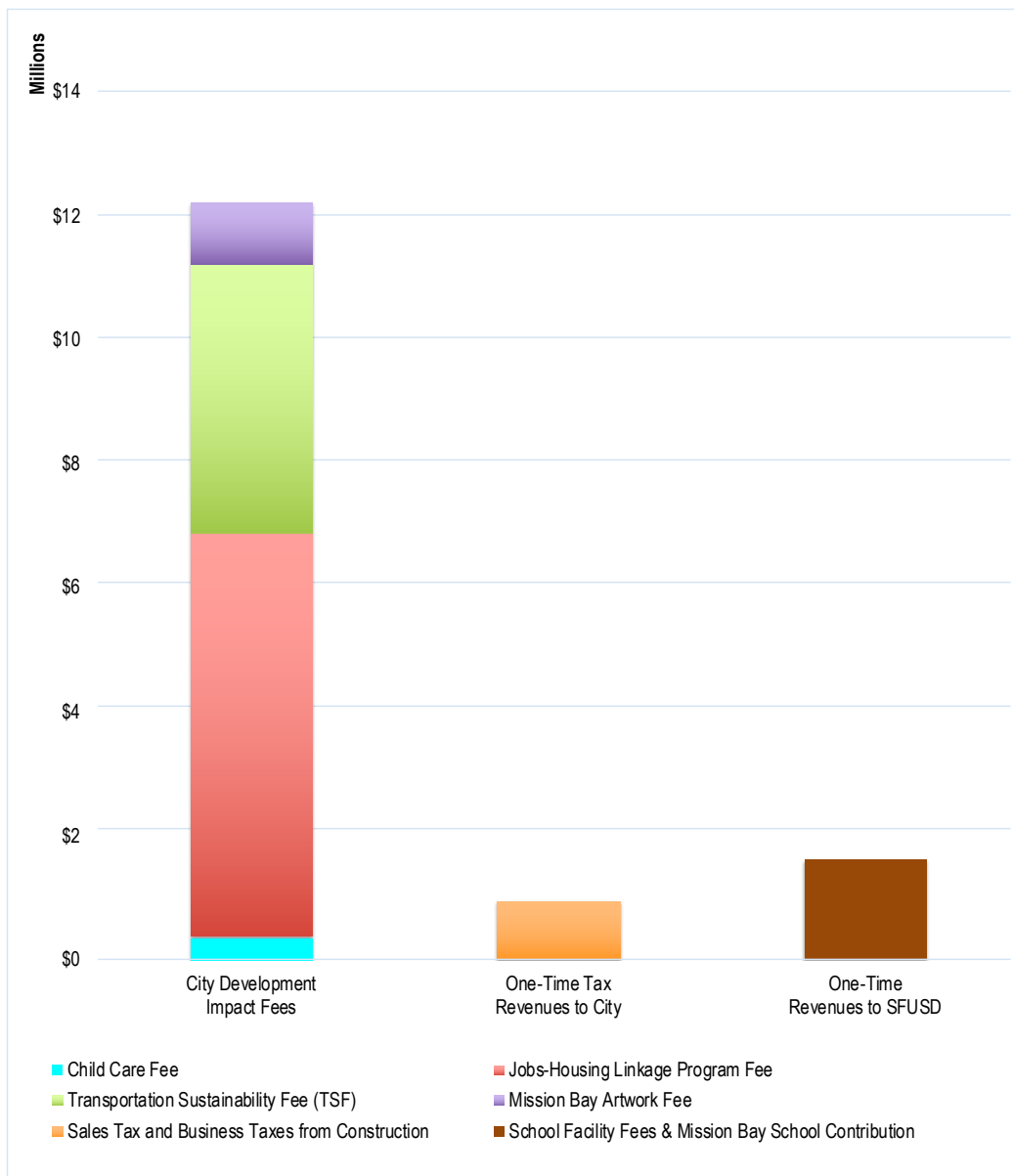
\* Note: Annual revenues to OCII include property tax increment and Mission Bay South dedicated revenues for special taxes for the Mission Bay South Community Facilities Districts and maintenance for open space.

## 2. Upfront and One-Time Revenues

The proposed project would also generate upfront and one-time revenue to the City and SFUSD through the payment of development impact fees and tax revenues from construction, as shown in Figure 2.

In summary, the proposed project is projected to generate approximately \$14.8 million in upfront and one-time revenues to the City and SFUSD, of which about \$12.3 million would be related to the payment of development impact fees to the City and SFUSD. Additional one-time revenues include a \$1.5 million upfront contribution to provide an operational endowment for the Mission Bay elementary school, and construction-related tax payments of about \$0.9 million.

**Figure 2**  
**Projected Upfront and One-Time Revenues**  
**1450 Owens Street**  
**(In Constant FY 2019/20 Dollars)**



## II. Proposed Project

The approximately 1.13-acre project site at 1450 Owens Street is within the City and County of San Francisco’s Mission Bay South Redevelopment Plan Area. Bounded by I-280 to the west, Owens Street to the east, and “A” Street to the south, the trapezoidal project site is currently used as surface parking for Mission Bay Shuttle buses. Figure 3 shows the location of the project site within the Mission Bay South Redevelopment Plan Area.

**Figure 3**  
**Project Site**  
**1450 Owens Street**



(Source: San Francisco Office of Community Investment and Infrastructure, 2018)

The project sponsor (ARE-San Francisco No. 15, LLC or ARE) proposes to build a mixed-use life sciences facility consisting of 130,466 gross square feet (GSF) of life sciences research and development (R&D) space; up to 49,998 GSF of office space; and 2,580 GSF of ground-floor retail space. The R&D space would include life science laboratories and accessory office space, a life sciences incubator space, and an event/conference center.



Table 1 presents the proposed development program at build-out.

**Table 1  
Summary of Development Program  
1450 Owens Street**

<b>Land</b>	<b>Land Square Feet</b>		<b>Acreage</b>
Parcel Size	49,528		1.14
	<b>Total Building Area (Square Feet)</b>	<b>OCII Leasable Area (Square Feet)</b>	<b>Planning Gross Area (Square Feet or GSF)</b>
<b>1450 Owens Street Building</b>			
Office <sup>a</sup>	49,998	49,998	49,998
Retail	2,580	0	2,580
<u>R&amp;D and Life Sciences<sup>b</sup></u>	<u>154,273</u>	<u>119,812</u>	<u>130,466</u>
<b>Total</b>	<b>206,851</b>	<b>169,810</b>	<b>183,044</b>
<b>Offsite Parking Garage (1470 Owens Street)</b>	<b>Number of Spaces<sup>c</sup> (Space)</b>		
<b>Parking</b>	177		

a. Office area is based on Planning Gross Area for Office use.

b. This area includes life science lab, incubator, conference space, lobby and occupant support.

c. Pursuant to the OCII Major Phase Approval for Blocks 41-43, Code-required parking for the development on these Blocks (including 1450 Owens Street) will be provided in two parking garages located at 1470 and 1670 Owens Street. The Code-required 177 parking spaces for 1450 Owens Street will be accommodated in these parking garages.

Source: ARE-San Francisco No. 15, LLC. (ARE), Environmental Science Associates (ESA).

# III. Fiscal Analysis

## A. Approach

The fiscal analysis presented in this report evaluates the fiscal benefits from the proposed project at the project's buildout. As described previously, this study projects the annual revenues that would be generated to the City's General Fund, OCII, and other public entities, as well as the one-time, upfront fiscal revenues that would be generated to the City's General SFUSD related to project construction.

### 1. Methodology

The fiscal analysis relies on the following methodological approaches for public revenues and costs:

- City fiscal revenues – The application of appropriate municipal tax rates to estimate public revenues to the City's General Fund from property tax, property tax in-lieu of vehicle license fees (VLF), sales tax, parking tax, gross receipts tax, business registration tax, payroll tax, and utility user tax revenues.
- OCII revenues – The application of appropriate municipal tax rates to estimate incremental property tax available to OCII, of which 20% is set-aside for affordable housing. OCII receives net tax increment available for housing and non-housing projects after the 20% housing set-aside and other obligations, including pass through payments to taxing entities. Additional dedicated revenues for Mission Bay South will also be generated from the payment of special taxes and to pay for annual maintenance of open space.
- Transportation related revenues – The application of appropriate municipal tax rates to estimate public revenues to the City's transportation related funds from sales tax and parking tax.
- Other San Francisco dedicated and restricted revenues – The application of appropriate municipal tax rates to estimate public revenues to the City's dedicated and restricted funds from incremental property tax, sales tax and gross receipts tax.
- Incremental property tax revenues through pass through payments to other taxing entities – The application of appropriate municipal tax rates to estimate incremental property tax passed through from OCII to other taxing entities.

Some of the fiscal analysis calculations shown in this study are rounded, which also means that some of the numbers presented in the tables may not precisely calculate due to rounding.

### 2. Data Sources

The base year for this study is FY 2019/20, the most recent fiscal year for which data was available at the time of this analysis. The analysis presented in this report has been gathered from the most reliable sources available to Seifel. The estimates and projections of current and future information assembled and provided herein are intended solely for the purpose of establishing reasonable estimates for use in this study. While Seifel believes these estimates are reasonable and are based on the best available information, Seifel makes no warranty of the accuracy of these numbers, or their consistency with future trends and events.

