



To: Angela Calvillo, Clerk of the Board of Supervisors
Alisa Somera, Legislative Deputy Director

From: Christine Maher, Pier 70 Development Project Manager
Brad Benson, Director of Special Projects

Subject: Approval of Reimbursement Resolution for Pier 70 Special Use District

Date: March 12, 2019

Executive Summary

At the Port's request, Mayor London Breed is introducing legislation on March 12, 2019 to request that the Board of Supervisors adopt a reimbursement resolution in advance of issuing public debt to fund public infrastructure for the new Pier 70 neighborhood.

Federal tax law allows public agencies to issue tax-exempt bonds to reimburse themselves for expenditures on capital projects only when the public agency has declared its intent to do so no later than 60 days after the expenditures were made. The declaration of intent must include a description of the project and the maximum amount of tax-exempt bonds to be issued.

The Port Commission, for and on behalf of the City, is a party to an agreement with the developer of the 28-acre Pier 70 project. The developer (FC Pier 70 LLC, now an affiliate of Brookfield) will construct the public infrastructure for the project, the City will finance its acquisition of the infrastructure with public finance proceeds, and the developer will earn a market rate of return on the capital it spends on public infrastructure until the City acquires the infrastructure. In order to halt the accrual of the developer's return as soon as possible, the Port intends to advance proceeds from project land sales and development leases to acquire the infrastructure whenever public finance proceeds are not available, and then ask the City to reimburse the Port for the advance of land proceeds when public finance proceeds generated by taxes on property in the Pier 70 Project become available. The Port is requesting that the Board of Supervisors adopt the attached resolution to ensure that tax-exempt bond proceeds will be used to reimburse the Port for its advance of land proceeds whenever permitted by federal tax law.

This resolution is consistent with prior approvals for the Pier 70 project:

Enacted #	Short Title
Ord. 227-17	General Plan Consistency Findings and General Plan Amendment - Pier 70 Mixed-Use District Project
Ord. 225-17	Planning Code and Zoning Map Amendments - Pier 70 Special Use District
Reso. 401-17	Disposition and Development Agreement - FC Pier 70, LLC - Pier 70 Project
Reso. 402-17	Public Trust Exchange Agreement - California State Lands Commission - Pier 70 Project
Ord. 220-18	Establishing Sub-Project Areas G-2, G-3 and G-4 and Adopting Appendix G-2 to Infrastructure Financing Plan (Port of San Francisco, Pier 70)

Reso. 298-18	Authorizing Issuance of Port Infrastructure Financing District Bonds (Port of San Francisco, Pier 70) - Not to Exceed \$273,900,000, \$196,100,000 and \$323,300,000 for Sub-Project Area G-2, Sub-Project Area G-3, and Sub-Project Area G-4, Respectively
Ord. 265-18	Summary Street Vacation, New Sidewalks, and Property Transfer - Michigan Street

Background – Pier 70 Mixed-Use District Project

Property

The Port owns an approximately 72 acre site along San Francisco’s Central Waterfront known as Pier 70. Beginning in 2006, the Port initiated an intensive planning process that culminated in a project to restore and redevelop an approximately 35-acre site located at Pier 70 bounded generally by Illinois Street on the west, 20th Street to the north, San Francisco Bay on the east and 22nd Street on the south (“Project Site”). The Project Site includes (1) an approximately 28-acre Port-owned site bounded generally by Michigan Street on the west, 22nd Street on the south, San Francisco Bay on the east, and 20th street on the north (“28-Acre Site”); (2) an adjacent 3-acre site at 20th and Illinois Streets comprised of “Parcel K North”, “Parcel K South”, and a portion of the future 21st Street; and (3) approximately 3 acres of land immediately south of Parcel K owned by Pacific Gas and Electric known as the “Hoedown Yard”.

Project Approvals

On October 31, 2017, the Board of Supervisors approved several pieces of legislation to establish the Pier 70 Mixed-Use District Project on the Project Site, including: 1) a trust exchange agreement between the Port and the California State Lands Commission, effective on September 14, 2018, to impress or confirm the public trust on portions of Pier 70 area most useful for public trust purposes and remove the public trust from areas more suitable for development for nontrust uses; (2) amendments to the Planning Code to create the Pier 70 Special Use District (“Pier 70 SUD”) over the Project Site and related amendments to the zoning maps; (3) a Disposition and Development Agreement (“DDA”) between the Port and FC Pier 70, LLC for development of the 28-Acre Site; (4) a Development Agreement between the City and FC Pier 70, LLC for the 28-Acre Site; and (5) General Plan consistency findings and findings under the California Environmental Quality Act. In 2018, the Board of Supervisors also approved legislation establishing public financing districts – an Infrastructure Financing District over the 28-Acre Site and Parcel K to finance public infrastructure within the Pier 70 SUD and an Infrastructure and Revitalization Financing District over the Hoedown Yard to fund affordable housing within the Pier 70 SUD.

Project Summary

At full build-out, the Pier 70 Mixed-Use District Project will include: (1) 1,100 to 2,150 new residential units, at least 30% of which will be on-site housing affordable to a range of low- to moderate-income households; (2) between 1 million and 2 million gross square feet of new commercial and office space, including space for small-scale manufacturing, retail, and neighborhood services; (3) rehabilitation of three historic buildings categorized as significant contributing resources to the Union Ironworks historic district; (4) transportation demand management on-site, a shuttle service, and payment of impact fees to the Municipal Transportation Agency that it will use to improve transportation connections through the neighborhood; (5) 9 acres of new open space, potentially including active recreation on rooftops, a playground, a market square, a central commons, and waterfront parks along the shoreline; (6) on-site strategies to protect against sea level rise; and (7) replacement studio space for artists leasing space in Building 11 in Pier 70 and a new arts space.

Affordable Housing Requirements

The Affordable Housing Plan attached to the DDA includes measures to ensure that at least 30% of all residential units produced at the 28-Acre Site and the adjacent Parcel K South are affordable to low- and moderate-income households, with the following components: (1) 150 or more inclusionary rental units, representing 20% of all on-site rental units; and (2) 320 or more permanently affordable units in three buildings to be developed by the Mayor's Office of Housing and Community Development ("MOHCD") in the 28-Acre Site and Parcel K South. Developers of market-rate residential condominiums in the Pier 70 SUD are not permitted to build on-site inclusionary units, but are required to pay an affordable housing fee based on 28% of the units in the housing project.

Project Phasing

Development of the 28-Acre Site will occur in three phases over 10+ years. The first phase will include up to 720 residential units, 356,000 square feet of office, 115,000 gsf of retail, arts, and light industrial space, the rehabilitation of historic buildings 2 and 12, 3.4 acres of parks, and the extension of the street grid including Maryland Street, Louisiana Street, 20th Street between Louisiana and Maryland, and 21st Street between Louisiana and Maryland Streets. The developer started initial site work in May 2018.