### 3. Key Assumptions

The fiscal benefit analysis is based on a variety of conditions and assumptions as summarized below:

- **Constant FY 2019/20 Dollars** – The analysis was conducted primarily on a constant dollar (FY 2019/20) basis, and the baseline assumptions were adjusted accordingly. All fiscal benefit results presented in this report are in constant FY 2019/20 dollars unless noted otherwise.
- **Property Valuation** – All valuation assumptions are based on current estimated property values on a constant dollar (FY 2019/20) basis. The projected values were estimated by Seifel Consulting based on market information and interviews with ARE as well as local real estate agents from 2018 through early 2020 as presented in Appendix Table 1. These assumptions are based on the San Francisco real estate market prior to the COVID-19 pandemic.
- **Ongoing Revenue Assumptions** – Ongoing municipal revenues from property tax, property tax in-lieu of VLF, sales tax, parking tax, gross receipts tax, business registration tax, payroll tax, and utility user tax revenues are calculated by multiplying current municipal tax rates by the projected relevant tax base from new development.
- **Payroll Expense Tax and Gross Receipts Tax Assumptions** – The City has been shifting the structure of payroll expense tax and gross receipts tax. In addition, voters in San Francisco recently approved additional taxes on gross receipts through Proposition C in June 2018 and Proposition C in November 2018. Payroll expense tax and gross receipts tax, and business registration tax were derived based on appropriate municipal tax rates and various City publications, supplemented by discussions with staff of the City and County of San Francisco Controller’s Office (Controller’s Office) and the City and County of San Francisco Treasurer’s Office (Treasurer’s Office).
- **Upfront and One-Time Revenues to the City** – Upfront and one-time revenues to the City are projected based on the City’s current tax rate/fee schedule applied against new development values and/or square feet of new development as well as input from staff of the OCII and the City and County of San Francisco Planning Department (Planning Department).
- **Transportation Analysis Assumptions** – Transit revenues are projected based on the estimated number of trips generated by the new development, based on the Memorandum from José I. Farrán, Advant Consulting, to Susan Yogi and Karl Heisler, Environmental Science Associates, regarding the transportation assessment for changes in land use in the San Francisco Mission Bay South Plan Area. The number of trips is consistent to the environmental documents available as of June 2020.

### B. Annual Fiscal Revenues

This section presents the projections of ongoing annual fiscal revenues to the City’s General Fund, OCII and other taxing entities. As summarized in Table 2, 1450 Owens Street is projected to generate ongoing fiscal revenues to local entities from the following revenue categories.<sup>2</sup>

- Property Tax (through Tax Increment)
- Property Tax In-Lieu of Vehicle License Fee
- Sales Tax
- Parking Tax
- Business Taxes (Payroll Expense Tax, Gross Receipts Tax, and Business Registration Tax)

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<sup>2</sup> Section C below describes these revenue categories and summarizes key assumptions for revenue projections.

- Utility User Tax
- Mission Bay Open Space Maintenance
- Mission Bay South Community Facilities District special taxes
- Municipal Railway (MUNI) Fare

**Table 2**  
**Projected Annual Revenues for San Francisco**  
**1450 Owens Street**  
**(In Constant FY 2019/20 Dollars)**

	Annual Revenues
<b>1. General Fund</b>	
Property Tax	\$214,700
Property Tax In-Lieu of Vehicle License Fee	\$207,100
Sales Tax	\$9,300
Parking Tax	\$31,400
Business Taxes (Gross Receipts Tax)	\$820,500
Business Taxes (Business Registration Tax)	\$34,100
Business Taxes (Payroll Tax)	\$386,600
<u>Utility User Tax</u>	<u>\$139,600</u>
<b>Subtotal</b>	<b>\$1,843,300</b>
<b>2. OCII- Tax Increment and Dedicated Revenues for Mission Bay South</b>	
Tax Increment Available for Housing and Non-Housing Projects (Unrestricted)	\$1,013,200
Tax Increment - Set Aside for Affordable Housing Projects	\$385,500
Mission Bay Open Space Maintenance	\$50,000
Mission Bay South Community Facilities District No. 5	\$24,900
Mission Bay South Community Facilities District No. 6	<u>\$181,500</u>
<b>Subtotal</b>	<b>\$1,655,100</b>
<b>3. Transportation Related Revenues</b>	
MUNI Revenues	\$126,400
Parking Tax to SFMTA	\$125,800
County Transportation Authority Sales Tax (Prop K)	\$4,600
State Sales Tax (AB 1107)	\$4,600
<u>TDA Sales Tax</u>	<u>\$2,300</u>
<b>Subtotal</b>	<b>\$263,700</b>
<b>4. Other San Francisco Dedicated and Restricted Revenue</b>	
Special Fund Property Tax Pass-through Payments	\$63,800
Public Safety Sales Tax	\$4,600
Childcare Gross Receipts Tax	\$443,900
<u>Homelessness Gross Receipts Tax</u>	<u>\$266,300</u>
<b>Subtotal</b>	<b>\$778,600</b>
<b>5. Pass-through Payments to Other Taxing Entities</b>	
San Francisco Unified School District	\$54,600
San Francisco Community College District	\$10,300
Educational Revenue Augmentation Fund	\$179,600
<u>Other Taxing Entities</u>	<u>\$5,900</u>
<b>Subtotal</b>	<b>\$250,400</b>
<b>Grand Total</b>	<b>\$4,791,100</b>

Note: Some numbers may not precisely total or calculate due to computer rounding.

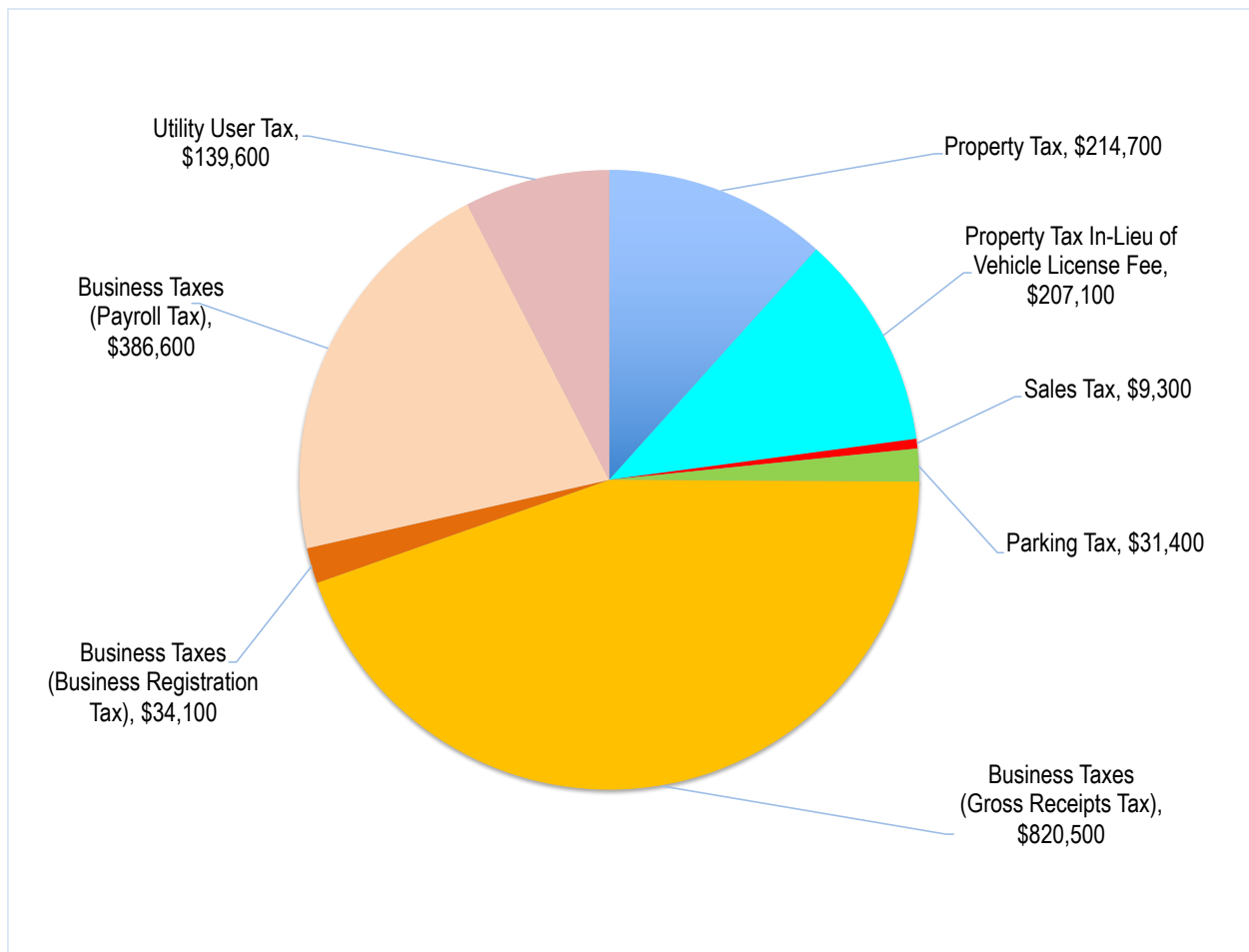
Source: City and County of San Francisco, ARE, Seifel Consulting Inc.

## 1. Annual Revenues to the City's General Fund

As presented in Table 2, the City's General Fund receives approximately \$1.8 million collectively from all sources listed above except MUNI fare revenues at the project build-out.

Figure 4 illustrates the projected annual fiscal revenues to the City's General Fund at build-out. The largest revenue source generated from the project is Gross Receipts tax (which includes Proposition C revenues approved by the voters in June and November 2018), followed by payroll tax, property tax, and property tax in-lieu of VLF.

**Figure 4**  
**Annual Fiscal Revenues to City General Fund**  
**City and County of San Francisco**  
**(In Constant FY 2019/20 Dollars)**



## 2. Annual Revenues to OCII

OCII is projected to receive approximately \$1.7 million in tax increment revenues based on growth in assessed value of 1450 Owens Street. As further described under Section C.1 below, 20 percent (%) of gross tax increment is required to be spent on affordable housing projects. After meeting affordable housing and pass through obligations, the remaining tax increment is available for OCII's housing and non-housing projects.

In addition, OCII is projected to receive annual revenues to pay for maintenance of Mission Bay Open Space and ARE will pay annual special taxes to the Mission Bay South Community Facility Districts No. 5 and No. 6.

## 3. Annual Transportation Related Revenues

The proposed development at 1450 Owens Street is projected to generate transportation revenues to several transportation agencies, as summarized in Table 3. SFMTA receives MUNI fare and parking tax. San Francisco County Transportation Authority receives a portion of sales tax through Proposition K. MTC and BART would receive a portion of the State sales tax through AB 1107. In addition, a portion of retail sales will be used to finance transit operations, and bus and rail projects as well as special paratransit services for disabled passengers, and bicycle and pedestrian projects per the Transportation Development Act (TDA). In addition, the City is assumed to transfer approximately 12.1 percent of the General Fund revenue to SFMTA.<sup>3</sup>

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<sup>3</sup> Annual General Fund transfer to SFMTA shown in Table 3 is not separately listed in Table 2 because this transfer represents a portion of the projected General Fund revenue in Table 2.

**Table 3**  
**Transportation Related Revenues**  
**1450 Owens Street**  
**(In Constant FY 2019/20 Dollars)**

<b>Annual Revenues</b>	
<b>Transit Revenues</b>	
MUNI Revenues <sup>a</sup>	\$126,400
Parking Tax to SFMTA	\$125,800
County Transportation Authority Sales Tax (Prop K)	\$4,600
State Sales Tax (AB 1107) <sup>b</sup>	\$4,600
<u>TDA Sales Tax</u>	<u>\$2,300</u>
<b>Subtotal - Non-General Fund Transit Revenues</b>	<b>\$263,700</b>
<i>Estimated Annual General Fund Transfer to SFMTA<sup>c</sup></i>	<i>\$223,200</i>
<b>One-Time Revenues</b>	
<b>Development Impact Fee</b>	
Transportation Sustainability Fee (TSF)	\$4,346,000
<b>Total</b>	<b>\$4,346,000</b>

Note: Some numbers may not precisely total or calculate due to computer rounding.

- a. Based on estimated average weekday trip generation of 130 round trips at \$81 monthly MUNI "M" Pass.
- b. State sales tax (AB 1107) is a one-half cent sales tax, which allocates 25% to MTC and 75% to BART.
- c. Estimated based on projected FY 2019/20 General Fund share of 12.1%, as indicated in General Fund Supported Baselines in Appendix 4 of "FY 2019-20 and FY 2020-21 Revenue Letter, Controller's Discussion of the Mayor's Proposed Budget" prepared by the City and County of San Francisco Controller's Office in June 2019.

Source: City and County of San Francisco, ARE, Advant Consulting, Seifel Consulting Inc.

#### **4. Other San Francisco Dedicated and Restricted Annual Revenues**

The City and County of San Francisco receives tax increment in Special Funds separately in addition to the City's General Fund. The City's Special Funds include a property tax set-aside for Library, Open Space, and Children's Fund.

#### **5. Pass-through Payments to Other Taxing Entities**

A portion of tax increment revenues are also distributed as pass-through payments to other taxing entities, including the San Francisco Unified School District (SFUSD), San Francisco Community College District (SFCCD), and the Educational Revenue Augmentation Fund (ERAF).

## C. Ongoing Revenue Sources

This section describes ongoing fiscal revenue categories and summarizes key assumptions for the fiscal revenue projections for 1450 Owens Street.

### 1. Property Tax and Community Facilities District Special Tax

As of FY 2019/20, the assessed value of 1450 Owens Street is approximately \$5.9 million. The assessed value at the project's buildout was estimated by Seifel Consulting based on the relevant market information and interviews with ARE as well as local real estate agents from 2018 through early 2020. The projected assessed value at buildout is \$198.7 million in FY 2019/20 constant dollars.<sup>4</sup> The supporting market and valuation assumptions are summarized in Appendix Table 1 and property tax projections are presented in Appendix Table 2.

The 1450 Owens Street property is located within the boundaries of the Mission Bay South Redevelopment Plan Area. For properties in this Redevelopment Plan Area, the General Fund receives property taxes from the base assessed value in the Project Area (at the time of Project Adoption in FY 1998/99), and tiered pass through payments that are calculated based on the property tax increment that is generated from the growth in assessed values as shown in Appendix Table 3.

Property tax increment is projected based on a 1 percent base tax rate multiplied by the growth in assessed value. Tax increment revenues are distributed to OCII and to the affected taxing entities according to California Redevelopment Law (CRL). The CRL requires OCII to set aside not less than 20% of all tax increment revenues into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. The CRL also requires OCII to make pass through payments to affected taxing entities following a tiered statutory formula. Affected taxing entities, including the City and County of San Francisco, receive pass through payments calculated based on this formula and their respective property tax shares.<sup>5</sup>

Mission Bay South also has two Mello-Roos Community Facility Districts (CFDs) that were formed to help pay for public infrastructure and facilities costs in Mission Bay South. ARE will continue to make annual special tax payments for CFDs No. 5 and No. 6. Please refer to Appendix Table 4 for the supporting calculations of the CFD special taxes.

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<sup>4</sup> These assumptions are based on the San Francisco real estate market prior to the COVID-19 pandemic.

<sup>5</sup> OCII is a separate legal entity from the City and County of San Francisco. The assessed valuation of property located within a redevelopment project area is "frozen" in the year when the redevelopment plan is adopted and is referred to as the base year value. The increase in assessed valuation above the base year value is the basis on which the "tax increment revenue" and pass through payments are calculated. Each entity levying property taxes receives an annual pass through payment in proportion to its property tax levy. The City and County of San Francisco, as the sponsoring entity, elected to receive a tier one pass through payment. Thus, all taxing entities including the City receive the tier one payment, equal to each taxing entity's share of 20 percent of the gross tax increment allocated to OCII from assessed value growth above the project area's base year assessed value. In addition, all affected taxing entities except the City receive a tier two and a tier three pass through payments. The tier two and tier three payments are equal to each taxing entity's share of 16.8 percent and 11.2 percent of the gross tax increment respectively.



## 2. Property Tax In-Lieu of VLF Revenue

The City also receives an additional share of property taxes in lieu of vehicle license fee (VLF) revenues, which is based on growth in assessed valuation, as presented in Appendix Table 5. These revenues are the result of a revenue swap enacted as part of the State Budget Act of 2004 when the Legislature voted to provide additional property tax revenue to cities and counties to help compensate for reductions in VLF revenues that had been received previously.

Property tax in lieu of VLF revenue is calculated by applying the future percentage increase in assessed value from 1450 Owens Street to the City's FY 2019/20 VLF revenue.<sup>6</sup> This analysis only assumes growth in assessed value from the project and does not take into consideration citywide growth in assessed value. (See Appendix Table 4.)

## 3. Sales Tax

Retail development on the ground floor of 1450 Owens Street is projected to generate sales tax from new retail businesses. Based on a review of information regarding comparable retail space in Mission Bay South, this analysis assumes that the new retail space would generate sales of \$400 per square foot and 90 percent of these sales would be taxable. The City General Fund collects 1 percent of sales tax from businesses generating taxable sales within San Francisco. Furthermore, the City and other transportation related entities receive additional sales tax revenues as described below:

- **State Sales Tax for Public Safety (0.5%)**—Also known as the Half-Percent Sales Tax for Public Safety, proceeds from this tax go toward the Local Public Safety Fund to support local criminal justice activities.<sup>7</sup>
- **San Francisco County Transportation Authority (Prop K) (0.5%)**— The State of California collects and remits 0.50 percent of taxable sales to the County Transportation Authority (CTA) through Proposition K. Approved in 2003, Proposition K is a half-cent local sales tax for transportation. Sales tax revenues from Prop K are invested in projects and programs under four categories: transit, paratransit, streets and traffic safety, and transportation systems management/strategic initiatives. Projects are identified in the Prop K Strategic Plan's 5-Year Prioritization Programs, updated every five years by the Transportation Authority.<sup>8</sup>
- **State Sales Tax (AB 1107 or BART) to SFMTA (0.125%)**—Also referred to as Assembly Bill (AB) 1107, this half-cent sales tax for the three BART counties of Alameda, Contra Costa and San Francisco is distributed 75 percent to BART and the remaining 25 percent to MTC, which allocates its share of the funds evenly between the San Francisco Municipal Transportation Agency (SFMTA) and AC Transit.<sup>9</sup>

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<sup>6</sup> Per SF Open Book by the City and County of San Francisco.

<sup>7</sup> Per California Department of Tax and Fee Administration (<https://www.cdtfa.ca.gov/taxes-and-fees/sut-rates-description.htm>).

<sup>8</sup> Per San Francisco County Transportation Authority California (<https://www.sfcta.org/prop-k-home>).

<sup>9</sup> Per Metropolitan Transportation Commission (<https://mtc.ca.gov/our-work/fund-invest/sales-tax-and-gas-tax-funding>) and "Plan Bay Area 2014 Final Supplemental Report" by Metropolitan Transportation Commission and Association of Bay Area Governments (July 2017).

- **TDA Sales Tax to SFMTA (0.25%)**—A state sales tax equal to one-quarter of one percent of all taxable retail sales within San Francisco County is generated to fund transit operations, and bus and rail projects as well as special paratransit services for disabled passengers, and bicycle and pedestrian projects. (In non-urban areas TDA funds may be used in some cases for maintenance of local streets and roads.)<sup>10</sup>

Please refer to Appendix Table 6 for the sales tax projections.

#### 4. Parking Tax

The City collects a 25 percent parking tax from commercial off-street parking charges. The project requires 177 net new off-street and structured parking spaces pursuant to Code requirements.<sup>11</sup> The project’s parking spaces are assumed to be subject to the parking tax based on potential public parking revenues. Approximately 20 percent of the parking tax proceeds are allocated to the General Fund, while the remaining 80 percent are allocated to the San Francisco Municipal Transportation Agency (SFMTA). This analysis assumes a parking vacancy rate of 7.5 percent. All parking spaces are assumed to have an average monthly rate of \$400 based on comparable parking facilities. Total annual parking tax received by the City’s General Fund and SFMTA is summarized in Appendix Table 7.

#### 5. Business Taxes

Business tax revenue is comprised of payroll tax, gross receipts tax, new taxes from two recently adopted voter initiatives in 2018, and business license registration tax. Payroll expense is defined as compensation paid to individuals including salaries, wages, bonuses, commissions, or property issued or transferred in exchange for the performance of services (including but not limited to stock options). Until 2013, San Francisco levied a 1.5% tax on the payroll expense of larger businesses in the City.

In 2012, voters approved a shift from the payroll expense tax to one based on gross receipts. The 2012 Gross Receipts Tax (GRT) Ordinance phased-in the GRT during a five-year period from 2014 to 2018. While 2018 was to be the last year of the payroll expense tax, the City authorized the continued payment of payroll taxes in 2018 indicating that as “GRT revenue has been less than expected, the payroll expense tax will apply for future tax years as well.”<sup>12</sup>

##### Payroll Expense Tax

Payroll expense taxes are levied on all businesses in the City except that small businesses with less than \$320,000 in annual taxable payroll expenses are currently exempt from this tax.<sup>13</sup> The project is estimated to have approximately 569 employees as shown in Appendix Table 8.

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<sup>10</sup> Per Metropolitan Transportation Commission (<https://mtc.ca.gov/our-work/invest-protect/investment-strategies-commitments/transit-21st-century/transit-operating-0>).

<sup>11</sup> Pursuant to the OCII Major Phase Approval for Blocks 41-43, Code-required parking for the development on these Blocks (including 1450 Owens Street) will be provided in two parking garages located at 1470 and 1670 Owens Street. The Code-required 200 parking spaces for 1450 Owens Street will be accommodated in these parking garages.

<sup>12</sup> The shift to gross receipts tax was designed to be revenue-neutral, and the anticipated revenue raised by the gross receipts tax was to be used to retire the payroll expense tax. When this did not occur as projected, payroll tax was continued.

<sup>13</sup> <https://sftreasurer.org/business/taxes-fees/annual-business-tax-returns-2019>

Seifel estimated the average wages per employee for the types of businesses that are anticipated to occupy 1450 Owens Street based on the data from US Bureau of Labor Statistics (BLS) as shown in Appendix Table 9. Appendix Table 10 shows the projected annual payroll expense tax based on projected payroll from the project, and the 2019 payroll expense tax rate of 0.38% according to the Treasurer and Tax Collector's Office.<sup>14</sup> Given the size of the retail space, retail would likely be exempt from payroll tax.

### **Gross Receipts Tax and Tax Revenues from Proposition C**

The GRT rates vary depending on the type of business and annual gross receipts from business activity in the City. For 2019, small businesses are exempt from the GRT if their combined annual taxable gross receipts in the City, computed without regard to the small business exemption in Code Section 954.1, are less than \$1,170,000.<sup>15</sup>

To project annual GRT revenue from the project, Seifel obtained a summary of Gross Receipts based on actual tax filings for 2016 and Gross Receipts Tax rates on a fully phased-in basis from the Controller's Office. Based on the 2016 GRT revenues collected from business categories that are likely to be associated with office and R&D space at 1450 Owens Street, Seifel estimated that the Gross Receipts tax revenue per employee is approximately \$1,460 in FY 2019/20 constant dollars as presented in Appendix Table 12. Seifel multiplied this average revenue by the estimated number of employees to project annual GRT, as shown in Appendix Table 11.

In June 2018, San Francisco voters approved Proposition C, the "Commercial Rent Tax for Childcare and Early Education" which is also referred to as the Universal Childcare for San Francisco Families Initiative. The Proposition authorized an additional tax on the lease of commercial property for landlords with annual gross receipts over \$1 million. The measure was designed to levy a new tax in the amount of 1 percent of gross receipts for warehouse space and 3.5 percent of gross receipts for other commercial properties to fund childcare and early education programs.<sup>16</sup> Based on this information and the annual lease rates estimated in Appendix Table 12, Seifel projected additional annual taxes for childcare and education from gross receipts.

The following November, San Francisco voters approved a new Proposition C, "Gross Receipts Tax for Homelessness Services." The approved Proposition authorizes the City and County of San Francisco to fund housing and homelessness services by taxing certain businesses at the following rates:

- 0.175–0.69% on gross receipts for businesses with over \$50 million in gross annual receipts, or
- 1.5% of payroll expenses for certain businesses with over \$1 billion in gross annual receipts and administrative offices in San Francisco

The Controller's Office provided Seifel with gross receipts information on businesses with gross receipts larger than \$50 million. Based on this information, Seifel estimated the gross receipts generation per employee for these businesses that would be subject to this Proposition and multiplied this average amount by the estimated number of employees in order to project potential tax revenues.

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<sup>14</sup> In FY 2019/20, the City levies the payroll expense tax on all persons engaging in business within the city whose annual payroll expense exceeds \$320,000. <https://sftreasurer.org/business/taxes-fees/payroll-expense-tax-py>

<sup>15</sup> <https://sftreasurer.org/business/taxes-fees/annual-business-tax-returns-2019>

<sup>16</sup> Per the City of San Francisco and Ballotpedia ([https://ballotpedia.org/San\\_Francisco,\\_California,\\_Proposition\\_C,\\_Commercial\\_Rent\\_Tax\\_for\\_Childcare\\_and\\_Early\\_Education\\_\(June\\_2018\)](https://ballotpedia.org/San_Francisco,_California,_Proposition_C,_Commercial_Rent_Tax_for_Childcare_and_Early_Education_(June_2018))).

## **Business Registration Tax**

In addition to payroll expense tax and GRT, the City and County of San Francisco annually collects a tax on the business registration. The Controller's Office provided a summary of business registration tax revenues based on actual tax filings for 2017. Based on this information, Seifel estimated business registration tax per employee and multiplied it by estimated number of employees to project annual business registration tax revenue generated from 1450 Owens Street. (See Appendix Table 12.)

## **6. Utility Users Tax**

Utility User Taxes (UUT) are taxes imposed on the consumption of certain utility services. This analysis assumes annual utility billing for gas, electric and water to be \$9.00 per square foot based on recent utility billings for two similar life science properties in Mission Bay. Total annual Utility Users tax received by the City's General Fund is summarized in Appendix Table 13.

## **7. Mission Bay Open Space Maintenance**

ARE has agreed to pay \$50,000 per year for maintenance of the Mission Bay open space.

## **8. MUNI Fare**

According to Adavant Consulting, the project is estimated to increase average weekday trip generation by 85 round trips. Table 3 in Section B3 summarizes the key transportation revenues that would be generated by the project based on potential sales revenue from the MUNI "M" pass, which is currently sold for \$81 per month, as well as parking tax revenues to SFMTA, sales tax revenues to the County Transportation Authority and BART, and TDA sales tax revenue. (Refer back to Sections C.3 and C.4 for further information.)

## D. Upfront and One-Time Revenues

The proposed project is projected to generate upfront and one-time revenues of approximately \$14.8 million to the City and SFUSD, as summarized in Table 4.<sup>17</sup> These key one-time revenues include development impact fee revenues and sales tax revenues, payroll tax revenues and gross receipts tax from construction.

**Table 4**  
**Projected Upfront and One-Time Revenues**  
**1450 Owens Street**  
**(In Constant FY 2019/20 Dollars)**

	Annual Revenues
<b>City and County of San Francisco</b>	
<b>Development Impact Fees</b>	
Child Care Fee	\$351,900
Jobs-Housing Linkage Program Fee	\$6,522,000
Transportation Sustainability Fee (TSF)	\$4,346,000
<u>Mission Bay Artwork Fee</u>	<u>\$982,500</u>
<b>Subtotal</b>	<b>\$12,202,400</b>
<b>One-Time Tax Revenues to City</b>	
Sales Taxes During Construction	\$27,000
Gross Receipts Tax During Construction	\$494,700
Payroll Tax During Construction	\$137,200
<u>Homelessness Gross Receipts Tax From Construction</u>	<u>\$284,700</u>
<b>Total</b>	<b>\$13,146,000</b>
<b>San Francisco Unified School District</b>	
<b>School Facility Impact Fees</b>	
<u>Mission Bay School Contribution</u>	<u>\$1,500,000</u>
<b>Total</b>	<b>\$1,611,600</b>
<b>Grand Total</b>	<b>\$14,757,600</b>

Note: Some numbers may not precisely total or calculate due to computer rounding.

Source: City and County of San Francisco, ARE, Seifel Consulting Inc.

<sup>17</sup> Section E below describes development impact fees and one-time tax revenues from construction and summarizes key assumptions for revenue projections.

## 1. Development Impact Fees and School Contribution

The City would impose development impact fees to help pay for the increased costs of public facilities and improvements as the result of new development. According to the City's fee schedule as well as the staff input from OCII and the Planning Department, the project is subject to four development impact fees (Jobs-Housing Linkage Program Fee, Child Care Fee, Transportation Sustainability Fee, and Mission Bay Artwork Fee) to the City. The project sponsor has agreed to pay the Office Childcare Fee on the R&D component, which is assumed in this analysis.

The project sponsor would also pay school facility impact fees to SFUSD, and the project sponsor has agreed to pay \$1.5 million toward an operational endowment for the elementary school in Mission Bay. Development impact fee revenues to the City and payments to SFUSD are summarized in Appendix Table 14.

## 2. Sales Tax from Construction

One-time sales tax revenue would be generated from building supplies and materials that are purchased in the City during construction. The construction cost is estimated to be \$475 per gross square foot of building area for 1450 Owens Street and \$66,000 per parking space for the parking garage, of which 50 percent is assumed to be attributable to building supplies and materials according to the project's construction team. This analysis assumes that 5 percent of these materials would be purchased and taxable in the City based on estimates from the ARE construction team. Calculations of the one-time sales tax to the City's General Fund are summarized in Appendix Table 15.

## 3. Business Taxes (Payroll Expense Tax and Gross Receipts Tax) from Construction

As detailed in Section C.5. of this report, businesses in the City of San Francisco are subject to business taxes such as payroll tax and Gross Receipts Tax (GRT).

### Payroll Expense Tax

Total payroll for the project's construction is projected to be approximately \$36 million based on estimates from the construction team. Appendix Table 16 estimates payroll tax revenue generated from 1450 Owens Street based on the 2019 payroll expense tax rate of 0.38%.

### Gross Receipts Tax and Prop C Revenues

The total construction cost for 1450 Owens Street is projected to be \$110 million. According to the Controller's Office, the effective tax rate for construction businesses is 0.45% in 2019. Appendix Table 17 shows the supporting calculates GRT generated from the project's construction.<sup>18</sup>

Given the scale of development, this analysis assumes that the general contractor who undertakes the construction of 1450 Owens Street would generate additional taxes for homelessness. This analysis conservatively assumes that the first \$50,000,000 of gross receipts would be subject to a 0% tax rate while the construction cost above \$50,000,000 would be subject to a 0.475% tax rate for gross receipts for homelessness according to the November 2018 Proposition C.

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<sup>18</sup> As explained in Section C.5, small businesses are exempt from the Gross Receipts Tax for 2018 if their combined taxable gross receipts in the City are less than \$1,090,000 and are exempt from payroll expense tax if payroll is less than \$300,000. This analysis assumes the businesses undertaking the construction of 1450 Owens Street are not exempt from payroll expense tax and Gross Receipts tax.

## **E. Conclusion**

The fiscal analysis presented in this report evaluates the public revenue implications from 1450 Owens Street. As detailed in this report, the proposed project is anticipated to increase ongoing annual revenues to the City's General Fund, OCII and other taxing entities by approximately \$4.8 million. In addition, the proposed project is anticipated to generate approximately \$14.8 million in upfront and one-time revenue to the City and SFUSD.

In conclusion, the project would have a substantial positive fiscal benefit to the City, OCII and other taxing entities, which would help to fund general operations and services, transportation, child care, housing, and homelessness initiatives as well as to substantially contribute to needed public infrastructure and facilities.

### **1. Limitations to this Analysis**

While Seifel has made reasonable efforts to verify the accuracy of the figures, information and analysis presented in this report and presumes that the information relied upon is timely and accurate, Seifel makes no warranty or guarantee as to the accuracy of this information or to the projections that are based on this information. Although Seifel has prepared the analysis in this report based on reasonable assumptions and information, projections of current and future revenues may be lower or higher than what is shown in this report and may not reflect actual future revenue received by public entities.

The tables and analysis in this report have been prepared for the sole purpose of providing background information and analysis to assist the City, OCII and other public agencies in understanding the fiscal characteristics of the proposed project. The information presented in this report and the fiscal projections were prepared based on economic, financial and real estate data without consideration of the effects of the COVID-19 pandemic, and this report does not represent any modifications to this data that may have occurred as the result of the effects of the pandemic.

# Appendix Tables



**Appendix Table 1**  
**New Development Space Value Assumptions**  
**(All Figures in Constant FY 2019/20 Dollars)**

	Office - Class A		R&D and Life Sciences		Retail	
<b>Tenant Leasable Area (Square Feet)<sup>a</sup></b>		49,998		130,466		2,580
Vacancy Rate	10%		6%		10%	
Occupied Space (Square Feet)		44,998		122,638		2,322
Yearly Rent per NSF	\$70	(NNN)	\$77	(NNN)	\$39	(NNN)
Yearly Rent		\$3,149,874		\$9,443,129		\$90,558
Less: Unreimbursed Operating Expense	6%	(\$188,992)	6%	(\$566,588)	6%	(\$5,433)
<b>Net Operating Income</b>		<b>\$2,960,882</b>		<b>\$8,876,541</b>		<b>\$85,125</b>
<b>Value Estimate (Based on Capitalization Rate)</b>	6%	<b>\$49,348,026</b>	6%	<b>\$147,942,356</b>	6%	<b>\$1,418,742</b>
<b>Market Value per Tenant Leasable Square Feet</b>		<b>\$990</b>		<b>\$1,130</b>		<b>\$550</b>

a. Tenant leasable area is assumed to be equal to Planning Gross Area.

Source: ARE, Newmark Comish & Carey, Seifel Consulting Inc.

**Appendix Table 2**  
**Annual Property Tax Generation at Build-out**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

	<b>Total</b>
<b>Existing (FY 2019/20) Assessed Value</b>	
<b>1450 Owens Street</b>	<b>\$5,944,135</b>
<b>Estimated Assessed Value<sup>a</sup></b>	
<u>Land Use</u>	
Office	\$49,350,000
Retail	\$1,420,000
R&D and Life Sciences <sup>c</sup>	<u>\$147,940,000</u>
<b>Total</b>	<b>\$198,710,000</b>
<b>Incremental Assessed Value</b>	<b>\$192,765,865</b>
<b>Tax Increment to OCII</b>	
	<u>Property Tax Rate</u>
Incremental Property Tax	1.0% \$1,927,700
Less: Housing Set-Aside	20.0% \$385,500
Less: Tier 1 Pass Through Payments	20.0% \$385,500
<u>Less: Tier 2 Pass Through Payments<sup>d</sup></u>	16.8% <u>\$143,500</u>
<b>Net Tax Increment</b>	<b>\$1,013,200</b>

a. Includes land value.

b. See Appendix Table 1.

c. Value for conference space, life science lab and incubator space included in value for R&D and Life Sciences.

d. City and County of San Francisco General Fund only receives the share of Tier 1 pass through. The City's share of Tiers 2 and 3 goes to OCII. This analysis excludes Tier 3 pass through payments.

Source: City and County of San Francisco, ARE, Urban Analytics, Seifel Consulting Inc.

**Appendix Table 3**  
**Annual Pass Through Payments to Taxing Entities at Build-out**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

Taxing Entity	Property Tax Share <sup>a</sup>	Tier 1 Pass Through Payments	Tier 2 Pass Through Payments	Total Pass Through Payments <sup>b</sup>
San Francisco General Fund <sup>c</sup>	55.69%	\$214,700	\$0	\$214,700
San Francisco Special Funds <sup>d</sup>	9.00%	\$34,700	\$29,100	\$63,800
San Francisco Unified School District	7.70%	\$29,700	\$24,900	\$54,600
San Francisco Community College District	1.44%	\$5,600	\$4,700	\$10,300
Educational Revenue Augmentation Fund <sup>e</sup>	25.33%	\$97,600	\$82,000	\$179,600
Other Taxing Entities <sup>f</sup>	0.84%	\$3,200	\$2,700	\$5,900
<b>Total</b>	<b>100.00%</b>	<b>\$385,500</b>	<b>\$143,400</b>	<b>\$528,900</b>

- a. Post ERAF property tax shares. Property tax shares of City General Fund and Special Fund reflect San Francisco voter approved Proposition C on November 4, 2015, which shifted property tax allocation from General Fund to Children's Fund by 1% in FY 2018/19.
- b. This analysis excludes Tier 3 pass through payments.
- c. City General Fund only receives the share of Tier 1 pass through. The City's share of Tiers 2 and 3 goes to OCII.
- d. Special funds include property tax set aside for Library, Open Space, and Children's Fund.
- e. Educational Revenue Augmentation Fund (ERAF) is a mechanism, enacted in July of 1992 by the State Legislature to shift local property tax revenues from cities, counties, and special districts to an Educational Revenue Augmentation Fund. Property tax to ERAF in San Francisco is allocated to school entities, primarily to San Francisco Unified School District to help meet minimum funding requirements.
- f. Includes Bay Area Air Quality Management District and Bay Area Rapid Transit District.

Source: City and County of San Francisco, ARE, Urban Analytics, Seifel Consulting Inc.

**Appendix Table 4**  
**FY 2019/20 Community Facilities District (CFD) Revenues**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

	Est. FY 2019/20 Special Tax Rates	CFD Revenues <sup>a</sup>
<i>Parcel Size</i>		<i>1.137 acres</i>
Community Facilities District No. 5	\$21,878.52 per acre	\$24,900
<u>Community Facilities District No. 6</u>	\$159,627.52 per acre	<u>\$181,500</u>
Total		\$206,400

- a. The CFD revenues are calculated based on the special tax rate for each CFD. The maximum special tax rates are set forth in Section C of the Rate and Method of Apportionment of Special Tax (RMA). Pursuant to the RMA, on each July 1, maximum special tax rates shall increase by the lesser of (i) the percentage increase, if any, in the Consumer Price Index (CPI) for the San Francisco Region (all urban consumers) since the prior July 1, or (ii) 5.5% over the rates in effect during the previous fiscal year.

Source: ARE, OCII, Goodwin Consulting Group.

**Appendix Table 5**  
**Annual Property Tax In-Lieu of Vehicle License Fee (VLF) Revenue**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

Total Assessed Value (AV) in City of San Francisco in FY 2019/20 <sup>a</sup>	\$281,073,306,581
Annual Property Tax In-Lieu of VLF Revenue in FY 2019/20 <sup>b</sup>	\$293,010,000
Net Increase in AV due to 1450 Owens Street	\$198,710,000
Percent Increase in Total City AV	0.0707%
<b>Growth in Potential Annual Property Tax In-Lieu of VLF Revenue<sup>c</sup></b>	<b>\$207,100</b>

- a. Total AV in City of San Francisco is net of homeowner exemptions as indicated in the FY 2019/20 Certificate of Assessed Valuation by the Controller's Office.
- b. FY 2019-2020 adopted budget per SF Open Book, City and County of San Francisco.
- c. Calculated by multiplying percent increase in total citywide assessed value times the current In-Lieu of VLF payment.

Source: City and County of San Francisco, Seifel Consulting Inc.

**Appendix Table 6**  
**Projected Annual Sales Tax Revenues**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

Development Program	NSF	Sales per Sq.Ft.	Estimated Sales	Assumed % Taxable	Estimated Taxable Sales	Sales Tax Rate	Estimated Sales Tax Revenue <sup>a</sup>
<b>Retail</b>	2,580	\$400	\$1,032,000	90%	\$928,800		
<b>Sales Tax Revenues to City and County of San Francisco</b>							
State Sales Tax to the City General Fund						1.00%	<b>\$9,300</b>
State Sales Tax for Public Safety						0.50%	<b>\$4,600</b>
<b>Transportation Related Sales Tax Revenues</b>							
San Francisco County Transportation Authority (Prop K)						0.50%	<b>\$4,600</b>
State Sales Tax (AB 1107) <sup>a</sup>						0.50%	<b>\$4,600</b>
TDA Sales Tax to SFMTA						0.25%	<b>\$2,300</b>

- a. State sales tax (AB 1107) is a one-half cent sales tax, which allocates 25% to MTC and 75% to BART.

Source: City and County of San Francisco, Seifel Consulting Inc.

**Appendix Table 7**  
**Parking Tax Revenue**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

Development Program	Business and Tax Regulation Code	Parking Spaces <sup>a</sup>	Parking Rate Incl. Parking Tax	Vacancy Rate	Annual Gross Parking Revenue	Total Parking Tax <sup>b</sup> 25%	Parking Tax to General Fund <sup>c</sup> 20%	Parking Tax to SFMTA <sup>b</sup> 80%
<b>Parking</b>	SEC. 953.1	177	\$400 /month	7.5%	\$786,000	\$157,200	\$31,400	\$125,800

- a. This analysis excludes on-street parking revenues as street parking is limited around 1450 Owens Street.
- b. Assumes the City's parking tax rate is 25% of the pre-tax parking charge.
- c. 20% of the parking tax proceeds are assumed to be allocated to the General Fund, while the remaining 80% are allocated to the San Francisco Municipal Transportation Agency (SFMTA).

Source: City and County of San Francisco, Port of San Francisco Parking Survey, Seifel Consulting Inc.

**Appendix Table 8**  
**Tenant and Gross Receipts Tax Assumptions**  
**1450 Owens Street**

Development Program	Gross Square Feet (GSF)	GSF Per Employee	Number of Employee
<b>Office</b>			
Tenants	34,998	276	127
<u>ARE</u>	<u>15,000</u>	<u>276</u>	<u>54</u>
Office Subtotal	49,998		181
<b>Retail</b>	2,580	350	7
<b>R&amp;D and Life Sciences</b>	154,273	405	381
<b>Total</b>	206,851		569

- a. Tenant business sector per San Francisco Business and Tax Regulation Code.

Source: ARE, ESA.

**Appendix Table 9  
Estimated Wages Per Employee**

Land Use	Business Code Section <sup>a</sup>	NAICS Code Associated with SF Business Code Section <sup>a</sup>	Description <sup>a</sup>	2017 Number of Establishments <sup>b</sup>	2017 Annual Average Employment <sup>b</sup>	2017 Total Annual Wages <sup>b</sup>	2017 Annual Wages Per Employee	FY 2019/20 Wages Per Employee <sup>c</sup>
Office	§953.6	5210-5239	Financial Services	1,633	31,832	\$9,625,065,879	\$302,371	\$321,625
Office	§953.6	5240-5249	Insurance	447	7,756	\$1,155,449,208	\$148,975	\$158,461
Office	§953.7	5300-5399	Real Estate and Rental and Leasing Services	1,974	14,624	\$1,693,203,673	\$115,783	\$123,155
Office	§953.4	5600-5699	Administrative and Support Services	1,492	42,133	\$2,939,913,987	\$69,777	\$74,220
R&D <sup>d</sup>	§953.4 <sup>d</sup>	621511-621512 <sup>d</sup>	Medical laboratories and Diagnostic Imaging Centers	45	810	\$115,258,044	\$142,294	\$151,355
Office/R&D <sup>e</sup>	§953.2	5100-5199	Information	1,451	40,926	\$7,578,179,759	\$185,168	\$196,959
Office/R&D <sup>e</sup>	§953.6	5400-5499	Professional, Scientific, and Technical Services	7,408	126,122	\$20,796,729,582	\$164,894	\$175,394
Office/R&D <sup>e</sup>	N/A	5500-5599	Management of companies and enterprises	204	22,774	\$4,310,038,564	\$189,253	\$201,304
Retail	§953.1	4400-4599	Retail Trade	3,109	46,734	\$2,433,929,976	\$52,080	\$55,397
Retail	§953.2	7220-7229	Food Services	3,737	65,272	\$2,010,470,968	\$30,801	\$32,763
<b>Subtotals by Land Use</b>								
<b>Office</b>				10,078	191,256	\$31,756,106,700	\$166,000	\$177,000
<b>R&amp;D</b> (Includes NAICS# 621511-621512 and excludes the rest of NAICS# 61 and 62.)				4,577	95,721	\$16,457,731,997	\$172,000	\$183,000
<b>Retail</b>				6,846	112,006	\$4,444,400,944	\$40,000	\$42,000
<b>Total</b>				21,500	398,983	\$52,658,239,640	\$132,000	\$140,000

a. Business codes and descriptions per City and County of San Francisco Treasurer's Office.

b. Private employment per US Bureau of Labor Statistics (BLS).

c. Wages are projected to increase by 2.5% annually from 2017 to FY 2019/20 based on the recent annual growth in wages and San Francisco Area Consumer Price Index for all urban consumers.

d. Per the City and County of San Francisco, NAICS# 6100-6299 is listed under Business Code Section 953.4, some of these businesses may also file under alternative business codes.

e. Assumes 50% of businesses under these NAICS codes to be office and the remainder to be R&D.

Source: City and County of San Francisco, United States Department of Labor Bureau of Labor Statistics, ARE, Seifel Consulting Inc.

**Appendix Table 10  
Annual Payroll Expense Tax Revenues  
1450 Owens Street  
(All Figures in Constant FY 2019/20 Dollars)**

Development Program	Number of Employees <sup>a</sup>	Average Annual Payroll per Employee <sup>b</sup>	Estimated Payroll Expenses	Effective Payroll Tax Rate <sup>c</sup>	Estimated Payroll Tax Revenue <sup>d</sup>
<b>Office</b>	181	\$177,000	\$32,037,000	0.38%	\$121,700
<b>Retail</b>	7	\$42,000	\$294,000	0.38%	\$0
<b>R&amp;D and Life Sciences</b>	381	\$183,000	\$69,723,000	0.38%	\$264,900
<b>Total</b>	569		\$102,054,000		<b>\$386,600</b>

a. See Appendix Table 7.

b. See Appendix Table 8.

c. Based on the Treasurer and Tax Collector's Office: <https://sftreasurer.org/business/taxes-fees/payroll-expense-tax-py>

d. Small businesses exemption limit for the Payroll Expense Tax is \$320,000 per the above website.

Source: City and County of San Francisco, United States Department of Labor Bureau of Labor Statistics, ARE, ESA, Seifel Consulting Inc.

**Appendix Table 11  
Proposed Methodology for Gross Receipts Tax Projections**

Land Use	Business Code Section <sup>a</sup>	NAICS Code Associated with SF Business Code Section <sup>a</sup>	Description <sup>a</sup>	2017 Annual Average Employment <sup>b</sup>	2016 Total San Francisco Gross Receipts <sup>c</sup>	Average Gross Receipts Tax Rate <sup>c</sup>	2016 Calculated Gross Receipts Tax Revenues <sup>c</sup>	FY 2019/20 Gross Receipts Tax Revenues <sup>d</sup>	FY 2019/20 Tax Revenues Per Employee
Office	\$953.6	5210-5239	Financial Services	31,832	\$12,213,168,095	0.531331217%	\$64,892,375	\$90,587,000	\$2,850
Office	\$953.6	5240-5249	Insurance	7,756	\$966,189,293	0.526402770%	\$5,086,047	\$7,100,000	\$920
Office	\$953.7	5300-5399	Real Estate and Rental and Leasing Services	14,624	\$8,282,815,483	0.287373153%	\$23,802,588	\$33,228,000	\$2,270
Office	\$953.4	5600-5699	Administrative and Support Services	42,133	\$1,930,695,125	0.600404701%	\$11,591,984	\$16,182,000	\$380
R&D	\$953.2	N/A	Biotechnology (Defined by Section 906.1 of Article 12-A) <sup>e</sup>	N/A	\$715,677,189	0.433724369%	\$3,104,066	\$4,333,000	N/A
R&D	\$953.2	N/A	Clean Technology (Defined by Section 906.2 of Article 12-A) <sup>e</sup>	N/A	\$199,858,959	0.387993240%	\$775,439	\$1,082,000	N/A
Office/R&D <sup>f</sup>	\$953.2	5100-5199	Information	40,926	\$15,912,857,286	0.432444771%	\$68,814,319	\$96,062,000	\$2,350
Office/R&D <sup>f</sup>	\$953.6	5400-5499	Professional, Scientific, and Technical Services	126,122	\$20,332,602,055	0.509683431%	\$103,631,904	\$144,666,000	\$1,150
Office/R&D <sup>f</sup>	N/A	5500-5599	Management of companies and enterprises	22,774	\$2,957,206,216	0.584689687%	\$17,290,480	\$24,137,000	\$1,060
<b>Office/R&amp;D</b>				<b>286,167</b>	<b>\$63,511,069,700</b>	<b>0.470767071%</b>	<b>\$298,989,203</b>	<b>\$417,378,000</b>	<b>\$1,460</b>

a. Business codes and descriptions per City and County of San Francisco.

b. Private employment per US Bureau of Labor Statistics (BLS).

c. The Controller's Office provided a summary of Gross Receipts and gross receipts taxes based on actual tax filings for 2016. The average gross receipts tax rate takes into account the fact that some businesses are fully or partially exempt from gross receipts tax payments. This 2016 estimate reflects business tax codes that are likely associated with office and R&D space.

d. Gross receipts are projected to increase by 10% annually from 2016 to FY 2019/20 according to the Controller's Office, and this increase takes into account potential growth in employment.

e. Employment and wages related to biotechnology and clean technology are assumed to be primarily included within other business categories such as Professional, Scientific, and Technical Services.

f. Assumes 50% of businesses under these NAICS codes to be office and the remainder to be R&D.

Source: City and County of San Francisco, United States Department of Labor Bureau of Labor Statistics, ARE, Seifel Consulting Inc.

**Appendix Table 12**  
**Other Business Tax Revenues**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

Annual Gross Receipts Tax From Building Tenants Gross Receipts								
2016 Gross Receipts Tax Revenues (Office/R&D) <sup>a</sup>	Citywide Office/R&D Employees <sup>b</sup>	Gross Receipts Tax Revenues (Office/R&D) Per Employee <sup>c</sup>		Projected Office/R&D Employees	Estimated Gross Receipts Tax Revenue			
		2016	Est. FY 2019/20					
\$298,989,203	286,167	\$1,045	\$1,460	562	<b>\$820,500</b>			
Annual Business Registration Tax								
2017 Business Registration Tax Revenues <sup>d</sup>	Est. FY 2019/20 Business Registration Tax Revenues <sup>e</sup>	Citywide Private Employees <sup>f</sup>	Business Registration Tax Revenue Per Employee	Project Employees	Estimated Business Registration Tax Revenue			
\$30,600,000	\$38,833,000	617,246	\$60	569	<b>\$34,100</b>			
Annual Early Care and Education Rents Tax (Prop C June 2018)								
Development Program	Tenant Leasable Area <sup>g</sup> (Square Feet)	Annual Lease Rate (NNN)	Vacancy Rate	Est. Total Annual Lease Revenue	SF Gross Receipts as % of Total	Estimated SF Gross Receipts Base	Effective Gross Tax Rate	Est. Gross Receipts Tax Revenue
Office <sup>h</sup>	49,998	\$70 /square foot	10%	\$3,150,000	100%	\$3,150,000		
Retail	2,580	\$39 /square foot	10%	\$91,000	100%	\$91,000		
R&D and Life Sciences	130,466	\$77 /square foot	6%	\$9,443,000	100%	\$9,443,000		
<b>Total Leasable Area</b>	<b>183,044</b>			<b>\$12,684,000</b>		<b>\$12,684,000</b>	<b>3.50%</b>	<b>\$443,900</b>
Homelessness Gross Receipts Tax (Prop C November 2018)								
2016 Gross Receipts From Businesses with Gross Receipts Larger Than \$50M <sup>a</sup>	Est. FY 2019/20 Gross Receipts From Businesses with Gross Receipts Larger Than \$50M <sup>b</sup>	Citywide Private Employees <sup>f</sup>	Gross Receipts Tax Revenue Per Employee From Businesses Receipts Larger Than \$50M <sup>d</sup>	Project Employees	Estimated SF Gross Receipts Base Attributable to Project	Effective Gross Tax Rate	Estimated Gross Receipts Tax Revenue	
\$41,384,017,934	\$57,770,623,000	617,246	\$93,590	569	\$53,253,000	0.50%	<b>\$266,300</b>	

- a. The Controller's Office provided a summary of Gross Receipts based on actual tax filings for 2016 and Gross Receipts Tax rates on a fully phased-in basis. This 2016 estimate reflects business tax codes that are likely associated with office and R&D space.
- b. Citywide number of office and R&D employees estimated based on the 2017 data from U.S. Department of Labor, Bureau of Labor Statistics.
- c. Gross receipts are projected to increase by 10% annually from 2016 to FY 2019/20 based on information from the Controller's Office.
- d. The Controller's Office provided a summary of Business Registration Tax revenues based on actual tax filings for 2017.
- e. Business Registration Tax revenues are projected to annually increase by 10% from 2017 to FY 2019/20 according to the Controller's Office.
- f. Citywide private employee number of employees estimated based on the 2017 data from U.S. Department of Labor, Bureau of Labor Statistics.
- g. Tenant leasable area is assumed to be equal to Planning Gross Area.
- h. Includes space occupied by ARE headquarters office as ARE headquarters office is assumed to pay market rate rent.

Source: City and County of San Francisco, United States Department of Labor Bureau of Labor Statistics, ARE, Seifel Consulting Inc.

**Appendix Table 13**  
**Projected Annual Utility User Tax Revenue**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

Development Program	Annual Utility Billing		Utility User Tax 7.50%
	Assumption <sup>a</sup>	Annual Billing	
<b>1450 Owens Street</b>	\$9.00 /GSF	\$1,861,659	\$139,600

a. Annual utility billing is assumed to be \$9.00/GSF based on recent utility billings for two similar life science properties in Mission Bay.

Source: City and County of San Francisco, ARE, Seifel Consulting Inc.

**Appendix Table 14**  
**Projected One-Time Fees and School Contribution**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

Land Use	Office	Retail	R&D and Life Sciences	Total
<i>Planning Gross Area (GSF)</i>	49,998 GSF	2,580 GSF	130,466 GSF	183,044 GSF
<b>Jobs-Housing Linkage Program Fee</b>				
<i>Fee Schedule</i>	\$46.98 /GSF	\$28.13 /GSF	\$31.43 /GSF	
Estimated Fee Amount	\$2,348,900	\$72,600	\$4,100,500	\$6,522,000
<b>Child Care Fee</b>				
<i>Fee Schedule</i>	\$1.95 /GSF	\$0.00 /GSF	\$1.95 /GSF	
Estimated Fee Amount	\$97,500	\$0	\$254,400	\$351,900
<b>Transportation Sustainability Fee (TSF)</b>				
<i>Fee Schedule (First 99,999 GSF)</i>				\$22.40 /GSF
<i>Fee Schedule (Greater than 99,999 GSF)</i>				\$25.36 /GSF
Estimated Fee Amount				\$4,346,000
<b>Mission Bay Artwork Fee<sup>a</sup></b>				
<i>1% of construction cost</i>				
Estimated Fee Amount				\$982,500
<b>Total City Development Fees</b>				<b>\$12,202,400</b>
<b>School Facilities Impact Fee</b>				
<i>Fee Schedule</i>	\$0.610 /GSF	\$0.596 /GSF	\$0.610 /GSF	
Estimated Fee Amount	\$30,500	\$1,500	\$79,600	<b>\$111,600</b>
<b>Mission Bay School Contribution<sup>b</sup></b>				
School Contribution Amount				<b>\$1,500,000</b>
<b>Total School Fees and Contribution</b>				<b>\$1,611,600</b>

a. Mission Bay Artwork Fee may be waived if artwork is incorporated into the building.

b. ARE will make an upfront contribution to provide an operational endowment for the Mission Bay elementary school.

Source: City and County of San Francisco, ARE, Seifel Consulting Inc.



**Appendix Table 15**  
**Projected One-Time Sales Tax Revenue from Construction**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

<b>Construction Cost Estimate</b>	<b>Assumptions<sup>a</sup></b>	
1450 Owens Street	\$475 /Square Feet	\$98,250,000
<u>Parking Garage<sup>b</sup></u>	\$66,000 /Space	<u>\$11,682,000</u>
Total Construction Cost		\$109,932,000
<b>Supply/Materials Portion of Development Value</b>	50%	\$54,966,000
<b>San Francisco Capture of Taxable Sales</b>	5%	\$2,748,000
<b>Total Sales Tax Revenue to City</b>	1.00%	<b>\$27,000</b>

a. Construction cost is estimated based on recent life science construction projects and is calculated based on total building area.

b. Reflects only the share of the parking garage allocable to 1450 Owens Street.

Source: City and County of San Francisco, ARE, Truebeck Construction, Seifel Consulting Inc.

**Appendix Table 16**  
**One-Time Payroll Expense Tax Revenues from Construction**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

<b>Busiess Category</b>	<b>Estimated Payroll Expenses</b>	<b>Effective Gross Tax Rate<sup>a</sup></b>	<b>Estimated Payroll Tax Revenue</b>
<b>Construction</b>			
1450 Owens Street <sup>a</sup>	\$32,000,000		
<u>Parking Garage<sup>b</sup></u>	<u>\$4,100,000</u>		
<b>Total</b>	<b>\$36,100,000</b>	<b>0.3800%</b>	<b>\$137,200</b>

a. Payroll expenses are estimated by ARE.

a. 35% of hard construction cost and contingency is assumed to be payroll expenses.

Source: City and County of San Francisco, ARE, Truebeck Construction, Seifel Consulting Inc.

**Appendix Table 17**  
**One-Time Gross Receipts Tax Revenue Project Construction**  
**1450 Owens Street**  
**(All Figures in Constant FY 2019/20 Dollars)**

<b>One-Time Gross Receipts Tax From Project Construction</b>						
<b>Business Category</b>	<b>Business and Tax Regulation Code</b>	<b>Direct Construction Cost<sup>a</sup></b>	<b>SF Gross Receipts as % of Total</b>	<b>Estimated SF Gross Receipts Base</b>	<b>Effective Gross Receipts Tax Rate</b>	<b>Estimated Gross Receipts Tax Revenue</b>
<b>Construction</b>	SEC. 953.5	\$109,932,000	100%	\$109,932,000	0.45%	\$494,700
<b>Homelessness Gross Receipts Tax (Prop C November 2018) From Construction</b>						
<b>Business Category</b>	<b>Business and Tax Regulation Code</b>	<b>Direct Construction Cost<sup>a</sup></b>	<b>SF Gross Receipts as % of Total</b>	<b>Estimated SF Gross Receipts Base<sup>b</sup></b>	<b>Effective Gross Receipts Tax Rate<sup>b</sup></b>	<b>Estimated Gross Receipts Tax Revenue</b>
<b>Construction</b>	SEC. 953.5	\$109,932,000	100%	\$59,932,000	0.475%	\$284,700

a. See Appendix Table 15.

b. This analysis conservatively assumes that the first \$50,000,000 would be subject to a 0% rate and a 0.475% rate for the construction cost above \$50,000,000 for the Homeless Gross Receipts Tax under November 2018 Proposition C.

Source: City and County of San Francisco, ARE, Truebeck Construction, Seifel Consulting Inc.

**EXHIBIT D**

**Commission Resolution No. 29-2020**

[Attached]

**COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE**

**RESOLUTION NO. 29-2020**

*Adopted November 17, 2020*

**ADOPTING ENVIRONMENTAL REVIEW FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT RELATED TO THE APPROVAL OF AMENDMENTS TO THE REDEVELOPMENT PLAN FOR THE MISSION BAY SOUTH REDEVELOPMENT PROJECT, THE MISSION BAY SOUTH OWNER PARTICIPATION AGREEMENT, THE DESIGN FOR DEVELOPMENT FOR THE MISSION BAY SOUTH PROJECT AREA, THE REVISED MISSION BAY BLOCKS 41 - 43 MAJOR PHASE APPLICATION, AND, THE CONDITIONAL APPROVAL OF THE BASIC CONCEPT DESIGN / SCHEMATIC DESIGN FOR MISSION BAY SOUTH BLOCK 43, PARCEL 7 (1450 OWENS STREET); PROVIDING NOTICE THAT THESE APPROVALS ARE WITHIN THE SCOPE OF THE MISSION BAY FINAL SUBSEQUENT ENVIRONMENTAL IMPACT REPORT (“FSEIR”), A PROGRAM EIR, AND IS ADEQUATELY DESCRIBED IN THE FSEIR FOR THE PURPOSES OF 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 “Community Redevelopment Law”), the Redevelopment Agency of the City and County of San Francisco (the “Redevelopment Agency”) undertook programs for the reconstruction and construction of blighted areas in the City and County of San Francisco (“City”), including the Mission Bay South Redevelopment Project Area (“South Project Area”) and the Mission Bay North Redevelopment Project Area (“North Project Area”); and,

WHEREAS, The Redevelopment Agency and the San Francisco Planning Commission (“Planning Commission”), together acting as co-lead agencies for conducting environmental review for the Redevelopment Plan for the Mission Bay North Redevelopment Project (the “North Redevelopment Plan”) and the Redevelopment Plan for the Mission Bay South Redevelopment Project (the “South Redevelopment Plan” and together with the North Redevelopment Plan, the “Plans”), the Mission Bay North Owner Participation Agreement (as amended from time to time, the “North OPA”) and the Mission Bay South Owner Participation Agreement (the “South OPA,” and, as amended from time to time), and other permits, approvals and related and collateral action (the “Mission Bay Project”), prepared and certified a Final Subsequent Environmental Impact Report (the “Mission Bay FSEIR,” together with various addenda adopted thereto from time to time); and,

WHEREAS, On September 17, 1998, the Redevelopment Agency Commission of the Redevelopment Agency adopted Resolution No. 182-98 which certified the Mission Bay FSEIR as a program EIR for the Mission Bay North Project Area and South Project Area 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 Redevelopment Agency Commission also adopted Resolution No. 183-98, which adopted environmental findings (including without limitation a statement of overriding considerations and mitigation monitoring and reporting program) (“Mission Bay CEQA Findings”), in connection with the approval of the Mission Bay Project. The Planning Commission certified the Mission Bay FSEIR by Resolution No. 14696 on the same date. On October 19, 1998, the San Francisco Board of Supervisors (“Board of

Supervisors”) adopted Motion No. 98-132 affirming certification of the Mission Bay FSEIR by the Planning Commission and the Redevelopment Agency Commission, and Resolution No. 854-98 adopting environmental findings (including without limitation a statement of overriding considerations and a mitigation monitoring and reporting program) for the Mission Bay Project; and,

WHEREAS, On September 17, 1998, the Redevelopment Agency approved, by Resolution No. 190-98, the South Redevelopment Plan. The Redevelopment Agency also conditionally authorized, by Resolution No. 193-98, execution of the South OPA and related documents with Catellus Development Corporation, a Delaware corporation (“Catellus”). On November 2, 1998, the Board of Supervisors adopted, by Ordinance No. 335-98, the South Redevelopment Plan; and,

WHEREAS, Catellus, the original master developer of the Mission Bay North and South Project Areas, has sold most of its remaining undeveloped land in Mission Bay to FOCIL-MB, LLC, (“FOCIL-MB”), a subsidiary of Farallon Capital Management, LLC, a large investment management firm. The sale encompassed approximately 71 acres of land in Mission Bay, and the remaining undeveloped residential parcels in the South Project Area. FOCIL-MB assumed all of Catellus’s obligations under the North OPA and South OPA, as well as all responsibilities under the related public improvement agreements and land transfer agreements with the City. FOCIL-MB is bound by all terms of the OPAs and related agreements, including the requirements of the affordable housing program, equal opportunity program, and design review process; and,

WHEREAS, On February 1, 2012, state law dissolved the former Redevelopment Agency and required the transfer of certain of its assets and obligations to the Successor Agency to the Redevelopment Agency (“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) act in place of the Redevelopment Agency Commission to, among other matters, implement, modify, enforce and complete the Redevelopment Agency’s enforceable obligations, (ii) approve all contracts and actions related to the assets transferred to or retained by the Successor Agency, including, without limitation, the authority to exercise land use, development, and design approval, and to approve amendments to redevelopment plans as allowed under the Community Redevelopment Law, as amended by the Redevelopment Dissolution Law, and (iii) take any action Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that this Commission deems appropriate, consistent with Redevelopment Dissolution Law, to comply with such obligations; and,

WHEREAS, On November 3, 2015, the Commission adopted Resolution No. 69-2015 which certified the Final Subsequent Environmental Impact Report (collectively, with an addendum adopted subsequently thereto, the “Event Center FSEIR”) for the Event Center and Mixed-Use Development at Mission Bay Blocks 29-32 (the “Event Center Project”), which tiered from the Mission Bay FSEIR, and Resolution No.

70-2015, which adopted environmental findings (including without limitation a statement of overriding considerations and mitigation monitoring and reporting program) (“Event Center CEQA Findings”), in connection with the approval of the Event Center Project; and,

WHEREAS, The Successor Agency now proposes to take actions related to an approximately 170,000 leasable square feet new research and development, office, and retail project proposed for development on Parcel 7 of Block 43 in the South Project Area (the “Parcel 7 Project”). These actions consist of amendments to the South Redevelopment Plan; amendments to the Design for Development for the Mission Bay South Project Area; amendments to the South OPA; amendments to the approved applicable Major Phase Application; and conditional approval of a combined Basic Concept / Schematic Design for the Parcel 7 Project (together the “Proposed Actions”); and,

WHEREAS, The Successor Agency, in consultation with the City’s Planning Department (“Planning Department”), has prepared Addendum No. 10 to the Mission Bay FSEIR and the Event Center FSEIR, dated November 10, 2020. Addendum No. 10 evaluates the potential environmental effects associated with approval of the Proposed Actions; and,

WHEREAS, On October 15, 2019, the Commission adopted, by Resolution No. 25-2019, criteria for determining the significance of transportation impacts based on vehicle-miles-travelled (“VMT”). In preparing Addendum 10, the Successor Agency used this VMT-based approach, which is consistent with Section 21099 of the Public Resources Code, Section 15064.3 of the CEQA Guidelines, the Governor’s Office of Planning and Research publication “Technical Advisory on Evaluating Transportation Impacts Under CEQA” (December 2018), and the Planning Department’s publication “Transportation Impact Analysis Guidelines” (February 2019); and,

WHEREAS, Addendum No. 10 is prepared in compliance with CEQA and reflects the independent judgment and analysis of the Successor Agency, and concludes that the Proposed Actions are within the scope of impacts analyzed in the Mission Bay FSEIR and the Event Center FSEIR and will not result in any new significant impacts or a substantial increase in the severity of previously identified significant effects that alter the conclusions reached in the Mission Bay FSEIR and the Event Center FSEIR for the reasons stated in Addendum No. 10; and,

WHEREAS, In making the necessary findings for the Proposed Actions, the Successor Agency considered and reviewed the Mission Bay FSEIR and the Event Center FSEIR and prepared necessary documents in support of Addendum No. 10, which documents it has made available for review by the Commission and the public, and these files are part of the record before the Commission. Copies of the Mission Bay FSEIR, the Event Center FSEIR, Addendum No. 10, and the supporting documentation to Addendum No. 10, are on file with the Commission Secretary and incorporated in this Resolution by this reference; and,

WHEREAS, Based on the analysis in Addendum No. 10, the Successor Agency concludes that the analyses conducted and the conclusions reached in the Mission Bay FSEIR and the Event Center FSEIR remain valid and the Proposed Actions will not cause new significant impacts not identified in the Mission Bay FSEIR and the Event Center FSEIR or substantially increase the severity of previously identified significant impacts, and no new mitigation measures will be necessary to reduce significant impacts. Further, as described in the Addendum No. 10, no changes have occurred, with respect to either the development or the circumstances surrounding the development contemplated in the Mission Bay FSEIR and the Event Center Project,

that will require major revisions of the Mission Bay FSEIR or Event Center FSEIR due to the involvement of new significant effects or a substantial increase in the severity of previously identified significant effects, and no new information has become available that shows that the Parcel 7 Project will cause new or more severe significant environmental impacts. Therefore, no subsequent or supplemental environmental review is required under CEQA beyond Addendum No. 10 to approve the actions necessary for Parcel 7 Project; now therefore be it,

RESOLVED, That the Commission has reviewed and considered the Mission Bay FSEIR and the Event Center FSEIR and their associated Mission Bay CEQA Findings and Event Center CEQA Findings as modified by Addendum No. 10 and related findings previously adopted by the Redevelopment Agency Commission and the Commission, including the statements of overriding considerations and mitigation monitoring and reporting programs, Addendum No. 10, the findings as set forth in Addendum No. 10, and the supporting documentation in the Successor Agency's files related to Addendum No. 10. The Commission adopts the findings made in Addendum No. 10; and, be it further

RESOLVED, That the Commission finds and determines that Mission Bay Project as modified by the Proposed Actions are within the scope of the Mission Bay Project analyzed in the Mission Bay FSEIR and Event Center FSEIR (as modified by the subsequent Addendum No. 10) and requires no further environmental review pursuant to CEQA and the CEQA Guidelines Sections 15168, 15180, 15162, and 15163 for the following reasons:

- (1) implementation of the Proposed Actions does not require major revisions to the Mission Bay FSEIR or the Event Center 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 projects analyzed in the Mission Bay FSEIR and Event Center FSEIR will be undertaken that would require major revisions to the Mission Bay FSEIR or Event Center FSEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects identified in the Mission Bay FSEIR and Event Center FSEIR; and,
- (3) no new information of substantial importance to the projects analyzed in the Mission Bay FSEIR and Event Center FSEIR has become available, which would indicate that (i) the Mission Bay FSEIR and Event Center FSEIR as modified by the Proposed Actions will have significant effects not discussed in the Mission Bay FSEIR and Event Center 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 Mission Bay FSEIR and Event Center FSEIR, will substantially reduce one or more significant effects on the environment that would change the conclusions set forth in the Mission Bay FSEIR and Event Center FSEIR.

I hereby certify that the foregoing resolution was adopted by the Successor Agency Commission at its meeting of November 17, 2020.

  
\_\_\_\_\_  
Commission Secretary